

CA CPT Account Bills of Exchange And Promissory Notes

Test ID :060

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Instruction for Question 1 To 50 MCQ

- Qn.1) The Noting charges levied on dishonour of an endorsed bill by the Notary Public are to be born by:** [1]
A. Drawer of the bill B. Holder of the bill C. Endorser of the bill D. Person responsible for dishonour
- Qn.2) Who bears the interest charges on renewal of a bill of exchange on dishonourment?** [1]
A. Drawer B. Payee C. Drawee D. Endorsee
- Qn.3) Bills receivable discounted is entered in** [1]
A. Journal B. Ledger C. Cash Book (Bank) D. No Where
- Qn.4) M sold goods worth of Rs. 50,000 to N. On 1.10.05, N immediately accepted a three month bill. On due date N requested that the bill be renewed for a fresh period of 3 months. N agrees to pay interest @ 18% p.a in cash. How much interest to be paid in cash by N?** [1]
A. 2250 B. 1800 C. 2000 D. 1100
- Qn.5) X draws a bill on Y for Rs. 5,000 for 3 months. Before the due date Y sends 1/5th of the amount to X. Y requested X to draw a new bill for the balance amount plus interest @ 12% p.a. for 3 month. Find the amount of the new bill?** [1]
A. Rs. 5,150 B. Rs. 4,140 C. Rs. 4,120 D. Rs. 5,440
- Qn.6) Under which circumstances drawer and payee is same person** [1]
A. When drawer discounted the bill with banker B. When drawer endorse the bill to the third party C. When drawer held the bill till maturity D. When drawee rejects to accept the bill
- Qn.7) Mr. A and Mr. B are in the need of money. A draws bill on B for Rs. 1000. B accepts the bill and returns it to A. A discounts the bill for Rs. 960. A remits half of the proceeds to Mr. B i.e.** [1]
A. Rs. 500 B. Rs. 1000 C. Rs. 960 D. Rs. 480
- Qn.8) A cheque of Rs.35,000 received by M/s Nandini was endorsed to M/s Chandini on account of full settlement of rs.35,500 on 1st October 2012. Chandini deposited the same into the bank on 4th October 2012. In the books of m/s Chandini, the amount to be debited on 1st October 2012 will be:** [1]
A. Cash account rs.35,000 and discount account Rs.500 B. Bank account Rs.35,000 and Discount account Rs.500 C. Cash account Rs.35,500 D. Bank account Rs.35500
- Qn.9) Which of the following statement is true?** [1]
A. A bill cannot be endorsed more than two times B. A bill is drawn by purchaser C. A bill contains an unconditional promise to pay D. Noting charges are borne by the drawee in the event of dishonour of bill
- Qn.10) A bill drawn and accepted on 23rd Nov., 2005 for two months will be due for payment on** [1]
A. 27th Jan. 2006 B. 26th Jan. 2006 C. 23rd Jan. 2006 D. 25th Jan. 2006
- Qn.11) On 1.1.05 X draws a bill on Y for 3 months for Rs. 10,000. On 4.3.05 Y pay the bill to X at 12% discount. The amount of discount will be:** [1]
A. 100 B. 200 C. 300 D. 50
- Qn.12) From the following information, find out who can draws the bill if Mr. A sold goods to B:** [1]
A. A will draw a bill on B B. B will draw a bill on A C. None D. Third party will draw a bill on A
- Qn.13) If the due date is a public holiday, what will be the due date of the bill:** [1]
A. Following day B. Preceding day C. The same day only D. One month later
- Qn.14) On 16.6.05 X draws a bill on Y for Rs. 25,000 for 30 days. 19th July is a public holiday, due date of the bill will be** [1]
A. 19th July B. 18th July C. 17th July D. 16th July
- Qn.15) A bill of 12,000 was discounted by A with the banker for 11,880. At maturity, the bill returned dishonoured, noting charges Rs. 20. How much amount will the bank deduct from A's bank** [1]

balance at the time of such dishonour?

A. 12,000 B. 11,880 C. 12,020 D. 11,900

- Qn.16) Which of the following is not a foreign bill:** [1]
A. A bill drawn in India, on a person resident outside India and made payable outside India B. A bill drawn outside India, on a person resident outside India C. A bill drawn outside India, made payable in India D. A bill drawn on a person resident in India made payable in India
- Qn.17) On 1st January, 2012 Mohan draws upon Sohan a bill of exchange at three months of Rs.2,000 for mutual accommodation. On 4th January, 2012 Mohan discounts the bill @ 6% per annum and sends half of the proceeds to sohan. The amount of proceeds sent to sohan will be:** [1]
A. Rs.1,000 B. RS.970 C. Rs.985 D. Rs.2,000
- Qn.18) If a bill of exchange is drawn on 31.1.2005, stating that one month after date, pay to ABC, the sum of Rupees XXXX, the due date of the bill is –** [1]
A. 28.2.2005 B. 2.3.2005 C. 1.3.2005 D. 3.3.2005
- Qn.19) Days of grace are added to** [1]
A. The date of maturity of the bill to arrive at due date B. The due date to arrive at the date of maturity C. The date of drawing to arrive at the date of maturity D. The date of acceptance to arrive at the date of maturity
- Qn.20) Which account is to be credited when an endorsed cheque is dishonoured?** [1]
A. Debtor B. Bills Receivable C. Endorsee D. Payee
- Qn.21) Gouri sold goods to Gupta on 1.6.06 for Rs. 1600. Gupta immediately accepted a three months bill. On due date Gupta requested that the bill be renewed for a fresh period of two months. Gouri agrees provided interest at 9% was paid immediately in cash. What will be the amount of interest in the books of Gouri?** [1]
A. 20 B. 25 C. 24 D. 28
- Qn.22) Suman drew a bill on Sonu for Rs. 4500 for mutual accommodation in the ratio 2:1. Sonu accepted the bill and returned to Suman. Suman discounted the bill for Rs. 4230 and remitted 1/3rd proceeds to Sonu. Before the due date, not having funds to meet the bill, Sonu drew a bill on Suman for Rs. 6,300 on the same terms as to mutual accommodation. The second bill was discounted for Rs. 6120. The first bill was honored on the due date and a net amount of Rs. 1080 was remitted to Suman by Sonu. The proportionate discount charge on both the bills is to be borne by Suman is:** [1]
A. 180 B. 150 C. 300 D. 120
- Qn.23) On 1.1.05 X draws a bill on Y for Rs. 20,000 for 3 months due date of the bill will be** [1]
A. 1.4.05 B. 3.4.05 C. 4.4.05 D. 4.5.05
- Qn.24) How many parties are there in a promissory note?** [1]
A. 5 B. 4 C. 3 D. 2
- Qn.25) Bills received discounted by the drawer will be recorded by the drawee in ____** [1]
A. Journal B. Ledger C. Trial Balance D. No where
- Qn.26) Ram draws on Aslam a bill for Rs. 60,000 on 1.4.01 for 2 months. Aslam accepts the bill and sends it to Ram who gets it discounted for Rs. 58,800. Ram immediately remits Rs. 19,600 to Aslam. On due date, Ram being unable to remit the amount due accepts a bill for Rs. 84,000 for 2 months which is discounted by Aslam for Rs. 82,200. Aslam sends Rs. 14,800 to Ram out of the same. How much discount will be borne by Ram at the time of 14,800 remittances.** [1]
A. 1200 B. 1800 C. 1100 D. 800
- Qn.27) If a firm usually receives a number of promissory notes, it would be convenient to record the transaction in a separate book called _____** [1]
A. Bills Receivable Book B. Journal C. Purchase Book D. Sales book.
- Qn.28) Ram gets Ghosh's acceptance for Rs. 12,000 discounted at 2 months at 12% p.a. The amount of discount will be:** [1]
A. 240 B. 120 C. 360 D. Nil
- Qn.29) Preeti accepted a 90 days bill of Rs. 10,000 drawn by Jeet on 5.2.2006. On 13.3.2006 Preeti wished to retire the bill. Jeet offered @ 12% p.a. What is the amount of rebate:** [1]

A. Rs. 150 B. Rs. 187 C. Rs. 184 D. None

- Qn.30) Bill Receivable account is a:** [1]
A. Nominal account B. Personal account C. Real account D. None
- Qn.31) Dishonour of a bill is recorded in** [1]
A. Journal Proper B. Sales Book C. Purchase Book D. Bills Receivable Book
- Qn.32) Noting charges are paid by** [1]
A. the acceptor B. the payee C. the drawer D.
- Qn.33) A draws a bill for Rs. 10,000 on B for 2 months. He gets it discounted from bank @ 12%. They agreed to share the proceeds equally. How much amount is received by A?** [1]
A. Rs. 5,000 B. Rs. 4,900 C. Rs. 4,000 D. None of the above
- Qn.34) When an endorsed bill is dishonoured, for the endorsee, it becomes the liability** [1]
A. of the drawee B. of the drawer C. of the payee D. of the endorser
- Qn.35) A draws a bill on B. B did not accept the same. Which of the following Journal entries in the books of A** [1]
A. B/R A/c Dr
 To B A/c B. B A/c Dr
 To B/P A/c C. B A/c Dr
 To B/R A/c D. No entry is passed
- Qn.36) When the bill are to be produced to notary public:** [1]
A. At the time of drawing the bill B. At the time of acceptance of the bill C. At the time of dishonour of the bill D. At the time of "bill for collection"
- Qn.37) A bill of one month duration is accepted on 12th July, 2006, its due date will be _____** [1]
A. 16th Aug. 2006 B. 14th Aug. 2006 C. 12th Aug. 2006 D. 15th Aug. 2006
- Qn.38) A draws a bill on B for Rs. 1,50,000. A wants to endorse it to C in settlement of Rs. 1,75,000 at 2% discount with the help of B's acceptance and balance in cash. How much cash A will pay to B?** [1]
A. Rs. 21,500 B. Rs. 20,000 C. Rs. 20,500 D. Rs. 25,000
- Qn.39) Which of the following statement is false:** [1]
A. B/R is a negotiable instrument B. B/R must be accepted by drawee C. There can be three parties in respect of bills of exchange-drawer, drawee & payee D. Oral bill of exchange is also valid
- Qn.40) On 1.1.05 X drew a bill on Y for Rs. 50,000. At maturity, the bill returned dishonoured as Y become insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is** [1]
A. 20,000 B. Nil C. 30,000 D. 40 Paise
- Qn.41) If bill drawn on 3rd July, 2006 for 40 days, payment must be made on _____** [1]
A. 16th. Aug. 2006 B. 15th. Aug. 2006 C. 12th. Aug. 2006 D. 14th. Aug. 2006
- Qn.42) X sold goods to Y for Rs. 2,00,000. Y paid cash Rs. 50,000. X will grant 2% discount on balance, and Y requests X to draw a bill for balance, the amount of bill will be:** [1]
A. Rs. 2,00,000 B. Rs. 1,96,000 C. Rs. 1,50,000 D. Rs. 1,47,000
- Qn.43) X sends 400 bags to Y costing Rs.200 each to be sold at cost + 45% X draw a bill on Y equivalent to 60% on sale value. Then what will be the amount of bill?** [1]
A. 69,600 B. 60,000 C. 61,250 D. 63,000
- Qn.44) Nanda informs Kamesh that Shanti's acceptance for Rs. 4000 endorsed to Nanda has been dishonored. Noting charges Rs. 100. In the books of Kamesh, the following entry will be passed –** [1]
A. Nanda Dr. 4100; To Shanti 4100 B. Bills payable Dr. 4100; To bills receivable 4100 C. Shanti Dr. 4100; To Nanda 4100 D. Shanti Dr. 4000; Noting charges Dr. 100; To Nanda 4100
- Qn.45) A bill drawn and accepted on 12th June, 2006 for two months will be due for payment on _____** [1]
A. 14th Aug. 2006 B. 15th Aug. 2006 C. 16th Aug. 2006 D. 12th Aug. 2006

- Qn.46)** A bill is drawn on 29th Jan' 06 for one month after date. The date of acceptance is 2nd Feb 06. The bill is drawn on one month after date basis. The due date of the bill will be: [1]
A. 28th Feb B. 1st March C. 2nd March D. 3rd March
- Qn.47)** Mohit, the acceptor of the bill has to honour a bill on 31st March 2012. Due to financial crisis, he is unable to pay the amount of bill for further 3 months. Rohit agrees to extend the credit period by drawing a new bill for Rs.20,500 together with interest of Rs.1000 in cash. In this case old bill of Rs.20,000 will be considered as: [1]
A. Discounted B. Dishonoured C. Cancelled D. Retired
- Qn.48)** A promissory note does not require: [1]
A. Noting B. Discounting C. Acceptance D. None of the above
- Qn.49)** On June 5, 2005 X he draws a bill at three months on Y for Rs. 5000 against sale of goods. Y accepts the bill. In the books of X, the entry will be – [1]
A. 5-6-2005
Y Dr. 5000; To Bills Receivable A/c 5000
B. 5-9-2005
Y Dr. 5000; To Bills Payable A/c 5000
C. 5-6-2005
Y Dr. 5000; To Sales A/c 5000
D. 5-6-2005
Bills Receivable A/c Dr. 5000; To Y 5000
- Qn.50)** On 1.3.2006 X draws a bill on Y for 3 months for Rs. 20,000 on 4.5.2006 Y pays the bill of X at 12% discount, the Amount of discount will be: [1]
A. 200 B. 400 C. 600 D. 100