

Chapter 9: Bill of Exchange (Trade Bill)

Question: 1

Answer the following question in one sentence only.
What is bill of exchange?

Solution

A bill of exchange is an instrument in writing containing an unconditional order signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument.

Question: 2

Answer in one sentence only.
Who is Drawer?

Solution

A person who writes or draws up a bill is known as drawer. He is the seller or the creditor entitled to receive money from someone. The bill of exchange is signed by the drawer of the bill.

Question: 3

Answer the following question in one sentence only.
Who is Drawee?

Solution

The person on whom a bill is drawn is known as drawee. He is the purchaser or the debtor liable to pay the amount mentioned in the bill to the drawer. The bill of exchange is accepted by the drawee.

Question: 4

Answer the following question in one sentence only.
What is due date of bill?

Solution

The date on which the payment of the bill becomes due is called the due date or the date of maturity. While calculating the due date, it is necessary to add three days to the period of bill. These three days are called "days of grace".

Question: 5

Answer the following question in one sentence only.
What is an acceptance to bills of exchange?

Solution

A bill is said to be accepted when the drawee of the bill accepts to pay the amount specified in the bill by writing the word "Accepted" on the bill and then returns it to the drawer.

Question: 6

Answer the following question in one sentence only.
What is qualified acceptance?

Solution

When a bill of exchange is accepted with some alterations in relation to the original terms of the bill, such as time, place, amount, parties or any condition to the order of the drawer, it is called qualified acceptance.

Question: 7

Answer the following question in one sentence only.
When is the bill said to be honoured?

Solution

When the amount specified in the bill of exchange is paid by the acceptor (i.e. the drawee) on the due date, it is called the honouring of the bill.

Question: 8

Give word / term or phrase for the following statement.
Acceptance with some changes as regards the terms of a bill.

Solution

Qualified acceptance

Explanation: When the terms of a bill of exchange are altered by the acceptor, it is called qualified acceptance. The drawee may refuse to make qualified acceptance.

Question: 9

Answer the following question in one sentence only.
When is the bill said to be dishonoured?

Solution

When the acceptor of the bill refuses to pay the amount of the bill on the date of maturity, the bill is said to be dishonoured.

Question: 10

Answer the following question in one sentence only.
What is inland bill exchange?

Solution

A bill of exchange drawn and payable within a country is known as inland bill of exchange.

Question: 11

Answer the following question in one sentence only.
What is foreign bill of exchange?

Solution

A bill of exchange drawn in one country and payable in another is known as foreign bill of exchange.

Question: 12

Answer the following question in one sentence only.
What are noting charges?

Solution: 1

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

Solution: 2

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.

Question: 13

Answer the following question in one sentence only.
When is the amount of bill of exchange payable to a specific person?

Solution

The amount of the bill is payable either on demand or on the expiry of the fixed period mentioned in the bill.

Question: 14

Give word / term or phrase for the following statement.
A bill of exchange drawn and accepted for a value received.

Solution

Trade bill

Explanation: A bill of exchange drawn for the amount of purchase by the seller on the purchaser is known as a trade bill.

Question: 15

Give word / term or phrase for the following statement.
A person who draws a bill of exchange.

Solution

Drawer

Explanation: He is the seller or creditor entitled to receive money from someone. He writes or draws the bill and is known as drawer. The bill of exchange is signed by the drawer of the bill.

Question: 16

Give word / term or phrase for the following statement.
A person on whom a bill of exchange is drawn.

Solution

Drawee

Explanation: The person on whom the bill is drawn, and who is required to pay the amount mentioned in the bill, is called drawee. He is the purchaser or the debtor and is liable to make payment to the drawer.

Question: 17

Give word / term or phrase for the following statement.
Payment in accordance with the apparent tenor of the bill.

Solution

Honour

Explanation: When the acceptor of the bill pays the amount specified in the bill on the due date, it is called honouring the bill.

Question: 18

Give word / term or phrase for the following statement.
Nonpayment in accordance with the apparent tenor of the bill.

Solution

Dishonour

Explanation: When the acceptor of the bill refuses to pay the amount of bill on the due date or becomes insolvent, it is known as dishonour of the bill.

Question: 19

Give word / term or phrase for the following statement.
Acceptance without making any change in the terms of a bill.

Solution

General acceptance

Explanation: When the drawee of the bill accepts the bill by writing the word 'Accepted' and then signs the bill, it is known as general acceptance.

Question: 20

Give word / term or phrase for the following statement.
A bill of which payment to make on fixed period.

Solution

After date bill

Explanation: When a bill is drawn 'after date', the term of the bill starts from the date of drawing of the bill. Three days of grace are also allowed on such bills.

Question: 21

Give word / term or phrase for the following statement.
The bill which is drawn in one country and payable in other country.

Solution

Foreign

Explanation: A bill of exchange drawn in one country and payable in another country is known as a foreign bill of exchange. For example, a bill, drawn in India and payable in USA, is a foreign bill.

Question: 22

Give word / term or phrase for the following statement.
Encashment of the bill before due date.

Solution

Discounting

Explanation: When the holder of a bill needs money before the maturity date, he may present the bill to a bank and get immediate payment on the security of a bill. The bank deducts a certain amount from the face value of the bill and pays the balance. This process is known as discounting.

Question: 23

Give word / term or phrase for the following statement.
The person who transfer the ownership of the bill.

Solution

Endorser

Explanation: The holder of a bill has an option to transfer the bill in favour of his/her creditor. In such cases, the person who transfers the bill is known as an endorser. Generally, a drawer is an endorser.

Question: 24

Give word / term or phrase for the following statement.
The person in whose favour the bill transferred.

Solution

Endorsee

Explanation: On endorsement, the person in whose favour the bill is transferred (i.e. the holder's creditor) is known as an endorsee.

Question: 25

Give word / term or phrase for the following statement.
The three extra days which are allowed over and above the period of the bill.

Solution

Days of grace

Explanation: The date on which the payment of the bill becomes due is called the due date or the date of maturity. While calculating the due date, it is necessary to add three days to the period of the bill. These three days are known as 'days of grace'.

Question: 26

Give word / term or phrase for the following statement.
Transfer of title of the bill from debtor to creditor.

Solution

Endorsement

Explanation: Endorsement means when a bill of exchange is signed for the purpose of transferring it to another person. The debtor signs the bill and transfers it to his/her creditor. On endorsement, the endorsee becomes entitled to receive the payment.

Question: 27

Give word / term or phrase for the following statement.
Payment of the bill before due date.

Solution

Retirement

Explanation: A bill is said to be retired when the acceptor of a bill expresses his

willingness to make the payment of the bill before its due date. In such cases, the holder of the bill generally allows a discount to the drawee, which is called rebate. This rebate is a gain for the party that makes the payment (i.e. the drawee) and is expense to the party receiving the payment (i.e. the drawer).

Question: 28

Give word / term or phrase for the following statement.
Fees charged by the Notary public on dishonour of a bill.

Solution

Noting charges

Explanation: 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 is 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.

Question: 29

Give word / term or phrase for the following statement.
Officer appointed by Central Government for noting of dishonour bill.

Solution

Notary Public

Explanation: Notary Public is an officer appointed by the Central or State Government and has the power of noting Negotiable Instruments at the time of their dishonour.

Question: 30

Write True or False.

Bill of exchange is an instrument in writing, containing an unconditional order.

Options

- True
- False

Solution

True

Explanation: A bill of exchange is an instrument containing in writing an unconditional order to pay a certain sum of money only to or to the order of person or bearer of the instrument. It must be signed by the maker, i.e. drawer of the bill.

Question: 31**Write True or False.**

A bill of exchange is signed by the person on whom it is drawn.

Options

- True
- False

Solution**False**

Explanation: A bill of exchange is not signed by the person on whom it is drawn (i.e. the drawee). Rather, it must be signed by the drawer (i.e. the maker) of the bill.

Question: 32

State whether the following statement is True or False.

A person to whom or as per his order, amount of bill is payable is a Payee.

Options

- True
- False

Solution**True**

Explanation: The person to whom the amount of a bill is payable is known as a payee. The drawer himself or a third party, such as an endorsee, can be the payee of the bill.

Question: 33**Write True or False.**

Honour of a bill means payment in accordance with the apparent tenor of the bill.

Options

- True
- False

Solution

True

Explanation: A bill is said to be honoured when the acceptor of the bill makes payment on the due date specified in the bill.

Question: 34

Write True or False.

Acceptance without making any change in the terms of a bill is called general acceptance.

Options

- True
- False

Solution

True

Explanation: When a bill of exchange is accepted without altering the terms of the bill, it is known as general acceptance, whereas when the terms of a bill of exchange are altered, it is known as qualified acceptance.

Question: 35

Write True or False.

Acceptance with some change as regards the terms of a bill general acceptance.

Options

- True
- False

Solution

False

Explanation: When acceptance is received with some changes in the terms of a bill, it is known as qualified acceptance. However, when a bill of exchange is accepted without altering the terms of the bill, it is known as general acceptance.

Question: 36

Write True or False.

A bill of which payment to make on fixed period is after date bill.

Options

- True
- False

Solution**True**

Explanation: When a bill is drawn 'after date', the term of the bill starts from the date of drawing of the bill. Three days of grace are also allowed on such bills. For example, a bill of exchange drawn on January 23, 2014 is payable 2 months after date. The due date of the bill after adding the days of grace will be March 26, 2014.

Question: 37**Write True or False.**

Drawee is a person who holds the title of the bill in due course.

Options

- True
- False

Solution**False**

Explanation: Drawee is the person on whom the bill is drawn and who accepts the bill by writing the word 'Accepted' on it. Any subsequent holder of the bill, who holds the bill in good faith and exchanges something valuable for it, is known as the holder in due course.

Question: 38**Write True or False.**

The inland bill which is drawn in and payable in the same country.

Options

- True
- False

Solution**True**

Explanation: An inland bill is a bill that is drawn and made payable in the same

country. On the other hand, a bill that is drawn in one country and made payable in another is known as foreign bill.

Question: 39

Write True or False

Discounting means encashment of the bill before due date.

Options

- False
- True

Solution

True

Explanation: When the holder of a bill needs money before the maturity date, he may present the bill to a bank and get immediate payment on the security of the bill. The bank deducts a certain amount from the face value of the bill and pays the balance. This process of getting the bill en-cashed before its due date is known as discounting.

Question: 40

Write True or False

Drawee can transfer the ownership of the bill.

Options

- True
- False

Solution

False

Explanation: A drawee cannot transfer the ownership of a bill. The drawer or the holder of a bill can transfer the bill of exchange by signing the bill of exchange, i.e. by endorsement.

Question: 41

Write True or False

Endorsee is person in whose favor the bill transferred.

Options

- True
- False

Solution**True**

Explanation: On endorsement, the person who transfers the bill is known as endorser and the person in whose favour the bill is transferred is known as endorsee.

Question: 42

Write True or False

Endorsement means transfer of title of the bill from debtor to creditor.

Options

- True
- False

Solution**True**

Explanation: Endorsement means signing the bill for the purpose of transferring it to another. Hence, it can be transferred from debtor to creditor.

Question: 43

Write True or False

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

Options

- True
- False

Solution**True**

Explanation: When the drawee makes the payment of the bill before its due date, it is known as retiring the bill. In such cases, the holder of the bill usually allows discount, which is known as rebate.

Question: 44

Write True or False

Noting charges are payable to the Notary public on honour of a bill.

Options

- True
- False

Solution

False

Explanation: Noting charges are paid to the Notary Public, who makes a note of the fact that the acceptor has refused to make the payment on the bill of exchange, i.e. the bill has been dishonoured.

Question: 45

Write True or False

Payee is official person appointed by Central government for noting of dishonour bill.

Options

- True
- False

Solution

False

Explanation: A Notary Public is the official person appointed by the central government for noting a bill. He makes a note of the dishonour, i.e. when an acceptor refuses to make the payment. On the other hand, a payee is the person to whom the payment is to be made. A drawer or any other third party can be the payee to a bill of exchange.

Question: 46

Write True or False

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

Options

- True
- False

Solution

True

Explanation: Sometimes, the acceptor of a bill is unable to meet the bill on its due date. In such cases, he might request the holder of the bill to cancel the original bill and draw a new bill in place of the old one. This is known as renewal of bill.

Question: 47

Write True or False

A bill can't be deposited into bank for collection.

Options

- True
- False

Solution

False

Explanation: The drawer of a bill can send the bill to its bank with clear instructions to retain the bill and realise the amount of the bill on its due date. This is termed as bill sent to bank for collection. Also, in case of bills discounted with bank, the bank becomes the payee and is entitled to receive the amount on the due date.

Question: 48

Hitesh sold goods for Rs 4,500 to Ashok on 1.1.2010 and drew upon him a bill of exchange payable 2 months after sight. Ashok accepted the bill and returned the same to Hitesh. On the due date the bill was met by Ashok.

Record the necessary Journal entries in the books of Hitesh and also prepare Ashok account in his books.

1. When the bill was retained by Hitesh till the date of its maturity.
2. When Hitesh immediately discounted the bill @ 15% p.a. with his bank.
3. When three days before its maturity, the bill was sent by Hitesh to his bank for collection.
4. When the bill was endorsed immediately by Hitesh in favour of his creditor Venkat.

Solution

Case -I

Books Of Hitesh
Journal Entry

Date	Particulars	L. F.	Debit Amount Rs.	Credit Amount Rs.

2010 Jan. 01	Ashok A/c Dr. To Sales A/c (Being Goods sold to Ashok)		4,500	4,500
Jan .01	Bills Receivable A/c Dr. To Ashok A/c (Being Bill accepted by Ashok)		4,500	4,500
Mar.04	Bank A/c Dr. To Bills Receivable A/c (Being honoured on maturity)		4,500	4,500

Case -II

Books Of Hitesh Journal Entry

Date	Particulars	L · F.	Debit Amount Rs.	Credit Amount Rs.
2010 Jan .01	Ashok A/c Dr. To Sales A/c (Goods sold to Ashok)		4,500	4,500
Jan.01	Bills Receivable A/c Dr. To Ashok A/c (Being Bill accepted by Ashok)		4,500	4,500
Jan . 01	Bank A/c Dr. Discount Charges A/c Dr. To Bills Receivable A/c (Bill discounted with bank @15% per annum.)		4,387 113	4,500

Case -III

Books Of Hitesh Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.

2010 Jan .01	Ashok A/c To Sales A/c (Goods sold to Ashok)	Dr.		4,500	4,500
Jan.01	Bills Receivable A/c Ashok A/c (Being Bill accepted by Ashok)	Dr. To		4,500	4,500
Mar . 01	Bill Sent For Collection A/c To Bills Receivable A/c (Bill sent for Collection to Bank, 3 days before maturity)	Dr.		4,500	4,500
Mar.04	Bank A/c To Bill Sent For Collection A/c (Bill sent for collection to bank, honoured on maturity)	Dr.		4,500	4,500

Case-IV

Books Of Hitesh Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2010 Jan .01	Ashok A/c To Sales A/c (Goods sold to Ashok)		4,500	4,500
Jan.01	Bills Receivable A/c A/c (Being Bill accepted by Ashok)	Dr. To Ashok	4,500	4,500
Jan.01	Venkat Receivable A/c (Bill endorsed to Venkat, a creditor)	Dr. To. Bills	4,500	4,500

Ashok's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount(Rs.)	Date	Particulars	J.F.	Amount(Rs.)
2010 Jan.01	Sales A/c		4,500	2010 Jan . 01	Bills Receivable A/c		4,500
			4,500				4,500

Question: 49

On 2nd Jan., 2011 Kiran of Kanpur purchased goods from Kavita of Kedgaon for Rs 4,850 and gave his acceptance to after date bill for 60 days on 5th Jan, 2011 for the same amount. On the same date Kavita of Kedgaon deposited the bill into bank for collection. On the due date Kiran honoured his acceptance. You are required to pass journal entries in the books both the parties.

Solution

Books Of Kavita

Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2011 Jan.02	Kiran A/c Dr. To Sales A/c (Goods sold on credit to Kiran)		4,850	4,850
Jan.05	Bills Receivable A/c Dr. To Kiran A/c (Bill accepted by Kiran)		4,850	4,850
Jan.05	Bill Sent For Collection A/c Dr. To Bills Receivable A/c (Bills sent to bank for collection)		4,850	4,850
Mar.06	Bank A/c Dr. To Bill Sent for Collection A/c (Bill Sent for Collection honoured on maturity)		4,850	4,850

Books of Kiran Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2011 Jan.02	Purchases A/c Dr. To Kavita A/c (Goods purchased on credit from Kavita)		4,850	4,850
Jan.05	Kavita A/c Dr. To Bills Payable A/c (Bill accepted)		4,850	4,850
Mar .06	Cash/Bank A/c Dr. To Bills Payable A/c		4,850	4,850

	(Amount of bill paid on maturity date)			
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Question: 50

Vasanti sold goods on credit of Rs 8,500 to Aruna on 14th July 2009. On the same date Vasanti drew two bills for Rs 5,000 and 3,500 for 2 and 3 months period respectively. Aruna accepted and return immediately. On 21st July, 2009 Vasanti deposited 3 months acceptance to her bank for collections.

On the due date of the respective bills Aruna honoured 2 months acceptance but dishonoured the second for which Vasanti paid nothing chargers Rs 60 and her bank debited 50 for bank chargers

Pass the journal entries in the books of Vasanti and Aruna.

Solution

Books Of Vasanti

Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2009 Jul.14	Aruna A/c Dr. To Sales A/c (Goods sold to Aruna on credit)		8,500	8,500
Jul.14	Bills Receivable A/c Dr. Bills Receivable A/c Dr. To Aruna A/c (Bill accepted by Aruna)		5,000 3,500	8,500
Jul.21	Bill Sent for Collection A/c Dr. To Bills Receivable A/c (Bill sent to bank for collection)		3,500	3,500
Sept.17	Bank A/c Dr. To Bill Receivable A/c (Bill honoured on maturity)		5,000	5,000
Oct . 17	Aruna Dr. To Bill Sent for Collection A/c To Bank A/c (Bill sent for collection dishonoured and noting charges of Rs 60 paid by Vasanti)		3,560	3,500 60
Oct . 17	Bank charges A/c Dr. To Bank A/c (Bank Charges paid)		50	50

Books of Arna
Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2009 Jul.14	Purchases A/c Dr. To Vasanti A/c (Goods purchased on Credit from Vasnti)		8,500	8,500
Jul.14	Vasanti A/c Dr. To Bills Payable A/c To Bills Payable A/c (Bills accepted by Aruna)		8,500	8,500
Sept.17	Cash/Bank A/c Dr. To Bills Payable A/c (Amount paid on maturity)		5,000	5,000
Oct.18	Bills Payable A/c Dr. Noting Charges A/c Dr. To Vasanti A/c (Bill dishonoured on maturity)		3,500 60	3,560

Question: 51

Sudhatai sold goods to Chhayatai on credit for 4 months for Rs 10,000 on 7th Sept., 2009. Chhayatai paid on her account of Rs 4,000 at 2% cash discount and accepted bill for the balance at 2 months. On the same date Sudhatai discounted with her bank at 12% p.a. on due date Chhayatai honoured her bill.
A. You required to write journal of Sudhatai.

B. Pass journal entries in the books of Sudhatai assuming that on due date the bill is dishonoured and Sudhatai's bank paid noting chargers Rs 100.

Solution

Case -A

Books of Sudhatai
Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2009 Sept.07	Chhayatai Dr. To Sales A/c (Goods sold to Chhayatai)		10,000	10,000
Sept.07	Cash A/c Dr. Discount A/c Dr. To Chhayatai A/c		3,920 80	4000

	(Chhayatai paid Rs. 4,000 on her account @ cash discount of 2%)			
Sept.07	Bills Receivable A/c Dr. To Chhayatai A/c (Bill accepted by Chhayatai)		6,000	6,000
Sept.07	Bank A/c Dr. Discount Charges A/c Dr. To Bills Receivable A/c (Bill discounted with Bank at 12% per annum)		5,880 120	6000

Case - B

Books Of Sudhatai Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2009 Sept.07	Chhayatai Dr. To Sales A/c (Goods sold to Chhayatai)		10,000	10,000
Sept.07	Bank A/c Dr. Discount A/c Dr. To Chhayatai A/c (Chhayatai paid Rs.4,000 on her account @ cash discount of 2%)		3,920 80	4,000
Sept. 07	Bills Receivable A/c Dr. To Chhayatai A/c (Bill Accepted by Chhayatai)		6,000	6,000
Sept . 07	Bank A/c Dr. Discount Charges A/c Dr. To Bills Receivable A/c (Bill discount with Bank at 12% per annum)		5,880 120	6,000
Nov.10	Chhayatai A/c Dr. To Bank A/c (Discounted bill dishonoured and noting charges of Rs.100 Paid)		6,100	6,100

Question: 52

On 1st August, 2010 Swapnali sold goods to Swapnil on credit for Rs 20,000. And drew two bills of 60% and 40% of the amount due from Swapnil for 3 and 4

months period respectively. Swapnil accepted and return it to Swapnali immediately. On 1st September 2010 Swapnali send 3 months acceptance to her bank for collection and discounted 4 months acceptance with her bank @ 18% p.a.

On the due date of the respective bills Swapnil honoured 3 months acceptance for which bank debited Rs 50 as bank charges. On due date of 4 months acceptance Swapnil dishonoured for which Swapnali's bank paid nothing charges Rs 100.

Pass the journal entries in the books of Swapnali and prepare Swapnil's account in her ledger.

Solution

Books Of Swapnali

Journal Entry

Date	Particular	L.F.	Debit Amount Rs.	Credit Amount Rs.
2010 Aug.01	Swapnil A/c Dr. To Sales A/c (Goods sold to Swapnil on Credit)		20,000	20,000
Aug.01	Bills Receivable A/c Dr. Bills Receivable A/c Dr. To Swapnil A/c (Bill accepted by Swapnil)		12,000 8,000	20,000
Sept.01	Bill Sent for Collection A/c Dr. To Bill Receivable A/c (Bill sent for Collection to bank)		12,000	12,000
Sept.01	Bank A/c Dr. Discount A/c Dr. To Bill Receivable A/c (Bill discounted with bank at 18% per annum before 3 months)		7,640 360	8,000
Nov.04	Bank A/c Dr To Bill Sent for Collection A/c (Bill sent for collection honoured on maturity date)		12,000	12,000
Nov.04	Bank Charges A/c Dr To Bank A/c (Bank Charges Paid)		50	50
Dec.04	Swapnil A/c Dr.		8,100	8,100

	To Bank A/c (Discounted bill dishonoured on maturity date and noting charges paid by bank)			
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Swapnil's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount (Rs.)	Date	Particulars	J.F.	Amount (Rs.)
2010 Aug.01	Sales A/c		20,000	2010 Aug.01	Bills Receivable A/c		12,000
Dec.04	Bank A/c		8,100	Aug.01	Bills Receivable A/c		8,000
				Dec.04	Balance C/d		8,100
			28100				28,100

Question: 53

On 1st August, 2012 Omprakash drew a bill of Rs 10,000 for 60 days after date on Sharadchandra. On 15th August, 2012 Omprakash purchased goods from Hariprasad for Rs 12,000. On the same date Omprakash endorsed Sharadchandra's bill in favour of Hariprasad and paid the balance by cheque at 1% cash discount. On the same date Hariprasad discounted the bill with his bank for Rs 9,500.

On the due date Sharadchandra honoured his acceptance presented by Hariprasad. You are required to pass journal entries in the books of Omprakash, Sharadchandra and Hariprasad.

Solution

Books of Omprakash

Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2012 Aug.01	Bills Receivable A/c Dr. To Sharadchandra A/c (Bill drawn and accepted)		10,000	10,000
Aug.15	Purchases A/c Dr. To Hariprasad A/c (Goods purchased from Harichandra on credit)		12,000	12,000

Aug.15	Hariprasad A/c To Bank A/c To Discount Received A/c To Bills Receivable A/c (Bill endorsed to Hariprasad, and rest of the amount paid by cheque at cash discount of 1%)	Dr.	12,000	1,980 20 10,000
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Books of Sharadchandra
Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2012 Aug.01	Omprakash A/c Dr. To Bills Payable A/c (Bill Accepted)		10,000	10,000
Oct.03	Bills Payable A/c Dr. To Cash/Bank A/c (Amount of bill paid on maturity)		10,000	10,000

Books Of Hariprasad
Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2012 Aug 15	Omprakash A/c To Sales A/c (Goods sold to Omprakash)	Dr.	12,000	12,000
Aug.15	Bank A/c Discount A/c Bills Receivable A/c To Omprakash A/c (Endorsed bill accepted for Rs.10,000 an rest of the amount received in cash after allowing cash discount of 1%)	Dr. Dr. Dr.	1,980 20 10,000	12,000
Oct.03	Cash/Bank A/c To Bill Receivable A/c (Endorsed bill honoured on due date)	Dr.	10,000	10,000

Question: 54

On 5th September, 2010 Prakash Patil accepted a bill of Rs 16,000 drawn by Chandu Chaudhari for 3 months. This bill was drawn for amount which Prakash Patil owed to Chandu Chaudhari. On same date Chandu Chaudhari purchased

goods from Magan Mahajan for Rs 20,000 for this Chandu Chaudhari endorsed Prakash Patil's acceptance in favour of Magan Mahajan and accepted 2 months bill for the balance due. On 5th October, 2010 Magan Mahajan discounted both the bill with his bank @ 12% p.a.

On the due date Prakash Patil's honoured his acceptance while Chandu Chaudhari unable to meet the payment for his acceptance. Magan Mahajan's bank paid noting charges Rs 100.

Pass Journal entries in the books of Magan Mahajan and also prepare Prakash Patil's and Magan Mahajan ledger account in the books of Chandu Chaudhari.

Solution

Books Of Magan Mahajan

Journal Entry

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2010 Sept.05	Chandu Chaudhari Dr. To Sales A/c (Goods Sold to Chandu Chaudhari)		20,000	20,000
Sept.05	Bill Receivable A/c Dr. Bills Receivable A/c Dr. To Chandu Chaudhari (Bill drawn and accepted)		16,000 4,000	20,000
Oct.05	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Bill discounted with the bank @ 12% per annum before 2 months)		15,680 320	16,000
Oct.05	Bank A/c Dr. Discount A/c Dr. To Bill Receivable A/c		3,960 40	4,000
Nov.08	Chandu Chaudhari A/c Dr. To Bank A/c (Discounted bill dishonoured on maturity date, noting charges of Rs.100 Paid)		4,100	4,100

In the books Of Chandu Chaudhari

Prakash Patil's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount (Rs.)	Date	Particulars	J.F.	Amount (Rs.)
2011 Sept.05	Balance b/d		16,000	2011 Sept.05	Bills Receivable A/c		16,000

			16,000				16,000

Magan Mahajan's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount (Rs.)	Date	Particulars	J.F.	Amount(Rs.)
20111 Sept.05	Bills Receivable A/c		16,000	2011 Sept.05	Purchases A/c		20,000
Sept.05	Bills Payable A/c		4,000	Nov.08	Bills Payable A/c		4,100
Nov.08	Balance c/d		4,100				
			24,100				24,100

Question: 55

Harbhajan draws a bill on Manmit for Rs 8,000 at 3 months. Manmit accepts and return to Harbhajan. Harbhajan then sends the bill towards his bank for collections.

On due date Manmit find himself unable to make payment of the bill and request Harbhajan to renew it. He accepted the proposal on the condition that Manmit should pay Rs 2,000 along with interest @ 15% p.a. in cash and should accepts new bill for the balance at 2 months. These arrangements were carried through. One month before Manmit retired his acceptance @ 12% p.a.

Give journal entries and Manmit's Account in the books of Harbhajan.

Solution

Books of Harbhajan

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
	Bills Receivable A/c Dr. To Manmit A/c (Bill drawna and accepted.)		8,000	8,000
	Manmit A/c Dr. To Bills Receivable A/c (Bill dishonoured on due date.)		8,000	8,000
	Manmit A/c Dr.		150	150

	to Interest A/c (Interest charged for renewal of bill)			
	Cash A/c Bills Receivable A/c To Manmit A/c (Rs 2,000 along with the interest received in advance and for rest of the amount new bill was drawn and accepted)	Dr. Dr.	2,150 6,000	8,150
	Cash A/c Rebate A/c To Bills Receivable A/c (Bill retired by Manmit before one month @ 12% per annum)	Dr. Dr.	5,940 60	6,000

Manmit's Account

Dr

Cr.

Date	Particulars	J.F.	Amount(Rs.)	Date	Particulars	J.F.	Amount(Rs.)
	Balance b/d		8,000		Bills Receivable A/c		8,000
	Bills receivable A/c		8,000		Cash A/c		2,150
	Interest A/c		150		Bills Receivable		6,000
			16,150				16,150

Question: 56

On 1st April, 2011 Umakant draws a bill for Rs 25,000 on Laxmikant for 4 months period. The bill is accepted and returned to Umakant. On the same date Umakant discounted the bill with his bank @ 12% p.a. Before due date Laxmikant finds himself unable the bill, hence required Umakant to renew the bill for further period of 2 months. Umakant agreed and he took the bill back from bank and received new acceptance for Rs 26,000 including interest. This new bill is duly honoured by Laxmikant on due date. Write Journal of Umakant and Laxmikant for the above bill transactions.

Solution

Books of Umakant

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2011	Bills Receivable A/c Dr.		25,000	25,000

April.01	To Laxmikant A/c (Bill drawn and accepted)			
April.01	Bank A/c Dr. Discount Charges A/c Dr. To Bills Receivable A/c (Bill discounted with Bank @ 12% per annum before 4 months)		24,000 1,000	25,000
Aug.04	Laxmikant A/c Dr. To Bank A/c (Bill cancelled)		25,000	25,000
Aug.04	Laxmikant A/c Dr. To Interest A/c (Interest charges due)		1,000	1,000
Aug.04	Bills Receivable A/c Dr. To Laxmikant A/c (New bill was drawn and accepted including interest of Rs 1,000)		26,000	26,000
Oct.07	Bank A/c Dr. To Bills Receivable A/c (Bill honoured on due date)		26,000	26,000

Books of Laxmikant
Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit amount (Rs.)
2011 Apr.01	Umakant A/c Dr. To Bill Payable A/c (Bills accepted)		25,000	25,000
Aug.04	Bills Payable A/c Dr. To Umakant A/c (Bill cancelled)		25,000	25,000
Aug.04	Interest A/c Dr. To Umakant A/c (Interest charges due)		1,000	1,000
Aug.04	Umakant A/c Dr. To Bill Payable A/c (New bill accepted including interest of Rs. 1,000)		26,000	26,000
Oct.07	Bills Payable A/c Dr. To Bank A/c (Amount of bill paid on due date.)		26,000	26,000

Question: 57

On 1st June, 2010 Narayan draws a bill for Rs 50,000 on Chunilal for 4 months period.

The bill is duly accepted and returned to Narayan. One month after the date. Narayan discounted the bill with bank @ 18% p.a.

Before due date Chunilal dishonoured his acceptance. Bank paid noting charges Rs 1,125. Narayan requested to renew the bill for further period of 2 months. Narayan agreed he took the bill back from bank and received new acceptance for 40% amount of the bill with full amount of noting charges and cheque for 60% balance plus interest @ 12% p.a.

Before the due date Chunilal declared insolvent and 30% of the amount due could be recovered from his private estate.

Write Journal of Narayan and Chunilal for the above bill transactions.

Solution

Books Of Narayan

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2010 Jun.01	Bills Receivable A/c Dr To Chunilal A/c (Bill drawn and accepted)		50,000	50,000
Jul.01	Bank A/c Dr. Discount charges A/c Dr. To Bills Receivable A/c (Bill discounted with Bank @ 185 per annum before 3 months)		47,750 2,250	50,000
Oct.04	Chunilal A/c Dr. To Bank A/c (Discounted bill cancelled and noting charges of Rs 1,125 paid)		51,125	51,125
Oct.04	Chunilal A/c Dr. To Interest A/c (Interest Charges due)		400	400
Oct.04	Bank A/c Dr To Chunilal (60% of the amount with interest charges received by Cheque)		30,400	30,400

Oct.04	Bill Receivable A/c To Chunilal A/c (New Bill was drawn and accepted)	Dr.		21,125	21,125
Dec.07	Chunilal A/c To Bill Receivable A/c (Bill cancelled on insolvency)	Dr.		21,125	21,125
Dec.07	Cash/Bank A/c Bad-Debts A/c To Chunilal A/c (Chunilal became insolvent and only 30% of the amount recovered from his property)	Dr. Dr.		6,338 14,787	21,125

Books Of Chunilal
Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2010 Jun.01	Narayan A/c To Bills Payable (Bill drawn and Accepted)		50,000	50,000
Oct.04	Bills Payable A/c Noting Charges A/c To Narayan A/c (Bill Cancelled with noting charges of rs.1,125 paid by Narayan's Bank A/c)	Dr. Dr.	50,000 1,125	51,125
Oct.04	Interest A/c To Narayan A/c (Interest charges due)	Dr.	400	400
Oct.04	Narayan A/c To Bank A/c (60% of the mount along with interest paid by cheque)	Dr.	30,400	30,400
Oct.04	Narayan A/c To Bill Payable A/c (New bill was accepted for 40% of the amount along with noting charges)	Dr.	21,125	21,125
Dec.07	Bills Payable A/c To Narayan A/c (Bill Cancelled on insolvency)	Dr	21,125	21,125
Dec.07	Narayan A/c To Cash/Bank A/c To Deficiency A/c (Chunilal became insolvent and only 30%	Dr	21,125	21,125

	amount paid and rest of the amount written off as deficiency)			
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Question: 58

Sushant owes Surekha Rs 1,25,000 Surekha draws a bill for Rs 1,00,000 on Sushant for 4 months period and received the cheque for the balance. The bill is duly accepted and returned by Sushant. On the same date Surekha endorsed Sushant's acceptance to Suresh.

On the due date Suresh informed Surekha that Sushant dishonoured his acceptance and Rs 3,175 paid as noting charges Surekha then drew a new bill for 3 month on Sushant including noting charges and interest Rs 4,000. On the due date bill was duly honoured by Sushant.

Write Journal entries in the books of Surekha and prepare Surekha's account in the books of Sushant.

Solution

Books of Surekha

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
	Bank A/c Dr. Bills Receivable A/c Dr. To Sushant A/c (Bill drawn and accepted and rest of the amount received in cash)		25,000 100,000	125,000
	Suresh A/c Dr. To Bills receivable A/c (Bill endorsed to Suresh, a Creditor)		100,000	100,000
	Sushant A/c Dr. To Suresh A/c (Bill endorsed to Suresh,dishonoured and noting charges of Rs 3,175 paid)		103,175	103,175
	Bills Receivable A/c Dr. To Sushant A/c To Interest A/c (New bill drawn and accepted including interest of Rs.4000)		107,175	103,175 4,000
	Cash/Bank A/c Dr. To Bills Receivable A/c (Bill honoured on due date)		107,175	107,175

In the Book Of Sushant
Surekha's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount (Rs.)	Date	Particulars	J.F.	Amount (Rs.)
	Bank A/c		25,000		Balance b/d		125,000
	Bills Payable A/c		100,000		Bills Payable A/c		100,000
	Bills Payable		107,175		Noting Charges		3,175
					Interest A/c		4,000
			232,175				232,175

Question: 59

On 7th May, 2011 Kulkarni of Karvenagar draws a bill on Patwardhan of Latur for Rs 18,000 at 3 months. Patwardhan accepts and returns it to Kulkarni. Kulkarni then sent the bill into his bank for collections.

On due date Patwardhan finds himself unable to make payment of the bill and request Kulkarni to renew it. Kulkarni agreed on the condition that Patwardhan should pay Rs 5,000 in cash, and should accept new bill for the balance at 2 months with interest @ 18% p.a. These arrangements were carried through. Before due date Patwardhan declared as insolvent and 20% of the amount due could be recovered from his private estate as first and final dividend.

Give journal entries in the books of Kulkarni. Also prepare Kulkarni's Accounts in the books of Patwardhan.

Solution

Books of Kulkarni

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2011 May.07	Bills Receivable A/c Dr. To Patwardhan A/c (Bill drawn and accepted)		18,000	18,000
May.07	Bill Sent for Collection A/c Dr. To Bills Receivable A/c (Bill sent to bank for collection)		18,000	18,000
Aug.10	Patwardhan Dr. To Bill Sent for Collection A/c (Bill cancelled)		18,000	18,000

Aug.10	Cash A/c To Patwardhan A/c (Cash received from Patwardhan)	Dr.		5,000	5,000
Aug.10	Patwardhan To Interest A/c (Interest charges due on Rs 13,000 @ 18% for 2 months)	Dr.		390	390
Aug.10	Bill Receivable Ac To Patwardhan (New bill drawn and accepted with interest of Rs 390)	Dr.		13,390	13,390
Oct.13	Patwardhan A/c To Bills Receivable A/c (Bill cancelled due to insolvency)	Dr.		13,390	13,390
Oct.13	Cash/Bank A/c Bad-Debts A/c To Patwardhan (20% of the amount recovered from his private estate)	Dr. Dr.		2,678 10,712	13,390

In the Books of Patwardhan
Kulkarni's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount (Rs.)	Date	Particulars	J.F.	Amount (Rs.)
2011 May.07	Bills Payable A/c		18,000	2011 May.07	Balance b/d		18,000
Aug.10	Cash A/c		5,000	Aug.10	Bills Payable A/c		18,000
Aug.10	Bills Payable		13,390	Oct.13	Interest A/c		390
Oct.13	Cash A/c		2,678	Oct.13	Bills Payable A/c		13,390
Oct.13	Deficiency		10,712				
			49,780				49,780

Question: 60

On 1st Sept., 2010 Badrinath drew a bill of Rs 20,000 on Dinanath at 4 months. The bill was duly accepted by Dinanath. On 5th Sept., 2010 Badrinath endorsed

the bill in favour of Somnath. However on 1st January, 2012 Dinanath approached to Badrinath and requested bill be renewed for a further period of 3 months at 15% p.a. Badrinath agreed and paid necessary money to Somnath. Before one month of the due date of the new bill Dinanath retired his acceptance @ 10% p.a.

Pass journal entries in the books Badrinath and Dinanath.

Solution

Books of Badrinath

Journal Entry

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2010 Sept.01	Bills Receivable A/c Dr. To Dinanath A/c (Bill drawn and accepted)		20,000	20,000
Sept.05	Somnath A/c Dr. To Bills Receivable A/c (Bill endorsed to Somnath)		20,000	20,000
2011 Jan.01	Dinnanth A/c Dr. To Badrinath A/c (Bill cancelled)		20,000	20,000
Jan.01	Badrinath A/c Dr. To Interest A/c (Interest charges due on Rs. 20,000 @15% per annum for 3 months)		750	750
Jan.01	Bills Receivable A/c Dr. To Badrinath A/c (New bill was drawn and accepted including interest of Rs.750)		20,750	20,750
feb.01	Cash/Bank A/c Dr. Rebate A/c Dr. To Bills Receivable A/c (Bill retired under the rebate of 10% per annum, one month before the due date)		20,577 173	20,750

Books Of Dinanath

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2010 Sept.01	Badrinath Dr. To Bills Payable A/c		20,000	20,000

	(Bill accepted)			
Jan.01	Bills Payable A/c Dr. To Badrinath A/c (Bill Cancelled)		20,000	20,000
Jan.01	Interest A/c Dr. To Badrinath A/c (Interest charges due to Rs.20,000 @ 15% for 3 month)		750	750
Jan.01	Badrinath A/c Dr. To Bills Payable A/c (Bill accepted with interest charges of Rs.750)		20,750	20,750
Feb.01	Bills Payable A/c Dr. To Cash/Bank A/c To Rebate A/c (Bill retired under the rebate of 10 % per annum, one month before the due date)		20,750	20,577 173

Question: 61

Journalise the following bill transactions in the books of Gopal as on 14th August, 2010.

- Shruti's acceptance to Gopal Rs 4,500 retired one month before due date at rebate 10% p.a.
- Discounted 3 months acceptance of Chandrakant for Rs 3,500 with bank @ 12% p.a.
- Received cheque Rs 2,000 and 2 months acceptance drawn on Sushama for Rs 10,000 for the balance due on her account.
- Endorsed Shantaram's acceptance at 2 months of Rs 5,000 in favour of Balchandra and paid cash Rs 2,500 in full settlement of this account Rs 7,800.
- Sold goods of Rs 13,500 on credit to Nanda. Drew 2 months bill on her. Which is duly accepted and returned by her.

Solution

Books of Gopal

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2010 Aug.14 1.	Cash/Bank A/c Dr. Rebate A/c Dr. To Bill Receivable A/c		4,462 38	4,500

	(Bill retired under the rebate of 10% Per annum, one before the due date.)			
Aug.14 2.	Bank A/c Dr. Discount A/c Dr. To Bills receivable A/c (Bills discounted with bank @ 12% per annum before 3 months)		3,395 105	3,500
Aug.14 3.	Bank A/c Dr. Bills Receivable A/c Dr. To Sushama A/c (Cheque received for Rs.20,000 and for Rs.10,000 bill has been drawn and accepted)		2,000 10,000	12,000
Aug.14 4.	Balchandra A/c Dr. To Cash A/c To Discount Receivable A/c To Bills Receivable A/c (Cash of Rs. 2,000 paid and bill for Rs. 5,000 endorsed to Balchandra, a creditor, in full settlement of his account of Rs.7,800)		7,800	2,000 800 5,000
Aug.14 5.	Nanda A/c Dr. To Sales A/c (Goods sold to Nanda on credit)		13,500	13,500
Aug.14	Bills Receivable A/c Dr. To Nanda A/c (Bill drawn and accepted)		13,500	13,5000

Question: 62

Journalise the following bill transactions as on 21st May, 2010 in the books of Prabodhan.

A. Renewed Veerendra's acceptance of Rs 17,500 due on 21st May 2010 with interest Rs 500 for 2 months.

B. Bank informed that Radhabai's acceptance of Rs 1,400 which was discounted dishonoured, bank paid noting charges Rs 185.

C. Sent acceptance of Rs 12,000 at 120 days after sight, drawn by Mudhukar for the amount due to him.

D. Pandharinath honoured his acceptance of Rs 8,500 which was deposited into bank for collection.

Solution

Books of Prabodhan

Journal Entry

Date	Particulars	L.F.	Debit	Credit
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			Amount (Rs.)	Amount (Rs.)
2010 May 21 A.	Veerendra Dr. To Bills receivable A/c (Verendra's acceptance cancelled for renewal)		17,500	17,500
May 21	Veerendra Dr. To Interest A/c (Interest charged on his account)		500	500
May 21	Bills Receivable A/c Dr. To Veerendra A/c (New bill has been drawn and accepted)		18,000	18,000
May 21 B.	Radhabai A/c Dr. To Bank A/c (Bill discounted with Bank dishonoured and noting charges of Rs. 185 has been paid)		1,585	1,585
May 21 C.	Mudhukar A/c Dr To Bills Payable A/c (Bill accepted)		12,000	12,000
May 21 D.	Bank A/c Dr. To Bill Sent for Collection (Bill honoured which was sent to bank for collection)		8,500	8,500

Question: 63

Journalise the following bill transactions as on 31st July, 2011 in the books of Pratapsing.

A. Renewed Vinyak's acceptance of Rs 6,000 due on 31st July, 2011 by accepting cash Rs 2,000 and drawing bill for the balance with interest @ 18% p.a. for 3 months.

B. Accepted a bill of Rs 5,000 at 3 months at sight, drawn by Arvind for the amount due to him Rs 6,000 and balance paid by cheque.

C. Jethabhai honoured his acceptance of Rs 9,800 which was deposited into bank for collection and bank debited Rs 80 for bank charges.

D. Bank informed that Prajakta's acceptance of Rs 4,000 which was discounted dishonoured, bank paid noting charge Rs 85. Renewed at her request for next 2 months with interest @ 18% p.a.

Solution

Books of Pratapsing

Journal Entry

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Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2011 Jul.31 A.	Vinyak Dr. To Bills Receivable A/c (Bill cancelled for renewal of acceptance)		6,000	6,000
	Vinyak Dr. To Interest A/c (Interest charged on his account for Rs. 4,000 @ 18% per annum for 3 months)		180	180
	Cash A/c Dr. Bills Receivable A/c Dr. To Vinyak (Cash received and new bill has been drawn and accepted)		2,000 4,180	6,180
Jul.31 B.	Arvind Dr. To Bank A/c To Bills Receivable A/c (Bill of Rs 5,000 accepted and rest of the amount paid by cheque)		6,000	1,000 5,000
Jul.31 C.	Bank A/c Dr. To Bill sent for Collection (Bill sent for collection, honoured on due date)		9,800	9,800
	Bank Charges A/c Dr. To Bank A/c (Bank Charges paid)		80	80
Jul.31 D.	Prajakta Dr. To Bank A/c (Bill discounted with Bank, dishonoured and noting charges of Rs 85 paid)		4,085	4,085
	Parjakta A/c Dr. To Interest A/c (Interest charges due on Rs 4,085 @ 18% per annum for 2 months)		123	123
	Bills Receivable A/c Dr To Prajkta A/c (New Bill has been drawn and accepted)		4,208	4,208

Question: 64

Journalise the following transactions on the following dates in the books of Ankur.

A. On 1st April 2011, Kiran informs Ankur that Kajol's acceptance of Rs 8,000 endorsed to him dishonoured and noting charges paid Rs 250.

B. On 11th April 2011, Ankur renews his acceptance of Rs 7,400 to Amol by paying cash Rs 2,400 and accepting new bill for 2 months for the balance plus interest @ 15% p.a.

C. On 15th April 2011, Nilima retired her acceptance to Ankur of Rs 5,700 by paying cash Rs 5,300.

D. On 21st April 2011, recovered Rs 50% of the amount due, from the private estate of Liladhar who declared as insolvent, against his bill of Rs 3,800 which was dishonoured by him on 29th December 2010 and noting charges paid Rs 80.

Solution

Books of Ankur

Journal Entry

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2011 Apr,01 A.	Kajol Dr. To Kiran A/c (Kajol's acceptance endorsed to Kiran was dishonored and noting charges incurred)		8,250	8,250
Apr.11 B.	Ankur A/c Dr. To Bills Receivable A/c (Bill canceled for renewal)		7,400	7,400
	Ankur A/c Dr. To Interest A/c (Interest charges due on Rs 5,000 @ 15% for 2 months)		125	125
	Cash A/c Dr. Bill Receivable A/c Dr. To Ankur (Cash received and a new bill has been drawn and accepted including Interest charges)		2,400 5,125	7,125
Apr.15 C.	Cash A/c Dr. Rebate A/c Dr. To Bills Receivable A/c (Bill retired under the rebate of Rs 400)		5,300 400	5,700
Apr.21 D.	Cash/Bank A/c Dr. Bad Debts A/c To Liladhar A/c (Liladhar became insolvent and 50% of the amount recovered from his private estate)		1,940 1,940	3,880

Question: 65**Journalise the following transactions on following dates in the books of Gajanan**

- A. On 3rd October, 2012 Bankatlal informs **Gajanan** that Navnath's acceptance of Rs 16,000 endorsed to him dishonoured and noting charges paid Rs 200.
- B. On 9th October, 2012 Vishwanath's acceptance for 120 days of Rs 15,500 dated 24th September, 2008 deposited into bank for collections.
- C. On 11th October 2012 **Gajanan** sold goods to Kartik for Rs 4,500 and received own acceptance from him, which was given to milind of Rs 4,500 and due for payment on this date.
- D. 20th October, 2012 recovered 40% of the amount due the private estate of Jyoti who declared as insolvent, against bill accepted by her for Rs 6,000 which was dishonoured on 29th September, 2008.
- E. On 21st October, 2012 **Gajanan** renews his acceptance of Rs 7,500 to Pandurang by paying cheque Rs 3,500 and accepting new bill for 2 months for the balance plus interest @ 18% p.a.

Solution

Books of Gajanan

Journal Entry

Date	Particular	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
2012 Oct.03 A.	Navnath A/c Dr. To Bankatlal A/c (Navanath's acceptance endorsed ro Bankatlal was dishonoured and noting charges incurred)		16,200	16,200
Oct.09 B.	Bill Sent for Collection Dr. To Bill Receivable A/c (Bill sent to bank for collection)		15,500	15,500
Oct.11 C.	Kartik A/c Dr To Sales A/c (Sold goods to Kartik)		4,500	4,500
	Bills Receivable A/c Dr To Kartik A/c (Bill drawn and accepted)		4,500	4,500
	Milind A/c Dr To Bill Receivable A/c (Bill endorsed to Milind for amount due.)		4,500	4,500
Oct.20 D.	Cash/Bank A/c Dr.		2,400 3,600	6,000

	Bad- Debts A/c To Joyti A/c (Joyti became insolvent and 40% of the amount recovered from his private estate)	Dr.			
Oct.21 E.	Bills Payable A/c To Pandurang A/c (Bill cancelled for renewal)	Dr.		7,500	7,500
	Interest A/c To Pandurang A/c (Interest charges due on Rs 4,000@ 18% per annum for 2 months)	Dr.		120	120
	Padurang A/c To Bills Payable A/c To Bank A/c (Cheque paid for Rs 3,500 and new bill has been accepted including interest charges)	Dr.		7,620	4,120 3,500