

**CBSE Test Paper 04**  
**Ch-7 Bill of Exchange**

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1. State the three parties involved in a bill of exchange.
2. Calculate the due date of a bill of exchange written on 13th July, 2013 for 30 days.
3. Cancelling an old bill and drawing a new bill is called renewal of a bill. Do you agree?
4. State any five essential features of a bill of exchange.
5. Journalise the following in the books of Sharma
  - i. Sharma acceptance to Verma for Rs. 1,00,000 renewed at 3 months together with interest @ 18% per annum.
  - ii. Dharma requests Sharma to renew his acceptance for Rs. 75,000 for 2 months. Sharma agrees to it provided interest is paid @ 10% in cash.
6. A owed B Rs.400. A accepted a bill of exchange at 3 months date for this amount for which B discounted for Rs.380.  
Give the necessary Journal Entries in the books of A and B if this bill is
  - i. Dishonoured on the due date.
  - ii. Met at maturity; and
  - iii. Retired under rebate at 6% p.a. 2 months before its maturity.
7. On 1st January, 2014 Bhanu drew a bill on Naman for Rs. 8,000 payable 3 months after the due date. On 2nd January, Bhanu discounted the bill with his bank at 5% per annum. On the due date, Naman met his own's acceptance. Give journal entry in the books of Bhanu and Naman.
8. Vishal sold goods for Rs. 7,000 to Manju on 5th January, 2015 and drew upon her a bill of exchange payable after 2 months. Manju accepted Vishal's draft and handed over the same to Vishal after acceptance. Vishal immediately discounted the bill with his bank @ 12% per annum on the due date, Manju met her acceptance.  
Journalise the above transactions in the books of Vishal and Manju.

9. On 10th July, 2017, A sold goods to B for Rs.35,000 plus IGST @ 18%. He drew on him a 3 months bill for Rs.35,000 and received cheque for the balance amount. B accepted the bill. After 10 days, A endorsed the bill to his creditor C. On due date, acceptance is duly met. Show entries in the books of A, B and C.
10. On 15th June 2017, X Sold to Y goods to the value of Rs.15,000 drawing upon the latter two bills one for Rs.10,000 payable 2 months after date and other for Rs.5,000 payable 3 months after date. X discounted the first bill with his bankers at 6% per annum and endorsed the second bill in favour of his creditor, Z. The first bill was met on maturity but the second was dishonoured. Z paid Rs.50 as noting charges. On 1st Oct. Y cleared his account to X by paying Rs. 5,100 which ' included Rs.50 as interest. Record the necessary Journal Entries in the books of both X and Y.

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**Answer**

1. A Bill of Exchange has three parties namely: Drawer, Drawee and Payee.
2. The due date of the bill of exchange drawn on 13th July 2013 drawn for 30 days will be 14th August, 2013.
3. Yes, it is called the renewal of a bill. In case the drawee of the bill is not in a position to make the payment on the due date, then immediately before the due date, he could request the drawer to give him some time to make the payment and hence draw a new bill. This is called the Renewal of a bill.
4. The following features of a bills of exchange are
  - i. It must be in writing.
  - ii. It is an order to make payment.
  - iii. It is an unconditional order to a person (Drawee) to pay the specified amount.
  - iv. The maker of the bill of exchange must sign it.
  - v. It specifies the date by which the amount should be paid.

5. **Sharma's JOURNAL**

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
	Interest A/c To Verma's A/c (Being the interest due to Verma @ 18% per annum for 3 months on Rs. 1,00,000)	Dr		4,500	4,500
	Verma's A/c To Bills Payable A/c (Being the new bill accepted in favour of	Dr		1,04,500	1,04,500



	Verma)				
	Dharma's A/c To Bills Receivable A/c (Being the cancellation of Dharma's acceptance for purpose of renewal)	Dr		75,000	75,000
	Dharma's A/c To Interest A/c (Being the interest due from Dharma @ 10% per annum for 2 months, the period of the new bill)	Dr		1,250	1,250
	Bills Receivable A/c Cash/Bank A/c To Dharma's A/c (Being the cash Rs. 1,250 and new bill for Rs. 75,000 received from Shyam)	Dr Dr		75,000 1,250	76,250
	<b>Total</b>			<b>2,61,500</b> =====	<b>2,61,500</b> =====

6.

## BOOKS OF A

### JOURNAL ENTRIES

Case	Particulars		L/F	(Rs.)	(Rs.)
(i)	B/P A/c	Dr.		400	
	To B (Being the bill dishonoured on its maturity)				400
(ii)	B/P A/c	Dr.		400	
	To Cash A/c (Being the bill met on maturity)				400
(iii)	B/P A/c	Dr.		400	

	To Cash A/c				396
	To Rebate A/c (Being the bill retired under rebate)				4

### BOOKS OF B

### JOURNAL ENTRIES

Case	Particulars		L/F	(Rs.)	(Rs.)
(i)	A	Dr.		400	
	To Bank A/c (Being the discounted bill dishonoured)				400
(ii)	N.E.				
(iii)	N.E.				

7.

### In the Books of Bhanu

### JOURNAL

Date	Particulars		L.F.	Amount (Dr)	Amount (Cr)
2014					
Jan 1	Bills Receivable A/c	Dr		8,000	
	To Naman				8,000
	(Being bill received)				
Jan 2	Bank A/c	Dr		7,900	
	Discounting Charges A/c	Dr		100	
	To Bills Receivable A/c				8,000
	(Being bill discounted with bank @ 5% per				

	annum)				
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**Working Note:** Calculation of Discount =  $8,000 \times \frac{5}{100} \times \frac{3}{12} = 100$

**In the Books of Naman**

**JOURNAL**

Date	Particulars		L.F.	Amount (Dr)	Amount (Cr)
2014					
Jan 1	Bhanu	Dr		8,000	
	To Bills Payable A/c				8,000
	(Being Bill accepted))				
April 4	Bills Payable A/c	Dr		8,000	
	To Bank A/c				8,000
	(Being bill paid on maturity)				

8.

**In the Books of Vishal**

**JOURNAL**

Date	Particulars		L.F.	Amount (Dr)	Amount (Cr)
2015					
Jan 5	Manju	Dr		7,000	
	To Sales A/c				7,000
	(Being goods sold to Manju on credit)				
Jan 5	Bills Receivable A/c	Dr		7,000	
	To Manju				7,000
	(Being acceptance received)				

Jan 5	Bank A/c	Dr	6,860	
	Discounting Charges A/c	Dr	140	
	To Bills Receivable A/c			7,000
	(Being bill discounted with the bank @ 12% per annum)			

### Working Note

$$\text{Calculation of Discount} = 7,000 \times \frac{12}{100} \times \frac{2}{12} = \text{Rs. } 140$$

**Discounting of a Bill:** A bill may be presented to a bank amount received against it. It is known as Discounting of a bill. The bank deducts its charges from the bill amount and disburses the balance amount.

### In the Books of Manju

#### JOURNAL

Date	Particulars	L.F.	Amount (Dr)	Amount (Cr)
2015				
Jan 5	Purchases A/c	Dr	7,000	
	To Vishal			7,000
	(Being goods purchased from Vishal on credit)			
Jan 5	Vishal	Dr	7,000	
	To Bills Payables A/c			7,000
	(Being acceptance given to Vishal)			
Mar 8	Bills Payable A/c	Dr	7,000	
	To Bank A/c			7,000



	(Being bills payable paid on maturity)				
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**9. In the books of "A"**

**Journal**

Date	Particulars		L/F	(Rs.)	(Rs.)
10/07/18	B's A/c	Dr.		41,300	
	To Sales A/c				35,000
	To Output IGST A/c				6,300
	(Being goods sold to B's and GST Collected)				
10/07/18	Bank A/c	Dr.		6,300	
	B/R A/c	Dr.		35,000	
	To B's A/c				41,300
	(Being bill drawn and balance receive by cheque.)				
20/07/18	C's A/c	Dr.		35,000	
	To B/R A/c				35,000
	(Being bill endorsed to C.)				

**In the books of "B"**

**Journal**

Date	Particulars		L/F	(Rs.)	(Rs.)
10/07/18	Purchase A/c	Dr.		35,000	
	Input IGST A/c (8%)	Dr.		6,300	
	To A's A/c				41,300
	(Being goods purchased from A.)				



10/07/18	A's A/c	Dr.		41,300	
	To Bank A/c				35,000
	To B/P A/c				6,300
	(Being bill accepted and balance paid by cheque)				
13/10/18	B/P A/c	Dr.		35,000	
	To Cash/Bank a/c				35,000
	(Being bill paid on due date.)				

**In the books of "C"**

### Journal

Date	Particulars		L/F	(Rs.)	(Rs.)
10/07/18	B/R A/c	Dr.		35,000	
	To A's A/c				35,000
	(Being bill receive from A.)				
13/10/18	Cash/Bank A/c	Dr.		35,000	
	To B/R A/c				35,000
	(Being amount of bill receive on due date.)				

10.

### BOOKS OF X

### JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
15.6.17	Y	Dr.		15,000	
	To Sales A/c (Being goods sold.)	.			15,000

15.6.17	B/R A/c (1)	Dr.		10,000	
	B/R A/c (2)	Dr.		5,000	
	To Y (Being two bill receivables drawn)				15,000
15.6.17	Bank A/c	Dr.		9,900	
	Discount charges A/c( $10,000 \times 6\% \times 2/12$ )	Dr.		100	
	To B/R A/c(1) (Being 1st bill receivable discounted)				10,000
15.6.17	Z	Dr.		5,000	
	To B/R A/c (2) (Being IInd bill receivable endorsed)				5,000
18.9.17	Y	Dr.		5,050	
	To Z (Being IInd bill receivable dishonoured)				5,050
1.10.17	Cash A/c	Dr.		5,100	
	To Y				5,050
	To Interest A/c (Being final payment receive)				50

### BOOKS OF Y

### JOURNAL ENTRIES

Date	Particulars		L/F	Dr. (Rs.)	Cr. (Rs.)
15.6.17	Purchases A/c	Dr.		15,000	
	To X (Being goods purchase from X)				15,000
15.6.17	X	Dr.		15,000	

	To B/P A/c (1)				10,000
	To B/P A/c (2) (Being two bill payables accepted)				5,000
18.8.17	B/P A/c (1)	Dr.		10,000	
	To Cash A/c (Being 1st bill payables paid)				10,000
18.9.17	B/P A/c (2)	Dr.		5,000	
	Nothing Charges	Dr.		50	
	To X (Being 2nd bill payables dishonoured)				5,050
1.10.17	X	Dr.		5,050	
	Interest A/c	Dr.		50	
	To Cash A/c (Being final Payment made)				5,100