

## Bills of Exchange

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### EXERCISE - 7 [PAGE 301]

#### Exercise - 7 | Q 1 | Page 301

**Select the correct option and rewrite the sentence:-**

The person on whom a bill is drawn is called a\_\_\_\_\_.

1. Drawee
2. Payee
3. Drawer
4. Acceptor

**Solution:** The person on whom a bill is drawn is called a Drawee.

#### Exercise - 7 | Q 2 | Page 301

**Select the correct option and rewrite the sentence:-**

Before acceptance the bill is called a\_\_\_\_\_.

1. Order
2. Request
3. Draft
4. Instrument

**Solution:** Before acceptance, the bill is called a Draft.

#### Exercise - 7 | Q 3 | Page 301

**Select the correct option and rewrite the sentence:-**

When the due date of bill drawn falls due on a public holiday, the payment must be made on the\_\_\_\_\_ day.

1. Same
2. Preceding
3. Next
4. Any

**Solution:** When the due date of bill drawn falls due on a public holiday, the payment must be made on the Preceding day.

### Exercise - 7 | Q 4 | Page 301

**Select the correct option and rewrite the sentence:-**

The due date of the bill drawn for 2 months on 23rd Nov. 2019 will be\_\_\_\_\_.

1. 23rd Jan. 2020
2. 25th Jan. 2019
3. 26th Jan. 2019

**4. 25th Jan. 2020**

**Solution:** The due date of the bill drawn for 2 months on 23rd Nov. 2019 will be **25th Jan. 2020.**

### Exercise - 7 | Q 5 | Page 301

**Select the correct option and rewrite the sentence:-**

Nothing charges are borne by\_\_\_\_\_.

1. Notary public
- 2. Drawee**
3. Drawer
4. Endorsee

**Solution:** Nothing charges are borne by **Drawee.**

### Exercise - 7 | Q 6 | Page 301

**Select the correct option and rewrite the sentence:-**

There are \_\_\_\_\_ parties to bill of exchange.

1. Five
2. Four
- 3. Three**
4. Two

**Solution:** There are **Three** parties to bill of exchange.

### Exercise - 7 | Q 7 | Page 301

**Select the correct option and rewrite the sentence:-**

When a bill is drawn for 2 months after date on 3rd Jan. 2020, its due date will be\_\_\_\_\_.

1. 3<sup>rd</sup> Jan. 2020
2. 3<sup>rd</sup> Mar. 2020
3. 5<sup>th</sup> Mar. 2020
4. **6<sup>th</sup> Mar. 2020.**

**Solution:** When a bill is drawn for 2 months after date on 3<sup>rd</sup> Jan. 2020, its due date will be **6<sup>th</sup> Mar. 2020.**

#### **Exercise - 7 | Q 8 | Page 301**

**Select the correct option and rewrite the sentence:-**

Notary Public is\_\_\_\_\_.

1. **Govt. officer**
2. Drawer
3. Payee
4. Endorsee

**Solution:** Notary Public is **Govt. officer.**

#### **Exercise - 7 | Q 9 | Page 301**

**Select the correct option and rewrite the sentence:-**

When Acceptor or Drawee does not pay the amount of bill to the holder on the due date it is known as\_\_\_\_\_ the bill.

1. Returning
2. Discounting
3. Honouring
4. **Dishonouring**

**Solution:** When Acceptor or Drawee does not pay the amount of bill to the holder on the due date it is known as **dishonoring** the bill.

#### **Exercise - 7 | Q 10 | Page 301**

**Select the correct option and rewrite the sentence:-**

The person who accepts the bill treats the bill as\_\_\_\_\_.

1. **Bills payable**
2. Promissory note
3. Draft

4. Bills receivable

**Solution:** The person who accepts the bill treats the bill as bills payable.

## **EXERCISE - 7 [PAGES 301 - 302]**

### **Exercise - 7 | Q 1 | Page 301**

**Give one word/phrase/term which can substitute the following statement:-**

Three extra days which are allowed over and above the term of bill.

**Solution:** Three extra days which are allowed over and above the term of bill. - **Grace days.**

### **Exercise - 7 | Q 2 | Page 301**

**Give one word/phrase/term which can substitute the following statement:-**

Fees charged by Notary Public for getting the fact of dishonour noted.

**Solution:** Fees charged by Notary Public for getting the fact of dishonour noted. - **Noting Charges.**

### **Exercise - 7 | Q 3 | Page 301**

**Give one word/phrase/term which can substitute the following statement:-**

A person who is entitled to receive the amount of bill of exchange.

**Solution:** A person who is entitled to receive the amount of bill of exchange. - **Payee.**

### **Exercise - 7 | Q 4 | Page 301**

**Give one word/phrase/term which can substitute the following statement:-**

A person in whose favour a bill endorsed.

**Solution:** A person in whose favour a bill endorsed. - **Endorsee.**

### **Exercise - 7 | Q 5 | Page 302**

**Give one word/phrase/term which can substitute the following statement:-**

Officer appointed by government for noting of dishonour of bill.

**Solution:** Officer appointed by government for noting of dishonour of bill. - **Notary Public.**

**Exercise - 7 | Q 6 | Page 302**

**Give one word/phrase/term which can substitute the following statement:-**

Cancellation of bill on maturity in return of a new bill for extended period of credit.

**Solution:** Cancellation of bill on maturity in return of a new bill for extended period of credit. - **Renewal of Bill.**

**Exercise - 7 | Q 7 | Page 302**

**Give one word/phrase/term which can substitute the following statement:-**

Bill of exchange drawn and accepted without any valuable consideration.

**Solution:** Bill of exchange drawn and accepted without any valuable consideration. - **Accommodation bill.**

**Exercise - 7 | Q 8 | Page 302**

**Give one word/phrase/term which can substitute the following statement:-**

Person who is in possession of Bill of Exchange.

**Solution:** Person who is in possession of Bill of Exchange. - **Holder.**

**Exercise - 7 | Q 9 | Page 302**

**Give one word/phrase/term which can substitute the following statement:-**

Conversion of Bill of Exchange into its present value.

**Solution:** Conversion of Bill of Exchange into its present value. - **Discounting of the bill.**

**Exercise - 7 | Q 10 | Page 302**

**Give one word/phrase/term which can substitute each of the following statement:-**

Amount which is not recoverable from Drawee on account of insolvency.

**Solution:** Amount which is not recoverable from Drawee on account of insolvency. - **Bad debts.**

**EXERCISE - 7 [PAGE 302]**

**Exercise - 7 | Q 1 | Page 302**

**State True or False with reason:-**

Inland bill is one which is drawn in one country and payable in another country.

1. True
2. False

**Solution: This statement is False.**

Inland bill means, a bill drawn, accepted, and made payable within the territory of one and the same, country. So, a bill is drawn in one country and payable in another country can't be a inland bill.

### Exercise - 7 | Q 2 | Page 302

**State True or False with reason:-**

Retirement of bill means payment of the bill before due date.

1. True
2. False

**Solution: This statement is True.**

Payment of the bill, by the acceptor of the bill to the holder of the bill before the due date, is known as Retirement of the bill. So retirement of the bill means payment of the bill before the due date.

### Exercise - 7 | Q 3 | Page 302

**State True or False with reason:-**

Drawee can transfer the ownership of the bill.

1. True
2. False

**Solution: This statement is False.**

Drawee is a debtor. He has to pay the amount of the bill to its holder on the due date. Hence he cannot transfer its ownership to another person. Drawer can transfer the ownership of the bill as he is the owner of the bill.

### Exercise - 7 | Q 4 | Page 302

**State True or False with reason:-**

Acceptance of bills without making any changes in the terms of the bill is called qualified acceptance.

1. True

## 2. False

**Solution: This statement is False.**

Acceptance of the bill with some changes as regards the terms, amount, place, etc. of a bill is known as qualified acceptance. Acceptance of the bill without making changes as regards the term is called general acceptance.

## Exercise - 7 | Q 5 | Page 302

**State True or False with reason:-**

Discounting is a device to convert the bill into its present value.

### 1. True

### 2. False

**Solution: This statement is True.**

When the drawer or holder of the bill approaches the bank to discount the bill, the bank pays the bill amount after deducting a certain amount (which is known as discounting charges). It means the conversion of the bill into its present value in cash. So, we can say that discounting is a device to convert the bill into its present value.

## Exercise - 7 | Q 6 | Page 302

**State True or False with reason:-**

A bill of exchange must be presented to the acceptor on the due date.

### 1. True

### 2. False

**Solution: This statement is True.**

To get the payment of the bill from the acceptor, the holder of the bill is required to present it to the acceptor on its due date. Acceptor either honours the bill or dishonours the bill.

## Exercise - 7 | Q 7 | Page 302

**State True or False with reason:-**

If a bill is discounted by the holder, no entry is passed in his book when the bill is honoured on the due date.

### 1. True

### 2. False

**Solution: This statement is True.**

On discounting the bill the holder gives the possession of the bill to the bank. On the maturity date, the bank has to present the bill to the drawee to collect the payment. When discounted bill is honoured, the transaction takes place between drawee and bank.

**Exercise - 7 | Q 8 | Page 302**

**State True or False with reason:-**

Noting charges are to be borne by the drawer

1. True
2. False

**Solution: This statement is False.**

Noting charges are to be borne by the drawee only as due to his act of non-payment, the bill is dishonoured and the drawer is not able to get money on its due date.

**Exercise - 7 | Q 9 | Page 302**

**State True or False with reason:-**

If a bill is drawn payable 'on-demand' no grace days are allowed.

1. True
2. False

**Solution: This statement is True.**

'On-demand' means the amount of the bill is to be paid by drawee immediately on presentation of the bill as no time period is mentioned on it. In demand bill 3 days grace are not allowed by law.

**Exercise - 7 | Q 10 | Page 302**

**State True or False with reason:-**

There are three parties to a promissory note.

1. True
2. False

**Solution: This statement is False.**

There are only two parties to a promissory note, i.e. Drawer or maker of the note and drawee or payee of the note.



## EXERCISE - 7 [PAGE 302]

### Exercise - 7 | Q 1 | Page 302

**Find the odd one:-**

1. Retaining
- 2. Noting**
3. Discounting
4. Endorsing

**Solution:** Retaining, Noting, Discounting, Endorsing - **Noting**

### Exercise - 7 | Q 2 | Page 302

**Find the odd one:-**

1. Trade bill
2. Accommodation bill
3. After date bill
- 4. Demand bill**

**Solution:** Trade bill, Accommodation bill, After date bill, Demand bill. - **Demand bill**

### Exercise - 7 | Q 3 | Page 302

**Find the odd one:-**

- 1. Notary Public**
2. Drawer
3. Drawee
4. Payee

**Solution:** Notary Public, Drawer, Drawee, Payee - **Notary public**

### Exercise - 7 | Q 4 | Page 302

**Find the odd one:-**

1. Discounting charges
2. Rebate
3. Bank charges
- 4. Noting charges.**

**Solution:** Discounting charges, Rebate, Bank charges, Noting charges. - **Noting charges.**

**Exercise - 7 | Q 5 | Page 302**

**Find the odd one:-**

1. Stamp
2. Acceptance
3. **Draft**
4. Amount

**Solution:** Stamp, Acceptance, Draft, Amount. - **Draft.**

**EXERCISE - 7 [PAGE 302]**

**Exercise - 7 | Q 1 | Page 302**

**Complete the sentence:-**

Making payment of bill before the due date of maturity is known as\_\_\_\_\_.

**Solution:** Making payment of bill before the due date of maturity is known as **Retirement of Bill.**

**Exercise - 7 | Q 2 | Page 302**

**Complete the sentence:-**

Person whose liabilities are more than his assets and is not in position to pay off his liabilities is\_\_\_\_\_.

**Solution:** Person whose liabilities are more than his assets and is not in position to pay off his liabilities is **Insolvent person.**

**Exercise - 7 | Q 3 | Page 302**

**Complete the sentence:-**

Amount that cannot be paid by acceptor on account of insolvency is known as\_\_\_\_\_.

**Solution:** Amount that cannot be paid by acceptor on account of insolvency is known as **deficiency.**

**Exercise - 7 | Q 4 | Page 302**

**Complete the sentence:-**

A bill of exchange payable after a certain period is known as\_\_\_\_\_.

**Solution:** A bill of exchange payable after certain period is known as **after date bill.**

**Exercise - 7 | Q 5 | Page 302**

**Complete the sentence:-**

A bill which is drawn and accepted with valuable consideration is known as\_\_\_\_\_.

**Solution:** A bill which is drawn and accepted with valuable consideration is known as **Trade Bill.**

**Exercise - 7 | Q 6 | Page 302**

**Complete the sentence:-**

A person who draws the bill of exchange is known as\_\_\_\_\_.

**Solution:** A person who draws the bill of exchange is known as **Drawer.**

**Exercise - 7 | Q 7 | Page 302**

**Complete the sentence:-**

A bill whose due date is calculated from the date of acceptance is known as\_\_\_\_\_.

**Solution:** A bill whose due date is calculated from the date of acceptance is known as **After sight bill.**

**Exercise - 7 | Q 8 | Page 302**

**Complete the sentence:-**

Recording the fact of dishonour of Bill is known as\_\_\_\_\_.

**Solution:** Recording the fact of dishonour of Bill is known as **Noting.**

**Exercise - 7 | Q 9 | Page 302**

**Complete the sentence:-**

When Drawee accepts the bill payable at a particular place only, it is known as  
\_\_\_\_\_.

**Solution:** When Drawee accepts the bill payable at a particular place only, it is known as qualified acceptance as to place.

**Exercise - 7 | Q 10 | Page 302**

**Complete the sentence:-**

Fees charged by the bank for collection of bill on behalf of holder is \_\_\_\_\_.

**Solution:** Fees charged by the bank for collection of bill on behalf of holder is bank charges.

**EXERCISE - 7 [PAGE 303]**

**Exercise - 7 | Q 1 | Page 303**

**Answer in sentence:-**

What do you mean by bill of exchange?

**Solution:** A Bill of Exchange is a written order signed by the drawer, directing to a certain person to pay a certain sum of money on-demand or on a certain future date to a certain person or as per his order.

**Exercise - 7 | Q 2 | Page 303**

**Answer in sentence:-**

What are days of grace?

**Solution:** The three extra days allowed to the drawee or the acceptor of a bill for making payment on it are called Days of Grace.

**Exercise - 7 | Q 3 | Page 303**

**Answer in sentence:-**

What do you mean by discounting a bill of exchange?

**Solution:** Encashment of a bill of exchange with the bank for certain cash which is less than the face value of the bill, before its due date by its drawer or holder is called Discounting of a Bill of Exchange.

**Exercise - 7 | Q 4 | Page 303**

**Answer in sentence:-**

What is noting of the bill?

**Solution:** Noting of a Bill of Exchange is the recording the facts of its dishonour by a Notary public.

**Exercise - 7 | Q 5 | Page 303**

**Answer the following question in one sentence only.**

What are noting charges?

**Solution 1:** When a bill is presented for payment and the acceptor fails to make the payment, the bill gets dishonoured. In order to keep a legal proof of such dishonour, the bill gets noted by the Notary Public (who is approved by the government). In exchange for the notary service, the Notary Public charges fees known as noting charges.

**Solution 2:** The fee charged by the notary public for noting of dishonoured of inland bill is known as noting charges.

**Exercise - 7 | Q 6 | Page 303**

**Answer in sentence:-**

What is relationship between Drawer and Drawee?

**Solution:** The relationship between the drawer and the drawee is that of the creditor and debtor.

**Exercise - 7 | Q 7 | Page 303**

**Answer in sentence:-**

Who is payee of the bill?

**Solution:** The Payee of a Bill is the person to whom the bill is made payable or in whose favour the bill is drawn.

**Exercise - 7 | Q 8 | Page 303**

**Answer in sentence:-**

What do you mean by rebate?

**Solution:** Any concession or discount in monetary terms given by the holder of the bill of exchange to the drawee or acceptor, when a bill is retired is called Rebate.

**Exercise - 7 | Q 9 | Page 303**

**Answer in sentence:-**

What is legal due date?

**Solution:** Date which is arrived at after adding three days of grace to nominal due date is known as Legal Due Date.

**Exercise - 7 | Q 10 | Page 303**

**Answer in sentence:-**

What is bills payable on demand?

**Solution:** When amount of bill is payable by a drawee on the presentation of a bill, in which time period is not mentioned and grace days are not allowed is known as Bills Payable on Demand.

**EXERCISE - 7 [PAGE 303]**

**Exercise - 7 | Q 1 | Page 303**

**Do you agree or disagree with the following statement:**

A bill of exchange is a conditional order.

1. Agree
2. **Disagree**

**Solution:** A bill of exchange is a conditional order.- **Disagree**

**Exercise - 7 | Q 2 | Page 303**

**Do you agree or disagree with the following statement:-**

The party which is ordered to pay the amount is known as the payee.

1. Agree
2. **Disagree**

**Solution:** The party which is ordered to pay the amount is known as the payee. - **Disagree**

**Exercise - 7 | Q 3 | Page 303**

**Do you agree or disagree with the following statement:-**

The person in whose favour the bill is endorsed is known as endorsee.

1. **Agree**
2. Disagree

**Solution:** The person in whose favour the bill is endorsed is known as endorsee. -  
**Agree**

**Exercise - 7 | Q 4 | Page 303**

**Do you agree or disagree with the following statement:-**

Rebate or discount given on retiring a bill is an income to the Drawee.

1. **Agree**
2. Disagree

**Solution:** Rebate or discount given on retiring a bill is an income to the Drawee. -  
**Agree**

**Exercise - 7 | Q 5 | Page 303**

**Do you agree or disagree with the following statement:-**

A bill from the point of view of debtor is called Bills payable.

1. **Agree**
2. Disagree

**Solution:** A bill from the point of view of debtor is called Bills payable. - **Agree**

**Exercise - 7 | Q 6 | Page 303**

**Do you agree or disagree with the following statement:-**

In case of bill drawn payable 'on-demand,' no grace days are allowed.

1. **Agree**
2. Disagree

**Solution:** In case of bill drawn payable 'on-demand,' no grace days are allowed. -  
**Agree**

**Exercise - 7 | Q 7 | Page 303**

**Do you agree or disagree with the following statement:-**

A bill is required to be accepted by Drawer.

1. Agree
2. **Disagree**

**Solution:** A bill is required to be accepted by Drawer. - **Disagree**

**Exercise - 7 | Q 8 | Page 303**

**Do you agree or disagree with the following statement:-**

A bill of exchange need not be dated.

1. Agree
2. **Disagree**

**Solution:** A bill of exchange need not be dated. - **Disagree**

**Exercise - 7 | Q 9 | Page 303**

**Do you agree or disagree with the following statement:-**

A bill before acceptance is called Promissory Note.

1. Agree
2. **Disagree**

**Solution:** A bill before acceptance is called Promissory Note. - **Disagree**

**Exercise - 7 | Q 10 | Page 303**

**Do you agree or disagree with the following statement:-**

Renewal is request by Drawee to extend the credit period of the bill.

1. **Agree**
2. Disagree

**Solution:** Renewal is request by Drawee to extend the credit period of the bill. - **Agree**



## EXERCISE - 7 [PAGES 303 - 304]

### Exercise - 7 | Q 1 | Page 303

#### Calculation:-

Ganesh draws a bill for ₹ 40,260 on 15th Jan. 2020 for 50 days. He discounted the bill with Bank of India @15% p.a. on the same day. Calculate the amount of discount.

#### Solution:

$$\begin{aligned}\text{Discount} &= \text{Amount of Bill} \times \frac{\text{Rate}}{100} \times \frac{\text{Unexpired days}}{366} \\ &= 40,260 \times \frac{15}{100} \times \frac{50}{366} \\ &= ₹ 825\end{aligned}$$

(**Note** : 2020 is a Leap year, so total number of days = 366)

### Exercise - 7 | Q 2 | Page 303

#### Calculation:-

Shefali Traders drew a bill on Maya for ₹ 30,000 on 1st Oct. 2019 payable after 3 months. Calculate amount of discount in the following cases:

- i) Shefali Traders discounted the bill on the same day @ 12% p.a.
- ii) Shefali Traders discounted the bill on 1<sup>st</sup> Nov. 2019 @ 12% p.a.
- iii) Shefali Traders discounted the bill on 1<sup>st</sup> Dec. 2019 @ 12% p.a.

#### Solution:

$$\begin{aligned}\text{Discount} &= \text{Amount of Bill} \times \frac{\text{Rate}}{100} \times \frac{\text{Unexpired months}}{365} \\ \text{(i) Discount} &= 30,000 \times \frac{12}{100} \times \frac{3}{12} = ₹ 900 \\ \text{(ii) Discount} &= 30,000 \times \frac{12}{100} \times \frac{2}{12} = ₹ 600 \\ \text{(iii) Discount} &= 30,000 \times \frac{12}{100} \times \frac{1}{12} = ₹ 300\end{aligned}$$

### Exercise - 7 | Q 3 | Page 303

#### Calculation:-

Veena who had accepted Sudha's bill for ₹ 28,000 was declared bankrupt and only 35 paise in a rupee could be recovered from her estate. Calculate the amount of bad debts.

#### Solution:

From Veena, only 35 paise in a rupee could be recovered i.e. 65 paise in a rupee is bad debts for Sudha.

So 65 % of ₹ 28,000

= ₹ 18,200 is the amount of bad debts.

### Exercise - 7 | Q 4 | Page 303

#### Calculation:-

Nitin renewed his acceptance for ₹ 72,000 by paying ₹ 22,000 in cash and accepting a new bill for the balance plus interest @ 18% p.a. for 4 months. Calculate the amount of new bill.

#### Solution:

For Nitin, Total outstanding	= ₹ 72,000
Nitin paid in cash	= ₹ 22,000
Remaining dues	= ₹ 50,000

Now, on this ₹ 50,000 we have to calculate interest @ 18 % for 4 months

$$I = \frac{PRN}{100}$$

$$= 50,000 \times \frac{18}{100} \times \frac{4}{12}$$

$$= ₹ 3,000$$

So, amount of new bill = Remaining dues + Interest

$$= 50,000 + 3,000$$

$$= ₹ 53,000.$$

### Exercise - 7 | Q 5 | Page 303

**Calculation:-**

Nisha's acceptance for ₹ 16,850 sent to bank for collection was honoured and bank charges debited were ₹ 125. Find out the amount actually received by Drawer.

**Solution:**

Bill of ₹ 16,850 sent to bank for collection and it is honoured and bank charges = ₹ 125

So, actual amount received by drawer = 16,850 – 125

= ₹ 16,725.

**Exercise - 7 | Q 6 | Page 304****Calculation:-**

A bill of ₹16,000 was drawn by Keshav on Gopal on 12th June 2019 for 2 months. What will be the due date, if all of sudden, the legal due date is declared as an emergency holiday?

**Solution:**

Consider immediate or next working day as due date in case the legal due date is declared as emergency holiday.

i.e. Here, it is 12th June, 2019		12/06/2019
+ 2 months	+	02
+ 3 days of grace	+	03
		15/08/2019

∴ Legal due date is 16th August 2019 (Next day).

**EXERCISE - 7 [PAGE 305]****Exercise - 7 | Q 1 | Page 305**

**Prepare a bill of exchange form the following information:**

Drawer: Shankar, Vadodara, Gujrat.

Drawee: Vinayak, Somwarpeth, Pune.

Amount : ₹ 16,000

Period : 3 months

Date of Bill: 6th Sept. 2019.

Date of acceptance: 11th Sept. 2019.

**Solution:**

BILL OF EXCHANGE	
<b>STAMP</b>	Shankar, Vadodara, Gujarat. Date : 6th September, 2019
₹ 16,000 / -	
Three months after date, pay to me or my order, the sum of Rupees Sixteen Thousand only for the value received.	
To, Vinayak, Somwar peth, Pune.	Sd. / - (Shankar)
Accepted Sd. / - (Vinayak) Date : 11th September, 2019	

### Exercise - 7 | Q 2 | Page 305

**Prepare a bill of exchange from the following information:**

Drawer: Dinesh, P. R. Road, Andheri West.

Drawee: Mahesh, L. B. S. Road, Mulund.

Payee: Amit, Thane West.

Amount: ₹ 9,500

Period of Bill: 4 months after sight.

Date of Bill: 26th Nov. 2019.

Date of acceptance: 29th Nov. 2019.

**Solution:**

BILL OF EXCHANGE	
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; text-align: center;"><b>STAMP</b></div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; text-align: center;">₹ 9,500 / -</div> <p>Four months after sight, pay to Amit, Thane (West) or his order, the sum of Rupees Nine Thousand Five Hundred only for the value received.</p> <p>To, Mahesh, L. S. Road, Mulund.</p>	<p style="text-align: right;">Dinesh P. R. Road, Andheri (West) Date : 26th Nov., 2019</p> <p style="text-align: right;">Sd. / - (Dinesh)</p> <div style="text-align: center; margin-top: 50px;"> <p style="transform: rotate(-45deg);">Accepted Sd. / - (Mahesh) Date : 29th November, 2019</p> </div>

### Exercise - 7 | Q 3 | Page 305

Kantilal, 343/D, Palm Heights, Jogeshwari, drew a bill on 10<sup>th</sup> Oct. 2019 for ₹63,490 for 45 days after date on Shantilal, B2, Himalaya Towers, Baramati, payable to Priyanka, Satara. The bill was accepted on 13th Oct. 2019 for 60 days.

**Prepare a format of bill of exchange from the above details.**

**Solution:**

BILL OF EXCHANGE	
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; text-align: center;"><b>STAMP</b></div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; text-align: center;">₹ 63,490 / -</div> <p>45 days after date, pay to Priyanka, Satara, the sum of Rupees Sixty Three Thousand Four Hundred Ninety only for the value received.</p> <p>To, Shantilal, B2, Himalaya Towers, Baramati.</p>	<p style="text-align: right;">Kantilal, 343 / D, Palm Heights, Jogeshwari. Date : 10th Oct., 2019</p> <p style="text-align: right;">Sd. / - (Kantilal)</p> <div style="text-align: center; margin-top: 50px;"> <p style="transform: rotate(-45deg);">Accepted Sd. / - (Shantilal) Date : 13th Oct., 2019</p> </div>

### Exercise - 7 | Q 4 | Page 305

**Prepare a format of bill exchange from the following details :**

Rahul Sane, 86-D, Raviwar Peth, Nagpur accepted the bill drawn on him by Prithviraj, Icon Heights, Wardha for ₹ 87,000 on 30<sup>th</sup> July 2019. The bill was drawn on 26<sup>th</sup> July 2019 for ₹ 1,00,000 for 90 days after date.

### Solution:

BILL OF EXCHANGE	
<b>STAMP</b>	Prithviraj, Icon Heights, Wardha. Date : 26th July, 2019
₹ 1,00,000 / -	
Ninety days after date, pay to me or my order, the sum of Rupees One Lakh only for the value received.	
To, Rahul Sane, 86 - D, Raviwar Peth, Nagpur.	Sd. / - (Prithviraj)
Accepted only for ₹ 87,000 Sd. / - (Rahul Sane) Date : 30th July, 2019	

### Exercise - 7 | Q 5 | Page 305

#### Prepare a format of bill of exchange from the following.

Drawer: Kashmira Shah, Partner M/S Shah, and Shah, 2-C, Matruchaya Building, Akola. Drawee: Dhanashree Traders, Bangalore Road, Belgaum. (Signed by Jayashree, Partner) Payee: M/S Janki Traders, Akola.

Amount : ₹ 64,500

Period of Bill : 3 months

Date of drawing: 12<sup>th</sup> Sept. 2019

Date of acceptance: 15<sup>th</sup> Sept. 2019

### Solution:

BILL OF EXCHANGE	
<b>STAMP</b>	M / S Shah and Shah 2 - C, Matruchhaya Building, Akola. Date : 12th Sept., 2019
₹ 64,500 / -	
Three months after date, pay to M / S Janki Traders, Akola, or their order, the sum of Rupees Sixty Four Thousand Five Hundred only for the value received.	
To, Dhanashree Traders, Bangalore Road, Belgaum.	Sd. / - (Kashmira Shah) Partner for M/s Shah and Shah
Accepted Sd. / - (Jayashree) Partner for Dhanashree Traders Date : 15th Sept., 2019	

### Exercise - 7 | Q 6 | Page 305

Prepare a demand bill with imaginary Drawer, Drawee, Address, Amount, and Date.

Solution:

BILL OF EXCHANGE	
<b>STAMP</b>	Dhanesh Shah, 24 / c, Amir Mahal, Borivali, Mumbai. Date : 2nd December, 2020
₹ 80,500 /-	
Sixty days after date, pay to me or my order the sum of Rupees Eighty Thousand Five Hundred only for value received.	
To, Kalpana Shah, 33, Sharadashram, Dadar (West), Mumbai.	Sd. /- (Dhanesh Shah)
Accepted Sd. /- (Kalpana Shah) Date : 5th December, 2020	

### EXERCISE - 7 [PAGE 305]

### Exercise - 7 | Q 1 | Page 305

Complete the following Table

Date of Drawing	Date of Acceptance	Payable	Due Date
30.1.2019	1.2.2019	60 days after date	
17.8.2019	21.8.2019	3 months after sight	
23.12.2019	26.12.2019	1 months after date	
28.1.2019	28.1.2020	1 months after date	
30.6.2019	2.7.2019	45 days after date	

**Solution:**

Date of Drawing	Date of Acceptance	Payable	Due Date
30.1.2019	1.2.2019	60 days after date	<u>3rd April 2019</u>
17.8.2019	21.8.2019	3 months after sight	<u>24th Nov. 2019</u>
23.12.2019	26.12.2019	1 months after date	<u>25h Jan. 2019</u>
28.1.2019	28.1.2020	1 months after date	<u>2nd Mar. 2019</u>
30.6.2019	2.7.2019	45 days after date	<u>17th Aug. 2019</u>

### Exercise - 7 | Q 2 | Page 305

**Complete the following Table**

Sr. No	Date of drawing	acceptance	Tenure	Type	Nominal due date	Legal due date
1	3rd January 2020	5th January 2020	45 days	after date	?	?
2	9th April 2019	12th April 2029	4 months	After sight	?	?
3	23rd November 2019	23rd November 2029	2 months	after date	?	?
4	16th August 2019	20th August 2019	4 months	After sight	?	?
5	23rd December 2018	24th December 2018	60 days	after date	?	?

**Solution:**



Sr. No	Date of drawing	Date of acceptance	Tenure	Type	Nominal due date	Legal due date
1	3rd January 2020	5th January 2020	45 days	after date	17th Feb. 2020	20th Feb. 2020
2	9th April 2019	12th April 2029	4 months	After sight	12th Aug. 2019	14th Aug. 2019
3	23rd November 2019	23rd November 2029	2 months	after date	23rd Jan. 2020	25th Jan. 2020
4	16th August 2019	20th August 2019	4 months	After sight	20th Dec. 2019	23rd Dec. 2019
5	23rd December 2018	24th December 2018	60 days	after date	21st Feb. 2019	24th Feb. 2019

## PRACTICAL PROBLEM [PAGES 305 - 307]

### Practical problem | Q 1 | Page 305

On 1<sup>st</sup> Jan. 2020 Hemant sold goods of ₹ 18,500 to Nitin. On the same date, Hemant drew a bill of exchange for ₹ 18,500 at 2 months. On the due date, the bill was duly honoured.

**Give Journal Entries in the Books of Hemant and Nitin. Prepare Hamant's account in the books of Nitin.**

**Solution:**

In the books of Hemant
------------------------

Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2020 Jan. 1	Nitin's A/c Dr		18,500	
	To Sales A/c			18,500
	(Being goods sold on credit)			
2020 Jan. 1	Bills Receivable A/c Dr		18,500	
	To Nitin's A/c			18,500
	(Being bill drawn and acceptance received from Nitin)			
2020 Mar. 4	Cash / Bank A/c Dr		18,500	
	To Bills Receivable A/c			18,500
	(Being Nitin's acceptance honoured on the due date)			
			<b>55,500</b>	<b>55,500</b>

In the books of Nitin				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2020 Jan. 1	Purchase A/cDr		18,500	
	To Hemant's A/c			18,500

	(Being goods purchased on credit)			
2020 Jan. 1	Hemant's A/c Dr		18,500	
	To Bills Payable A/c			18,500
	(Being our acceptance is given)			
2020 Mar. 4	Bills Payable A/c Dr		18,500	
	To Cash / Bank A/c			18,500
	(Being our acceptance honoured on due date)			
			<b>55,500</b>	<b>55,500</b>

Dr		In the books of Nitin. Hemant's Account						Cr
Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)	
2020 Jan. 1	To Bills Payable A/c		18,500	2020 Jan. 1	By Purchase A/c		18,500	
			<b>18,500</b>				<b>18,500</b>	

Neha sold goods to Rohan's ₹42,000 on 6th Sept. 2019. Neha drew a bill of exchange at 3 months for the amount which was accepted by Rohan. Neha discounted the bill with her bankers at ₹ 41,000. On the due date of the bill, Rohan dishonoured the bill and bank paid ₹ 300 as Noting Charges

**Show Journal Entries in the Books of Neha and Rohan.**

**Solution:**

In the books of Neha				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2019 Sept. 6	Rohan's A/c Dr		42,000	
	To Sales A/c			42,000
	(Being goods sold on credit)			
2019 Sept. 6	Bills Receivable A/c Dr		42,000	
	To Rohan's A/c			42,000
	(Being bill drawn and acceptance received)			
2019 Sept. 6	Bank A/c Dr		41,000	
	Discount A/c Dr		1,000	
	To Bills Receivable A/c			42,000
	(Being Rohan's acceptance discounted with bank)			
Dec. 9	Rohan's A/c Dr		42,300	
	To Bank A/c			42,300
	(Being Rohan's acceptance discounted with bank dishonoured and noting charges paid by the bank.)			

			<b>168,300</b>	<b>168,300</b>
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In the books of Rohan				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2019 Sept. 6	Purchase A/c Dr		42,000	
	To Neha's A/c			42,000
	(Being goods purchased on credit)			
2019 Sept. 6	Neha's A/c Dr		42,000	
	To Bills Payable A/c			42,000
	(Being our acceptance given)			
2019 Sept. 6	Bills Payable A/c Dr		42000	
	Noting Charges A/c Dr		3,00	
	To Neha's A/c			42300
	(Being our acceptance dishonoured and noting charges payable)			
			<b>126300</b>	<b>126300</b>

### Practical problem | Q 3 | Page 305

Jyoti owes ₹ 31,000 to Swati for which was draws a bill on Jyoti for 2 months. The bill was duly accepted by Jyoti. Swati sends the bill to bank for collection. Jyoti honoured the bill on the due date and bank charges ₹ 475 as bank charges.

**Give Journal Entries in the Books of Swati.**

**Solution:**

In the books of Swati	
Journal Entries	

Date	Particulars	LF	Debit (₹)	Credit (₹)
1	Bills Receivable A/c Dr		31,000	
	To Jyoti's A/c			31,000
	(Being bill drawn and acceptance received)			
2	Bills Sent to Bank for Collection A/c Dr.		31,000	
	To Bills Receivable A/c			31,000
	(Being bill sent to bank for collection)			
3	Bank A/c Dr		30,525	
	Bank Charges A/c Dr		475	
	To Bill Sent to Bank for Collection A/c			31,000
	(Being bill honoured and bank charges paid)			
			<b>93000</b>	<b>93000</b>

Pankaj purchased goods of ₹ 20,000 from Omprakash on credit on 15th April 2019. Omprakash draws After Sight bill for the amount due on Pankaj for 3 months which was accepted by Pankaj on 18th April, 2019. On 20th April, 2019 Omprakash endorsed the bill to his creditor Jagdish in full settlement of his amount ₹ 21,000. On the due date, the bill was dishonoured by Pankaj.

**Give Journal Entries in the Books of Omprakash, Pankaj and Jagdish.**

**Solution:**

In the books of Omprakash				
Journal Entries				
Date	Particulars	L.F	Debit (₹ )	Credit (₹)
2019 April 15	Pankaj's A/c Dr		20,000	
	To Sales A/c			20,000
	(Being goods sold on credit)			
2019 April 18	Bills Receivable A/c Dr.		20,000	
	To Pankaj's A/c			20,000
	(Being bill drawn and acceptance received)			
2019 April 20	Jagdish's A/cDr		21,000	
	To Bills Receivable A/c			20,000
	To Discount A/c			1,000
	(Being Pankaj's acceptance endorsed)			
July 23	Pankaj's A/c Dr		20,000	
	Discount A/c Dr		1000	
	To Jagdish's A/c			21,000

	(Being Pankaj's acceptance dishonoured and revert the Jagdish's A/c)			
			<b>82000</b>	<b>82000</b>

In the books of Pankaj				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2019 April 15	Purchase A/c Dr.		20,000	
	To Omprakash's A/c			20,000
	(Being goods purchased on credit)			
2019 April 18	Omprakash's A/c Dr		20,000	
	To Bills Payable A/c			20,000
	(Being our acceptance is given)			
2019 April 20	No Entry		-	-
July 23	Bill Payable A/c Dr		20,000	
	To Omprakash's A/c			20,000
	(Being our acceptance dishonoured on due date)			
			<b>60,000</b>	<b>60,000</b>

In the books of Jagdish				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2019 April 20	Bills Receivable A/c Dr.		20,000	
	Discount A/c Dr		1000	
	To Omprakash's A/c			21,000
	(Being Bills Receivable received)			
July 23	Omprakash's A/c Dr		21,000	



	To Bills Receivable A/c			20,000
	To Discount A/c			1000
	(Being Bills receivable dishonoured)			
			<b>42000</b>	<b>42000</b>

### Practical problem | Q 5 | Page 305

Siddhant sold goods to Sudhir of ₹ 43,800 on 18<sup>th</sup> March 2019. Siddhant draws a bill on Sudhir on the same day for ₹ 43,800 for 3 months which was duly accepted by Sudhir. Siddhant discounted the bill on the same day at 8% p.a. the bill was dishonoured on the due date and Sudhir requested Siddhant to accept ₹ 13,800 and interest in cash on remaining amount at 12% p.a. Siddhant agreed and for the balance, the amount accepted a new bill at 2 months. Before the due date of new bill, Sudhir retired the bill by paying ₹ 29,700.

**Pass necessary Journal Entries in the Books of Siddhant.**

**Solution:**

In the books of Siddhant				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2019 Mar. 18	Sudhir's A/c Dr		43,800	
	To Sales A/c			43,800
	(Being goods sold on credit)			
2019 Mar. 18	Bills Receivable A/c Dr.		43,800	
	To Sudhir's A/c			43,800
	(Being bill drawn and acceptance received)			
2019 Mar. 18	Cash / Bank A/c Dr		42,924	
	Discount A/c Dr		876	
	To Bill Receivable A/c			43,800
	(Being Sudhir's acceptance discounted with bank)			
June 21	Sudhir's A/c Dr		43,800	
	To Cash / Bank A/c			43,800

	(Being Sudhir's acceptance dishonoured on due date)			
June 21	Cash A/c Dr		14,400	
	To Interest A/c			600
	To Sudhir's A/c			13,800
	(Being cash accepted with interest from Sudhir)			
June 21	New Bills Receivable A/c Dr		30,000	
	To Sudhir's A/c			30,000
	(Being Sudhir's acceptance received for new bill)			
-	Cash / Bank A/c Dr.		29,700	
	Rebate A/c Dr.		300	
	To New Bills Receivable A/c			30,000
	(Being before due date, Sudhir's retired the bill with discount)			
			<b>249600</b>	<b>249600</b>

### Working Notes :

$$(1) \text{ March 18, Discount} = 43,800 \times \frac{3}{12} \times \frac{8}{100} = ₹ 876$$

(2) March 21, calculation of interest balance amount :

$$I = \frac{\text{PRN}}{100} = 30,000 \times \frac{12}{100} \times \frac{2}{12}$$

[for 2 months on remaining amount ₹ 30,000] = ₹ 600

(3) Before due date bill was retired by Sudhir by paying ₹ 300 less which is considered as discount and as date is not given, here it is not recorded.

### Practical problem | Q 6 | Page 306

Sangeeta accepted a bill for ₹ 18,000 drawn by Geeta at 3 months. Geeta discounted the bill for ₹ 17,400. Before the due date Sangeeta approached Geeta for renewal of the bill. Geeta agreed on the condition that Sangeeta should pay ₹ 6,000 immediately and for the balance, she should accept a new bill for 4 months along with interest ₹ 550. The

arrangements were carried through. But on the due date of new bill Sangeeta became insolvent and 35 paise in a rupee could be recovered from her estate.

**Give Journal Entries in the Books of Sangeeta and prepare Sangeeta's account in the books of Geeta.**

**Solution:**

In the books of Sangeeta				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
1	Geeta's A/c Dr		18,000	
	To Bill Payable A/c			18,000
	(Being our acceptance is given)			
2	Bills Payable A/c Dr		18,000	
	To Geeta's A/c			18,000
	(Being bill cancelled on our request)			
3	Geeta's A/c Dr		6,000	
	To Bank A/c			6,000
	(Being part payment made)			
4	Interest A/c Dr		550	
	To Geeta's A/c			550
	(Being the interest due on balance amount to be paid)			
5	Geeta's A/c Dr		12,550	
	To New Bills Payable A/c			12,550
	(Being the acceptance given for balance amount plus amount of interest)			
6	New Bills Payable A/c Dr		12,550	
	To Geeta's A/c			12,550
	(Being new bill dishonoured)			
7	Geeta's A/c Dr		12,550	
	To Cash A/c			4,393
	To Deficiency A/c			8,157

	(Being 35 % of the amount due paid and balance credited to deficiency A/c)			
			<b>80200</b>	<b>80200</b>

Dr	In the books of Geeta Sangeeta's Account						Cr
Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
-	To Balance b / d		18,000	1	By Bill Receivable A/c (Acceptance received)		18,000
3	To Bank A/c (Dishonour)		18,000	4	By Bank A/c (Part payment)		6000
5	To Interest A/c (Int. due)		550	6	By Bills Receivable A/c (New acceptance)		12,550
7	To Bills Receivable A/c (Dishonour)		12,550	8	By Cash A/c		4,393
					By Bad debts A/c		8,157
			<b>49,100</b>				<b>49,100</b>

### Working Notes :

(1) It is advisable to write journal entries in the books of Geeta also to get entries in 'Sangeeta's Account' property.

In the books of Geeta				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	credit (₹)
1	Bills Receivable A/c Dr.		18,000	
	To Sangeeta's A/c			18,000
2	Bank A/c Dr.		17,400	
	Discount A/c Dr		600	

	To Bills Receivable A/c			18,000
3	Sangeeta's A/c Dr		18,000	
	To Bank A/c			18,000
	(Cancellation of discounted bill)			
4	Bank A/c Dr		6,000	
	To Sangeeta's A/c			6,000
5	Sangeeta's A/c Dr		550	
	To Interest A/c			550
6	Bills Receivable A/c Dr.		12,550	
	To Sangeeta's A/c			12,550
7	Sangeeta's A/c Dr		12,550	
	To Bills Receivable A/c			12,550
8	Cash A/c Dr		4,393	
	Bad debts A/c Dr		8,157	
	To Sangeeta's A/c			12,550
			<b>98200</b>	<b>98200</b>

### Practical problem | Q 7 | Page 306

Priyanka owed Meena ₹ 18,000, Priyanka accepted a bill drawn Meena for the amount at 4 months. Meena endorsed the same bill to Sagar. Before due date Priyanka approached Meena for renewal of bill. Meena agreed on condition that ₹ 6,000 be paid immediately together with interest on the remaining amount of 8 % p. a. for 3 months and Priyanka should accept a new bill for the balance amount. These arrangements were carried through. However, before the due date, Priyanka became insolvent and only 50 % of the amount could be recovered from her estate.

**Give Journal Entries in the Books of Meena.**

**Solution:**

In the books of Meena				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
1	Bills Receivable A/c Dr.		18,000	

	To Priyanka's A/c			18,000
	(Being bill drawn and acceptance is received)			
2	Sagar's A/c Dr		18,000	
	To Bills Receivable A/c			18,000
	(Being bill endorsed in favour of Sagar)			
3	Priyanka's A/c Dr.		18,000	
	To Sagar's A/c			18,000
	(Being the bill cancelled at the request of Priyanka)			
4	Cash A/c Dr		6,240	
	To Interest A/c			240
	To Priyanka's A/c			6,000
5	Bills Receivable A/c Dr		12,000	
	To Priyanka's A/c			12,000
	(Being new bill of remaining amount drawn and acceptance is received)			
6	Priyanka's A/c Dr		12,000	
	To Bills Receivable A/c			12,000
	(Being the bill dishonoured for non-payment)			
7	Cash A/c Dr		6,000	
	Bad debts A/c Dr		6,000	
	To Priyanka's A/c			12,000
	(Being part payment received at the time of insolvency)			
			<b>96240</b>	<b>96240</b>

### Working Note :

Calculation of interest on remaining amount ₹12,000 @ 8 % p. a. and for 3 months  

$$= \frac{PRN}{100} = \frac{12,000 \times 8}{100 \times 12} \times 3 = ₹ 240$$

### Practical problem | Q 8 | Page 306

Seema purchased goods from Roma on credit on 1 st August, 2019 for ₹ 37,000, Seema accepts bill for 2 months drawn by Roma for the same amount on the same day Roma discounts the bill with the bank for ₹ 36,200 on 3rd August 2019. On the due date the bill is dishonoured and Noting Charges of ₹ 160 is paid by the bank. Seema pays ₹ 19,000 and Noting Charges in cash immediately. A new bill is drawn by Roma for the

balance including interest ₹ 650 for 2 months, which is accepted by Seema. The new bill is retired one month before the due date at a rebate of ₹ 300

**Give Journal Entries in the Books of Seema and prepare Seema's Account in the books of Roma.**

**Solution:**

In the books of Seema				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
2019 Aug. 1	Purchase A/c Dr		37,000	
	To Roma's A/c			37,000
	(Being goods purchased on credit)			
2019 Aug. 1	Roma's A/c Dr		37,000	
	To Bills Payable A/c			37,000
	(Being our acceptance is given)			
Oct. 4	Bills Payable A/c Dr		37,000	
	To Roma's A/c			37,000
	(Being our acceptance dishonoured)			
Oct. 4	Noting Charges A/c Dr		160	
	To Roma's A/c			160
	(Being noting charges due to Roma)			
Oct. 4	Roma's A/c Dr		19,160	
	To Cash A/c			19,160
	(Being paid part payment and noting charges in cash)			
Oct. 4	Interest A/c Dr		650	
	To Roma's A/c			650
	(Being interest amount due)			
Oct. 4	Roma's A/c Dr		18,650	
	To Bills Payable A/c			18,650
	(Being remaining due amount with interest, our acceptance is given)			
Nov. 7	Bills Payable A/c Dr		18,650	
	To Cash A/c			18,350
	To Rebate A/c			300
	(Being before one month of due date, Bills payable amount paid at a rebate of ₹ 300)			
			<b>168270</b>	<b>168270</b>

Dr		In the books of Roma Seema's Account					Cr
Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
2019 Aug. 1	To Sales A/c		37,000	2019 Aug. 1	By Bills Receivable A/c		37,000
Oct. 4	To Bank A/c  (Dishonour & Noting Charges)		37,160	2019 Aug 4	By Cash A/c		19,160
Oct. 4	To Interest A/c		650	Nov. 7	By Bills Receivable A/c (New)		18,650
			<b>74,810</b>				<b>74,810</b>

### Practical problem | Q 9 | Page 306

Uday purchased goods from Shankar on credit for ₹ 35,000 at 10 % Trade discount.

Uday paid ₹1,500 immediately and for the balance accepted a bill for 3 months. Before the due date, Uday approached Shankar with a request to renew the bill. Shankar agreed but with condition that Uday should accept a new bill for 3 months including interest at 12 % p.a.

**Give Journal Entries in the Books of Shankar.**

**Solution:**

In the books of Shankar				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
1	Uday's A/c Dr		31,500	
	To Sales A/c			31,500
	(Being goods sold on credit @ 10 % trade discount)			
2	Cash A/c Dr.		1,500	
	To Uday's A/c			1,500
	(Being cash received from Uday)			
3	Bills Receivable A/c Dr.		30,000	



	To Uday's A/c			30,000
	(Being bill drawn and acceptance received)			
4	Uday's A/c Dr.		30,000	
	To Bills Receivable A/c			30,000
	(Being the bill cancelled at the request of Uday)			
5	Uday's A/c Dr.		900	
	To Interest A/c			900
	(Being interest amount due)			
6	New Bills Receivable A/c Dr		30,900	
	To Uday's A/c			30,900
	(Being new bill drawn with interest and acceptance received)			
			<b>124800</b>	<b>124800</b>

**working Note :**

$$I = \frac{\text{PRN}}{100} = \frac{30,000 \times 3}{12 \times 100} = ₹ 900$$

**Practical problem | Q 10 | Page 306**

Sagar drawn an after sight bill on 21st Nov. 2019 for ₹ 21,000 at 3 months on Prasad. The bill is discounted by Sagar at 8 % p. a. with his bank. On maturity, Prasad finds himself unable to make payment of the bill and requests Sagar to renew it. Sagar accepts the request and draws a new bill at one month for ₹ 21,750 including interest which was duly accepted by Prasad. Sagar deposits the bill into bank for the collection. Prasad honours the bill on the due date and Bank charges ₹ 250 as Bank Charges.

**Pass necessary Journal Entries in the Books of Sagar and prepare Sagar's account in the books of Prasad.**

**Solution:**

In the books of Sagar				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)

2019 Nov. 21	Bills receivable A/c Dr		21,000	
	To Prasad's A/c			21,000
	(Being bill drawn and acceptance received.)			
2019 Nov. 21	Bank A/c Dr		20,580	
	Discount A/c Dr		420	
	To Bills Receivable A/c			21,000
	(Being bill discounted with bank)			
2020 Feb. 24	Prasad's A/c Dr		21,000	
	To Bank A/c			21,000
	(Being the bill canceled)			
2020 Feb. 24	Prasad's A/c Dr		750	
	To Interest A/c			750
	(Being interest amount due)			
2020 Feb. 24	New Bills Receivable A/c Dr.		21,750	
	To Prasad's A/c			21,750
	(Being new bill drawn and acceptance received)			
2020 Feb. 24	Bill Sent for Collection A/c Dr		21,750	
	To New Bills Receivable A/c			21,750
	(Being new bill sent for collection to bank)			
Mar. 27	Bank A/c Dr		21,500	
	Bank Charges A/c Dr		250	
	To Bill sent for collection A/c			21,750
	(Being the amount of the bill collected by the bank and credited to our Account by deducting bank charges)			
			<b>129000</b>	<b>129000</b>

Dr	In the books of Prasad Sagar's Account						cr
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)

2019 Nov. 21	To Bills Payable A/c (Acceptance given)		21,000	2019 Nov. 21	By Balance b/d		21,000
2019 Nov. 24	To Bill Payable A/c (New acceptance given)		21,750	Feb. 24	By Bills Payable A/c (Dishonour)		21,000
				Feb. 24	By Interest A/c (Int. due)		750
			<b>42,750</b>				<b>42,750</b>

### Practical problem | Q 11 | Page 307

**Journalise the following transaction in the books of Abhishek:-**

- Siddhant informs Abhishek that Vineet's acceptance for ₹ 23,000 endorsed to Siddhant has been dishonoured. Nothing Charges amounted to ₹ 430.
- Kajal renews her acceptance to Abhishek for ₹ 39,000 by paying 3,000 in cash and accepting a fresh bill for the balance along with interest at 11.5 % p.a. for 3 months.
- Radhika retired her acceptance to Abhishek for ₹ 23,000 by paying ₹ 22,250 by cheque.
- Abhishek sent a bill of Subodh for ₹ 9,000 to bank for collection. Bank informed that the bill has been dishonoured by Subodh.

**Solution:**

In the books of Abhishek				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
(a)	Vineet's A/c Dr		23,430	
	To Siddhant's A/c			23,430
	(Being Vineet's acceptance endorsed to Siddhant dishonoured and noting charges amount is included)			
(b)	Kajal's A/c Dr.		39,000	

(i)	To Bills Receivable A/c			39,000
	(Being cancellation of bill)			
(ii)	Cash A/c Dr.		3,000	
	To Kajal's A/c			3,000
	(Being cash received from Kajal)			
(iii)	Kajal's A/c Dr		1,035	
	To Interest A/c			1,035
	(Being interest amount due)			
(iv)	New Bills Receivable A/c Dr.		37,035	
	To Kajal's A/c			37,035
	(Being new bill drawn and acceptance is received)			
(c)	Bank A/c Dr		22,250	
	Rebate A/c Dr		750	
	To Bills Receivable A/c			23,000
	(Being Radhika retired her acceptance)			
(d)	Bill Sent for Collection A/c Dr.		9,000	
(i)	To Bills Receivable A/c			9,000
	(Being Subodh's acceptance sent to bank for collection)			
(ii)	Subodh's A/c Dr		9,000	
	To Bill Sent for collection A/c			9,000
	(Being Subodh's acceptance dishonoured.)			
			<b>144500</b>	<b>144500</b>

### Working Note :

Amount of interest =  $36,000 \times 3/12 \times 11.5/100 = ₹ 1,035$ .

### Practical problem | Q 12 | Page 307

#### Journalise the following transactions in the books of Narendra: -

- Narendra retires his acceptance to Upendra by paying ₹ 4,000 in cash and endorsing a bill accepted by Ramlal for ₹ 5,000.
- Vikram's acceptance to Narendra ₹ 6,000 retired one month before the due date at rebate of 12% p.a.
- Dilip renews his acceptance to Narendra for ₹ 12,000 by paying ₹ 4,000 in cash and accepting a fresh bill for the balance plus interest at 12% p.a. for 3 months.
- Bank informed Narendra that, Kartik's acceptance for ₹ 13,000 to Narendra, discounted with the bank was dishonoured and Noting Charges paid by bank ₹ 140.

**Solution:**

In the books of Narendra				
Journal Entries				
Date	Particulars	L.F.	Debit (₹)	Credit (₹)
(a)	Bills Payable A/c Dr		9,000	
	To Cash A/c			4,000
	To Bills Receivable A/c			5,000
	(Being Upendra's dues cleared by paying cash and endorsing a bill)			
(b)	Cash A/c Dr		5,940	
	Rebate A/c Dr		60	
	To Bills Receivable A/c			6,000
	(Being Vikram's acceptance retired with rebate)			
(c) (i)	Dilip's A/c Dr		12,000	
	To Bills Receivable A/c			12,000
	(Being cancellation of bill)			
(ii)	Cash A/c Dr		4,000	
	To Dilip's A/c			4,000
	(Being cash received)			
(iii)	Dilip's A/c Dr		240	
	To Interest A/c			240
	(Being interest due)			
(iv)	Bills Receivable A/c Dr.		8,240	
	To Dilip's A/c			8,240
	(Being fresh bill accepted by Dilip for remaining amount plus interest)			
(d)	Kartik's A/c Dr.		13,140	
	To Bank A/c			13,140
	(Being Kartik's acceptance dishonoured and bank paid noting charges)			
			<b>52620</b>	<b>52620</b>

**Practical problem | Q 13 | Page 307**

**Journalise the following transactions in the books of Bharti:-**

- a) Bank informed that Amit's acceptance for ₹15,750 sent to bank for collection was honoured and bank charges debited were ₹ 150.
- b) Nitin renewed his acceptance for ₹ 22,200 by paying ₹ 2,200 in cash along with interest on balance amount at 10% and accepted a fresh bill for the balance for 3 months.
- c) Dhanshri who had accepted Bharti's bill for ₹ 17,500 was declared insolvent and only 40% of the amount due could be recovered from his estate.
- d) Discharged our acceptance to Savita for ₹ 9,450 by endorsing Pravin's acceptance to us ₹ 9,000.

**Solution:**

<b>In the books of Bharti</b>				
<b>Journal Entries</b>				
<b>Date</b>	<b>Particulars</b>	<b>L.F</b>	<b>Debit (₹)</b>	<b>Credit (₹)</b>
(a)	Bank A/c Dr		15,600	
	Bank Charges A/c Dr.		150	
	To Bill sent for collection A/c			15,750
	(Being the amount of Bill collected by bank and credited to our Bank A/c and Bank Charges debited)			
(b) (i)	Nitin's A/c Dr		22,200	
	To Bills Receivable A/c			22,200
	(Being cancellation of bill)			
(ii)	Nitin's A/c Dr		500	
	To Interest A/c			500
	(Being interest amount due)			
(iii)	Cash A/c Dr		2,700	
	To Nitin's A/c			2,700
	(Being part payment along with interest received)			

(iv)	Bills Receivable A/c Dr.		20,000	
	To Nitin's A/c			20,000
	(Being the acceptance received for balance amount due)			
(c) (i)	Dhanshri's A/c Dr.		17,500	
	To Bills Receivable A/c			17,500
	(Being bill dishonoured for non-payment)			
(ii)	Cash A/c Dr.		7,000	
	Bad Debts A/c Dr		10,500	
	To Dhanshri's A/c			17,500
	(Being 40 % due amount received from Dhanshri, as being declared insolvent)			
(d)	Bills Payable A/c Dr.		9,450	
	To Discount A/c			450
	To Bills Receivable A/c			9,000
	(Being our acceptance Savita i.e. B. P. is cleared by endorsing Pravin's acceptance i.e. B. R.)			
			<b>105600</b>	<b>105600</b>

### Practical problem | Q 14 | Page 307

#### Journalise the following transactions in the books of Sudha:-

- Endorsed Sonali's acceptance at 2 months for ₹ 6,000 in favour of Urmila and paid cash ₹ 3,500 in full settlement of her account ₹ 10,000.
- Discounted 2 months acceptance of Surya for ₹ 7,800 with bank at 10% p.a.
- Bank informed that Anuradha's acceptance of ₹ 4,800 which was discounted was dishonoured and bank paid Noting Charges ₹ 125.
- Pooja honoured her acceptance of ₹ 16,400 which was deposited into bank for collection.

#### Solution:

**In the books of Sudha**

**Journal Entries**

<b>Date</b>	<b>Particulars</b>	<b>L.F</b>	<b>Debit (₹ )</b>	<b>Credit (₹ )</b>
(a)	Urmila's A/c Dr.		10,000	
	To Cash A/c			3,500
	To Discount A/c			500
	To Bills Receivable A/c			6,000
	(Being Sonali's acceptance endorsed in favour of Urmila with cash to clear her debt)			
(b)	Bank A/c Dr		7,670	
	Discount A/c Dr		130	
	To Bills Receivable A/c			7,800
	(Being discounted Surya's acceptance with bank)			
	(Hint : $7,800 \times 10100 \times 212 = ₹ 130$ )			
(c)	Anuradha's A/c Dr.		4,925	
	To Bank A/c			4,925
	(Being discounted bill dishonoured and noting charges paid by bank)			
(d)	Bank A/c Dr		16,400	
	To Bill Sent for Collection A/c			16,400
	(Being amount of the bill collected and credited in our bank account)			
			<b>39125</b>	<b>39125</b>



**Practical problem | Q 15 | Page 307**

**Journalise the following transactions in the books of Mrunal:-**

- a) Bank informed that Aishwarya's acceptance of ₹ 24,000 which was discounted had been dishonoured and bank paid Noting Charges ₹ 220. Bill was renewed at the request of Aishwarya for 2 months with interest of ₹ 480.
- b) Received ₹ 4,630 from private estate of Ankur who was declared insolvent against bill accepted by him for ₹ 6,000.
- c) Accepted a bill of ₹ 15,000 at 3 months drawn by Anushka for the amount due to her ₹ 20,000 and balance paid by cheque.
- d) Dishonoured our acceptance to Vivek ₹ 27,000 and Noting Charges paid by Vivek ₹ 700

**Solution:**

In the books of Mrunal				
Journal Entries				
Date	Particulars	L.F	Debit (₹)	Credit (₹)
(a) (i)	Aishwarya's A/c Dr.		24,000	
	To Bank A/c			24,000
	(Being discounted bill dishonoured)			
(ii)	Aishwarya's A/c Dr		220	
	To Bank A/c			220
	(Being noting charges paid and adjusted)			
(iii)	Aishwarya's A/c Dr.		480	
	To Interest A/c			480
	(Being interest amount due)			
(iv)	Bills Receivable A/c Dr		24,700	
	To Aishwarya's A/c			24,700
	(Being new acceptance received from Aishwarya for balance receivable)			
(b)	Cash A/c Dr		4,630	
	Bad Debts A/c Dr		1,370	

	To Ankur's A/c			6,000
	(Being cash received and write off remaining amount of Ankur)			
(c)	Anushka's A/c Dr		20,000	
	To Bank A/c			5,000
	To Bills Payable A/c			15,000
	(Being cash received and write off remaining amount of Ankur)			
(d)	Bills Payable A/c Dr.		27,000	
	Noting Charges A/c Dr		700	
	To Vivek's A/c			27700
	(Being our acceptance dishonoured and Vivek paid noting charges)			
			<b>103100</b>	<b>103100</b>