

CA Foundation: Topic Wise Test Papers: Accounts:
Topic: Bill of Exchange : 65 Marks: 2 hours



Q. 1. Give Journal entries in the books of Mr. A and Mr. B (without Narration)

On 1st April 2019, A sold goods of Rs.50,000 to B . B accepted the bill for 3months. On due date, the bill dishonored and A paid Noting Charges Rs.1,000. B accepted a new bill for Rs. 53,000/- for 4 months. A immediately discounted the 2nd bill for Rs.52,000. On due date the bill dishonored and Bank paid noting charges Rs.1,500. B paid the noting charges in cash and accepted a new bill for Rs.55,000 along with interest for 1 month. A endorsed the 3rd bill to C in full settlement of Rs. 57,000. On due date the bill dishonored and C paid noting charges Rs.500. Mr. C paid the noting charges plus interest Rs.2,500 in cash and accepted a new bill for Rs. 55,000 for 2 months.

On the due date of the last bill, B was insolvent and paid 30 paise in a rupee.

(15Marks)

Q. 2. A draws a bill for Rs. 27000 on B and B accepts the same for the mutual accommodation of both of them to the extent of two-third and one-third respectively. A discounts the same for Rs 26190 and remits on-third of the proceeds to B. Before the due date, B draws a bill on for Rs. 40500 in order to provide to meet the first bill. The second bill is discounted for Rs. 39150 with the help of which the first bill is met and Rs. 8100 are remitted by B to A. Before the due date of the second bill, A becomes insolvent and B receives from his estate a dividend of 50 paise in a rupee in full settlement.

Give journal entries to record these transactions in the books of A and B and Prepare A's & B's Account.

(15Marks)

Q.3. MCQ

(Just write the answer like A, B , C or D)

(35 Marks)

Qn.1)On 1.1.05 X draws a bill on Y for Rs. 30,000. At maturity Y request X to draw a fresh bill for 2 months together with 12% pa interest. Noting charges Rs. 100. The amount of interest will be

- A. 600
- B. 602
- C. 500
- D. 550

Qn.2)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:

- A. 180
- B. 150
- C. 300
- D. 120

Qn.3)Which of the following statement is not true about a bill of exchange

- A. It is conditional order to pay

- B. If liability of a drawer is secondary and conditional
- C. It can be made payable to bearer
- D. It need to be accepted

Qn.4) Bill receivable endorsed are debited to:

- A. Debtors A/c
- B. Creditors A/c
- C. Bills payable A/c
- D. Bills receivable A/c

Qn.5) On 1.1.05 X draws a bill on Y for Rs. 20,000 for 3 months due date of the bill will be

- A. 1.4.05
- B. 3.4.05
- C. 4.4.05
- D. 4.5.05

Qn.6) Pankaj renews his acceptance to Maharaja for Rs. 1200 by paying Rs. 400 in cash and accepting a fresh bill for balance plus interest at 12% p.a. for 3 months. In the books of Maharaja, the entry will be –

- A. Pankaj Dr. 1224; To Bills receivable A/c 824; To Cash 400
- B. Cash A/c Dr. 400; Bills receivable Dr. 824; To Pankaj A/c 1224
- C. Cash A/c Dr. 400; Bill receivable A/c Dr. 800; To Pankaj A/c 1200
- D. Cash A/c Dr. 400; Bills receivable A/c Dr. 824; To Pankaj A/c 1200; To Discount A/c 24

Qn.7) Mr. Rex accepted a bill drawn by Mr. Robin. Mr. Robin endorsed the bill to Mr. Shekar. On the due date, the bill is dishonoured as Mr. Rex became insolvent. To record the dishonour of the bill in the books of Mr. Robin, which of the following accounts should be credited?

- A. Mr. Rex's account
- B. Bills Receivable account
- C. Mr. Shekar's account
- D. Bills payable account

Qn.8) X draws a bill on Y on 1.1.05 for Rs. 20,000 for 30 days. What will be the maturity date of the bill

- A. 2.2.05
- B. 3.2.05
- C. 1.2.05
- D. 31.1.05

Qn.9)U/s 12 of the Negotiable Instrument Act, all the instruments which are not inland instruments are

- A. Not valid in India
- B. Local instruments
- C. Foreign instruments
- D. None

Qn.10)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:

- A. Rs.1,000
- B. RS.970
- C. Rs.985
- D. Rs.2,000

Qn.11)Days of grace are added to

- 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.12)The Acceptor of a Bills of Exchange is the ____

- A. Debtor
- B. Creditor
- C. Seller
- D. None

Qn.13)A draws a bill on B. B did not accept the same. Which of the following Journal entries in the books of A

- A. B/RA/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.14)Birbal drew a 3 month bill on Satyapal for rs.5000. On due date satyapal approached Birbal to renew the bill for another month @12% p.a. Amount of the new bill will be:

- A. Rs.5000
- B. Rs.5050
- C. Rs.4050
- D. None of three

Qn.15)On 1.1.2005 X draws a bill on Y for Rs. 30,000 for 3 months. At maturity Y requests X to accept Rs. 10,000 in cash and for balance to draw a fresh bill for 2 months together with 12% p.a. interest, amount of interest will be:

- A. Rs. 400
- B. Rs. 600
- C. Rs. 480
- D. Rs. 760

Qn.16)Which of the following statement is true:

- A. Noting charge is an expense to be borne by drawer
- B. Noting charges is an expense to be borne by drawee
- C. Noting charges is an expense to be borne by payee
- D. Noting charges is an expense to be borne by bank

Qn.17)A bill not paid by drawee on due date is called -----

- A. Noting of bill
- B. Dishonor of bill
- C. Renewal of bill
- D. Discounting of bill

Qn.18)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:

- A. 200
- B. 400
- C. 600
- D. 100

Qn.19)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 –

- A. 28.2.2005
- B. 2.3.2005
- C. 1.3.2005

D. 3.3.2005

Qn.20)The promissory note should be signed by:

- A. Drawer
- B. Drawee
- C. Payee
- D. Promiser

Qn.21)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:

- A. Rs. 200
- B. Rs. 400
- C. Rs. 600
- D. Rs. 100

Qn.22)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 –

- 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.23)If a bill of Exchange is drawn on 20.1.2005, stating that 60 days after date, pay to ABC, the sum of Rupees XXXX, the due date of the bill is –

- A. 24.3.2005
- B. 20.3.2005
- C. 21.3.2005
- D. 23.3.2005

Qn.24)Bill Receivable account is a:

- A. Nominal account
- B. Personal account
- C. Real account
- D. None

Qn.25)Endorsement of bill means:

- A. Transfer of right on the bill from the drawee to the creditors
- B. Transfer of right on the bill from the creditors to the drawee
- C. Transfer of right on the bill from the drawer to the creditors
- D. Transfer of right on the bill from the creditors to the drawer

Qn.26)Who bears the interest charges on renewal of a bill of exchange on dishonourment?

- A. Drawer
- B. Payee
- C. Drawee
- D. Endorsee

Qn.27)In case of dishonour of a discounted bill, noting charges are initially paid by-

- A. Drawer
- B. Drawee
- C. Banker
- D. None of these

Qn.28)X's acceptance to Y for Rs. 1,50,000 renewed at 3 months on the condition that Rs. 75,000 be paid in cash immediately and the remaining amount will carry interest @ 12% pa. The amount of interest will be

- A. Rs. 2,250
- B. Rs. 2,000
- C. Rs. 2,300
- D. Rs. 2,400

Qn.29)A bill drawn and accepted on 12th June, 2006 for two months will be due for payment on

- A. 14th Aug. 2006
- B. 15th Aug. 2006
- C. 16th Aug. 2006
- D. 12th Aug. 2006

Qn.30)A drew a bill on B for Rs. 50,000 for 3 months. Proceeds are to be shared equally. A got the bill discounted at 12% pa and remits required proceeds to B. The amount of such remittance will be:

- A. 24250
- B. 25000

C. 16167

D. 32333

Qn.31) On 1.6.05 X drew a bill on Y for Rs. 25,000. At maturity Y request X to accept Rs. 5000 in cash and noting charges incurred Rs. 100 and for the balance X drew a bill on Y for 2 months at 12% p.a. Interest amount will be:

A. 410

B. 420

C. 440

D. 400

Qn.32) Bill of Rs.10,000 accepted by Rajesh was endorsed by Ritesh to Dinesh on account of final settlement of rs.10,500. The benefit of Rs.500 earned by ritesh was:

A. Credited to discount allowed account by rs.500

B. Credited to discount received account by Rs.500

C. Credited to rebate account by rs.500

D. Not shown in the books of ritesh at all

Qn.33) The purpose of accommodation bill is:

A. To finance actual purchase or sale of goods

B. To facilitate trade transmission

C. When both parties are in need of funds

D. At will

Qn.34) On 1.1.05 X draws a bill on Y for Rs. 15000 for 3 months. At maturity Y request X to accept Rs. 5000 in cash and for balance to draw a fresh bill for 2 months together with 12% P.a interest, amount of interest will be:

A. 200

B. 300

C. 240

D. 380

Qn.35) A bill of one month duration is accepted on 12th July, 2006, its due date will be _____

A. 16th Aug. 2006

B. 14th Aug. 2006

C. 12th Aug. 2006

D. 15th Aug. 2006