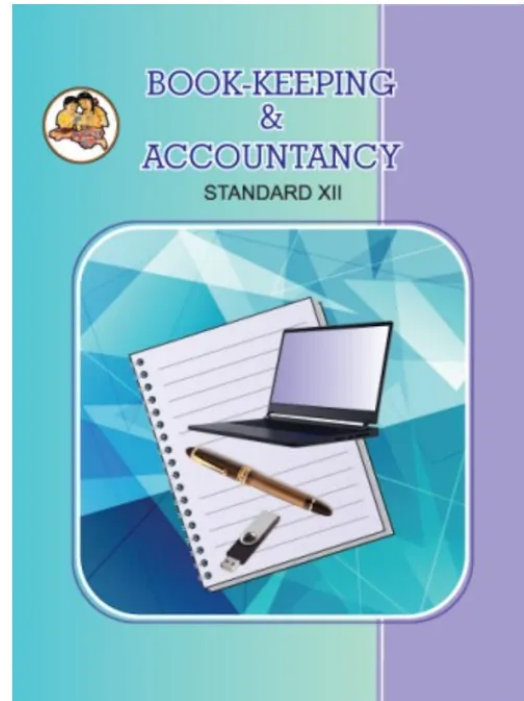


Maharashtra Board Solutions Class 12-Book Keeping & Accountancy: Chapter 7- Bills of Exchange

Class 12 - Chapter 7 Bills of Exchange



For any clarifications or questions you can write to info@indcareer.com

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Maharashtra Board Solutions Class 12-Book Keeping & Accountancy: Chapter 7- Bills of Exchange

Class 12: Book Keeping & Accountancy Chapter 7 solutions. Complete Class 12 Book Keeping & Accountancy Chapter 7 Notes.

Maharashtra Board Solutions Class 12-Book Keeping & Accountancy: Chapter 7- Bills of Exchange

Maharashtra Board 12th Book Keeping & Accountancy Chapter 7, Class 12 Book Keeping & Accountancy Chapter 7 solutions

Objective Questions

A. Select the correct option and rewrite the sentence:

Question 1.

The person on whom a bill is drawn is called a _____

- (a) Drawee
- (b) Payee
- (c) Drawer
- (d) Acceptor

Answer:

- (a) Drawee

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Question 2.

Before acceptance the bill is called a _____

- (a) Order
- (b) Request
- (c) Draft
- (d) Instrument

Answer:

- (c) Draft

Question 3.

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

- (a) same
- (b) preceding
- (c) next
- (d) any

Answer:

- (b) preceding

Question 4.

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

- (a) 23rd Jan. 2020
- (b) 25th Jan. 2019

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(c) 26th Jan. 2019

(d) 25th Jan. 2020

Answer:

(d) 25th Jan. 2020

Question 5.

Noting charges are borne by _____

(a) Notary Public

(b) Drawee

(c) Drawer

(d) Endorsee

Answer:

(b) Drawee

Question 6.

There are _____ parties to bill of exchange.

(a) five

(b) four

(c) three

(d) two

Answer:

(c) three

Question 7.

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

- (a) 3rd Jan. 2020
- (b) 3rd Mar. 2020
- (c) 5th Mar. 2020
- (d) 6th Mar. 2020

Answer:

- (d) 6th Mar. 2020

Question 8.

Notary Public is _____

- (a) Govt. Officer
- (b) Drawer
- (c) Payee
- (d) Endorsee

Answer:

- (a) Govt. Officer

Question 9.

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

- (a) returning
- (b) discounting
- (c) honouring

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(d) dishonouring

Answer:

(d) dishonouring

Question 10.

The person who accepts the bill treats the bill as _____

(a) Bills Payable

(b) Promissory Note

(c) Draft

(d) Bills Receivable

Answer:

(a) Bills Payable

B. Write the word/phrase/term, which can substitute each of the following statements:

Question 1.

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

Answer:

Grace days

Question 2.

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

Answer:

Noting Charges

Question 3.

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

Answer:

Payee

Question 4.

A person in whose favour a bill endorsed.

Answer:

Endorsee

Question 5.

Officer appointed by the government for noting of dishonour of bill.

Answer:

Notary Public

Question 6.

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

Answer:

Renewal of Bill

Question 7.

Bill of exchange drawn and accepted without any valuable consideration.

Answer:

Accommodation bill

Question 8.

A person who is in possession of the Bill of Exchange.

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Answer:

Holder

Question 9.

Conversion of Bill of Exchange into its present value.

Answer:

Discounting of the bill

Question 10.

The amount is not recoverable from Drawee on account of insolvency.

Answer:

Bad debts

C. State whether the following statements are True or False with reasons:

Question 1.

An Inland bill is one that is drawn in one country and payable in another country.

Answer:

This statement is False.

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

Question 2.

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

Answer:

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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.

Question 3.

Drawee can transfer the ownership of the bill.

Answer:

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 other people. The drawer can transfer the ownership of the bill as he is the owner of the bill.

Question 4.

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

Answer:

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.

Question 5.

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

Answer:

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

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charges). It means 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.

Question 6.

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

Answer:

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.

Question 7.

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

Answer:

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 the discounted bill is honoured, the transaction takes place between drawee and bank.

Question 8.

Noting charges are to be borne by the drawer.

Answer:

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.

Question 9.

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

Answer:

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 is not allowed by law.

Question 10.

There are three parties to a promissory note.

Answer:

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.

D. Find the odd one:

Question 1.

- (a) Retaining
- (b) Noting
- (c) Discounting
- (d) Endorsing

Answer:

- (b) Noting

Question 2.

- (a) Trade bill

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(b) Accommodation bill

(c) After date bill

(d) Demand bill

Answer:

(d) Demand bill

Question 3.

(a) Notary public

(b) Drawer

(c) Drawee

(d) Payee

Answer:

(a) Notary public

Question 4.

(a) Discounting charges

(b) Rebate

(c) Bank charges

(d) Noting charges

Answer:

(d) Noting charges

Question 5.

(a) Stamp

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(b) Acceptance

(c) Draft

(d) Amount

Answer:

(c) Draft

E. Complete the sentences:

Question 1.

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

Answer:

Retirement of Bill

Question 2.

A person whose liabilities are more than his assets and is not in a position to pay off his liabilities is _____

Answer:

Insolvent person

Question 3.

Amount that cannot be paid by acceptor on account of insolvency is known as _____

Answer:

Deficiency

Question 4.

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A bill of exchange payable after certain period is known as

Answer:

After date bill

Question 5.

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

Answer:

Trade Bill

Question 6.

A person who draws the bill of exchange is known as _____

Answer:

Drawer

Question 7.

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

Answer:

After sight bill

Question 8.

Recording the fact of dishonour of bill is known as _____

Answer:

Noting

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Question 9.

When drawee accepts the bill payable at a particular place only, it is known as _____

Answer:

qualified acceptance as to place

Question 10.

Fees charged by the bank for collection of bill on behalf of holder is _____

Answer:

bank charges

F. Answer in a sentence:

Question 1.

What do you mean by Bill of Exchange?

Answer:

A Bill of Exchange is a written order signed by the drawer, directing 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.

Question 2.

What are Days of Grace?

Answer:

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

Question 3.

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What do you mean by Discounting a Bill of Exchange?**Answer:**

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.

Question 4.**What is Noting of the Bill?****Answer:**

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

Question 5.**What are Noting Charges?****Answer:**

Noting Charges are the fees charged by the Notary public for noting the facts of dishonour on the face of the bill and in his official register.

Question 6.**What is the relationship between drawer and drawee?****Answer:**

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

Question 7.**Who is the Payee of the Bill?****Answer:**

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

Question 8.

What do you mean by Rebate?

Answer:

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 a Rebate.

Question 9.

What is the Legal Due Date?

Answer:

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

Question 10.

What are Bills Payable on Demand?

Answer:

When the 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.

G. Do you agree or disagree with the following statements:

Question 1.

A bill of exchange is a conditional order.

Answer:

Disagree

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Question 2.

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

Answer:

Disagree

Question 3.

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

Answer:

Agree

Question 4.

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

Answer:

Agree

Question 5.

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

Answer:

Agree

Question 6.

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

Answer:

Agree

Question 7.

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A bill is required to be accepted by Drawer.

Answer:

Disagree

Question 8.

A bill of exchange need not be dated.

Answer:

Disagree

Question 9.

A bill before acceptance is called Promissory Note.

Answer:

Disagree

Question 10.

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

Answer:

Agree

H. Calculations:

Question 1.

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

Solution:

Discount = Amount of Bill $\times$ Rate $\frac{100 \times \text{Unexpired days}}{366}$

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$$= 40,260 \times 15100 \times 50366$$

$$= ₹ 825$$

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

Question 2.

Shefali Traders drew a bill on Maya for ₹ 30,000 on 1st Oct. 2019 payable after 3 months.

Calculate the 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 1st Nov. 2019 @ 12 % p.a.
- (iii) Shefali Traders discounted the bill on 1st Dec. 2019 @ 12 % p.a.

Solution:

$$\text{Discount} = \text{Amount of Bill} \times \frac{\text{Rate}}{100} \times \frac{\text{Unexpired days}}{365}$$

$$(i) \text{ Discount} = 30,000 \times \frac{12}{100} \times \frac{3}{12} = ₹ 900$$

$$(ii) \text{ Discount} = 30,000 \times \frac{12}{100} \times \frac{2}{12} = ₹ 600$$

$$(iii) \text{ Discount} = 30,000 \times \frac{12}{100} \times \frac{1}{12} = ₹ 300$$

Question 3.

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 debt for Sudha. So 65% of ₹ 28,000 = ₹ 18,200 is the amount of bad debts.

Question 4.

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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 the 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

$I = \frac{P \times R \times T}{100}$

$= 50,000 \times 18 \times 4 \div 12$

$= ₹ 3,000$

So, amount of new bill = Remaining dues + Interest

$= 50,000 + 3,000$

$= ₹ 53,000$

Question 5.

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

Solution:

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

So, actual amount received by drawer = $16,850 - 125 = ₹ 16,725$.

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Question 6.

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 the due date in case the legal due date is declared as an 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).

∴ The legal due date is 16th August 2019 (The next day).

I. Prepare the following specimens:**Question 1.**

Prepare a bill of exchange from the following information:

Drawer: Shankar, Vadodara, Gujarat

Drawee: Vinayak, Somwar Peth, Pune

Amount: ₹ 16,000

Period: 3 months

Date of Bill: 6th Sept. 2019

Date of acceptance: 11th Sept. 2019

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Solution:

BILL OF EXCHANGE	
STAMP	Shankar, Vadodara, Gujarat.
₹ 16,000/-	Date : 6th September, 2019
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	

Question 2.

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:

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BILL OF EXCHANGE	
STAMP ₹ 9,500 / - 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. To, Mahesh, L. B. S. Road, Mulund.	Dinesh P. R. Road, Andheri (West) Date : 26th Nov., 2019 Sd. / - (Dinesh) Accepted Sd. / - (Mahesh) Date : 29th November, 2019

Question 3.

Kantilal, 343/D, Palm Heights, Jogeshwari, drew a bill on 10th Oct. 2019 for ₹ 63,490 for 45 days after the 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:

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BILL OF EXCHANGE	
STAMP	Kantilal, 343 / D, Palm Heights, Jogeshwari. Date : 10th Oct., 2019
₹ 63,490 / -	
45 days after date, pay to Priyanksa, Satara, the sum of Rupees Sixty Three Thousand Four Hundred Ninty only for the value received.	
To, Shantilal, B2, Himalaya Towers, Baramati.	Sd. / - (Kantilal)
Accepted Sd. / - (Shantilal) Date : 13th Oct., 2019	

Question 4.

Prepare a format of bill exchange from the following:

Rahul Sane, 86-D, Raviwar Peth, Nagpur accepted the bill drawn on him by Prithviraj, Icon Heights, Wardha for ₹ 87,000 on 30th July 2019.

The bill was drawn on 26th July 2019 for ₹ 1,00,000 for 90 days after the date.

Solution:

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BILL OF EXCHANGE	
STAMP ₹ 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.	Prithviraj, Icon Heights, Wardha. Date : 26th July, 2019 Sd. / - (Prithviraj) Accepted only for ₹ 87,000 Sd. / - (Rahul Sane) Date : 30th July, 2019

Question 5.

Prepare a format of bill of exchange from the following.

Drawer: Kashmira Shah, Partner M/S Shah, and Shah, 2 – C, Matruchhaya Building, Akola

Drawee: Dhanashree Traders, Bangalore Road, Belgaum (Signed by Jayshree, Partner)

Payee: M/S Janki Traders, Akola

Amount: ₹ 64,500

Period of Bill: 3 months

Date of drawing: 12th Sept. 2019

Date of acceptance: 15th Sept. 2019

Solution:

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BILL OF EXCHANGE	
STAMP	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. / - (Jayshree) Partner for Dhanashree Traders Date : 15th Sep., 2019	

Question 6.

Prepare a format Bill of Exchange with imaginary Drawer, Drawee, Address, Amount, Dates.

Drawer: Dhanesh Shah, 24/c, Amir Mahal, Borivali, Mumbai

Drawee: Kalpana Shah, 33, Sharadashram, Dadar (West), Mumbai

Amount: ₹ 80,500

Period: 60 days

Date of the bill: 2nd December 2020

Accepted on: 5th December 2020

Solution:

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BILL OF EXCHANGE	
STAMP ₹ 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.	Dhanesh Shah, 24 / c, Amir Mahal, Borivali, Mumbai. Date : 2nd December, 2020 Sd. / - (Dhanesh Shah) Accepted Sd. / - (Kalpana Shah) Date : 5th December, 2020

J. Complete the following Table.

Question 1.

Date of Drawing	Date of Acceptance	Payable	Due Date
i. 30.1.2019	1.2.2019	60 days after date	
ii. 17.8.2019	21.8.2019	3 months after sight	
iii. 23.12.2019	26.12.2019	1 months after date	
iv. 28.1.2020	28.1.2020	1 months after date	
v. 30.6.2019	2.7.2019	45 days after date	

Answer:

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Date of Drawing	Date of Acceptance	Payable	Due Date
(i) 30 – 01 – 2019	01 – 02 – 2019	60 days after date	3rd April, 2019
(ii) 17 – 08 – 2019	21 – 08 – 2019	3 months after sight	24th Nov. 2019
(iii) 23 – 12 – 2019	26 – 12 – 2019	1 month after date	25h Jan. 2019
(iv) 28 – 01 – 2020	28 – 01 – 2020	1 month after date	2nd Mar. 2019
(v) 30 – 06 – 2019	02 – 07 – 2019	45 days after date	17th Aug. 2019

Question 2.

Sr. No.	DATE OF DRAWING	Date of acceptance	Tenure	Type	Nominal due date	Legal due date
i)	3 rd January, 2020	5 th January, 2020	45 days	after date	?	?
ii)	9 th April, 2019	12 th April, 2019	4 months	After sight	?	?
iii)	23 rd November 2019	23 rd November, 2019	2 months	after date	?	?
iv)	16 th August, 2019	20 th August, 2019	4 months	After sight	?	?
v)	23 rd December, 2018	24 th December, 2018	60 days	after date	?	?

Answer:

S.No	Date of Drawing	Date of Acceptance	Tenure	Type	Nominal due Date	Legal due Date
(i)	3rd January, 2020	5th January, 2020	45 days	after date	17th Feb. 2020	20th Feb. 2020

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(ii)	9th April, 2019	12th April, 2019	4 month s	after sight	12th Aug. 2019	14th Aug. 2019
(iii)	23rd November, 2019	23rd November, 2019	2 month s	after date	23rd Jan. 2020	25th Jan. 2020
(iv)	16th August, 2019	20th August, 2019	4 month s	after sight	20th Dec. 2019	23rd Dec. 2019
(v)	23rd December, 2018	24th December, 2018	60 days	after date	21st Feb. 2019	24th Feb. 2019

Practical Problems

Question 1.

On 1st 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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

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

In the books of Nitin

Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 Jan. 1	Purchase A/c To Hemant's A/c (Being goods purchased on credit)	Dr.	18,500	18,500
1	Hemant's A/c To Bills Payable A/c (Being our acceptance is given)	Dr.	18,500	18,500
2020 Mar. 4	Bills Payable A/c To Cash / Bank A/c (Being our acceptance honoured on due date)	Dr.	18,500	18,500

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
			18,500				18,500

Question 2.

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Neha sold goods to Rohan ₹ 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. To Sales A/c (Being goods sold on credit)		42,000	42,000
6	Bills Receivable A/c Dr. To Rohan's A/c (Being bill drawn and acceptance received)		42,000	42,000
6	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being Rohan's acceptance discounted with bank)		41,000 1,000	42,000
Dec. 9	Rohan's A/c Dr. To Bank A/c (Being Rohan's acceptance discounted with bank dishonoured and noting charges paid by the bank.)		42,300	42,300

In the books of Rohan

Journal Entries

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019 Sept. 6	Purchase A/c Dr. To Neha's A/c (Being goods purchased on credit)		42,000	42,000
6	Neha's A/c Dr. To Bills Payable A/c (Being our acceptance given)		42,000	42,000
Dec. 9	Bills Payable A/c Dr. Noting Charges A/c Dr. To Neha's A/c (Being our acceptance dishonoured and noting charges payable)		42,000 300	42,300

Question 3.

Jyoti owes ₹ 31,000 to Swati for which she 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. To Jyoti's A/c (Being bill drawn and acceptance received)		31,000	31,000
(2)	Bills Sent to Bank for Collection A/c Dr. To Bills Receivable A/c (Being bill sent to bank for collection)		31,000	31,000
(3)	Bank A/c Dr. Bank Charges A/c Dr. To Bill Sent to Bank for Collection A/c (Being bill honoured and bank charges paid)		30,525 475	31,000

Question 4.

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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

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

In the books of Pankaj

Journal Entries

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

In the books of Jagdish

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019				
April 20	Bills Receivable A/c Dr. Discount A/c Dr. To Omprakash's A/c (Being Bills Receivable received)		20,000 1,000	21,000
July 23	Omprakash's A/c Dr. To Bills Receivable A/c To Discount A/c (Being Bills receivable dishonoured)		21,000	20,000 1,000

Question 5.

Siddhant sold goods to Sudhir of ₹ 43,800 on 18th 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 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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019				
Mar. 18	Sudhir's A/c Dr. To Sales A/c (Being goods sold on credit)		43,800	43,800
18	Bills Receivable A/c Dr. To Sudhir's A/c (Being bill drawn and acceptance received)		43,800	43,800
18	Cash / Bank A/c Dr. Discount A/c Dr. To Bill Receivable A/c (Being Sudhir's acceptance discounted with bank)		42,924 876	43,800
June 21	Sudhir's A/c Dr. To Cash / Bank A/c (Being Sudhir's acceptance dishonoured on due date)		43,800	43,800
21	Cash A/c Dr. To Interest A/c To Sudhir's A/c (Being cash accepted with interest from Sudhir)		14,400	600 13,800
21	New Bills Receivable A/c Dr. To Sudhir's A/c (Being Sudhir's acceptance received for new bill)		30,000	30,000
-	Cash / Bank A/c Dr. Rebate A/c Dr. To New Bills Receivable A/c (Being before due date, Sudhir's retired the bill with discount)		29,700 300	30,000

Working Notes:

1. March 18, Discount = $43,800 \times \frac{312 \times 8100}{100} = ₹ 876$

2. March 21, calculation of interest balance amount:

$$I = \frac{P \times R \times T}{100}$$

$$= \frac{30,000 \times 12 \times 100 \times 212}{100 \times 100} \text{ (for 2 months on remaining amount ₹ 30,000)}$$

$$= ₹ 600$$

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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.

Question 6.

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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Geeta's A/c To Bill Payable A/c (Being our acceptance is given)	Dr.	18,000	18,000
2	Bills Payable A/c To Geeta's A/c (Being bill cancelled on our request)	Dr.	18,000	18,000
3	Geeta's A/c To Bank A/c (Being part payment made)	Dr.	6,000	6,000
4	Interest A/c To Geeta's A/c (Being the interest due on balance amount to be paid)	Dr.	550	550
5	Geeta's A/c To New Bills Payable A/c (Being the acceptance given for balance amount plus amount of interest)	Dr.	12,550	12,550
6	New Bills Payable A/c To Geeta's A/c (Being new bill dishonoured)	Dr.	12,550	12,550
7	Geeta's A/c To Cash A/c To Deficiency A/c (Being 35 % of the amount due paid and balance credited to deficiency A/c)	Dr.	12,550	4,393 8,157

**In the books of Geeta
Sangeeta's Account**

Dr.				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)		6,000
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
			49,100				49,100

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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. To Sangeeta's A/c		18,000	18,000
2	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c		17,400 600	18,000
3	Sangeeta's A/c Dr. To Bank A/c (Cancellation of discounted bill)		18,000	18,000
4	Bank A/c Dr. To Sangeeta's A/c		6,000	6,000
5	Sangeeta's A/c Dr. To Interest A/c		550	550
6	Bills Receivable A/c Dr. To Sangeeta's A/c		12,550	12,550
7	Sangeeta's A/c Dr. To Bills Receivable A/c		12,550	12,550
8	Cash A/c Dr. Bad debts A/c Dr. To Sangeeta's A/c		4,393 8,157	12,550

Question 7.

Priyanka owed Meena ₹ 18,000, Priyanka accepted a bill drawn by 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

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

Working Note:

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

$$I = \frac{P \times R \times T}{100}$$

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

$$= ₹ 240$$

Question 8.

Seema purchased goods from Roma on credit on 1st 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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019				
Aug. 1	Purchase A/c Dr. To Roma's A/c (Being goods purchased on credit)		37,000	37,000
1	Roma's A/c Dr. To Bills Payable A/c (Being our acceptance is given)		37,000	37,000
Oct. 4	Bills Payable A/c Dr. To Roma's A/c (Being our acceptance dishonoured)		37,000	37,000
4	Noting Charges A/c Dr. To Roma's A/c (Being noting charges due to Roma)		160	160
4	Roma's A/c Dr. To Cash A/c (Being paid part payment and noting charges in cash)		19,160	19,160
4	Interest A/c Dr. To Roma's A/c (Being interest amount due)		650	650
4	Roma's A/c Dr. To Bills Payable A/c (Being remaining due amount with interest, our acceptance is given)		18,650	18,650

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Nov. 7	Bills Payable A/c To Cash A/c To Rebate A/c (Being before one month of due date, Bills payable amount paid at a rebate of ₹ 300)	Dr.	18,650	18,350 300
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In the books of Roma

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

Question 9.

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 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 To Sales A/c (Being goods sold on credit @ 10 % trade discount)	Dr.	31,500	31,500
2	Cash A/c To Uday's A/c (Being cash received from Uday)	Dr.	1,500	1,500
3	Bills Receivable A/c To Uday's A/c (Being bill drawn and acceptance received)	Dr.	30,000	30,000
4	Uday's A/c To Bills Receivable A/c (Being the bill cancelled at the request of Uday)	Dr.	30,000	30,000
5	Uday's A/c To Interest A/c (Being interest amount due)	Dr.	900	900
6	New Bills Receivable A/c To Uday's A/c (Being new bill drawn with interest and acceptance received)	Dr.	30,900	30,900

Working Note:

$$I = \text{PRN} \times 100$$

$$= 30,000 \times \frac{3}{12} \times \frac{12}{100}$$

$$= ₹ 900$$

Question 10.

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.

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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

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Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019				
Nov. 21	Bills receivable A/c Dr. To Prasad's A/c (Being bill drawn and acceptance received.)		21,000	21,000
21	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being bill discounted with bank)		20,580 420	21,000
2020				
Feb. 24	Prasad's A/c Dr. To Bank A/c (Being the bill cancelled)		21,000	21,000
24	Prasad's A/c Dr. To Interest A/c (Being interest amount due)		750	750
24	New Bills Receivable A/c Dr. To Prasad's A/c (Being new bill drawn and acceptance received)		21,750	21,750
24	Bill Sent for Collection A/c Dr. To New Bills Receivable A/c (Being new bill sent for collection to bank)		21,750	21,750

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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)			

**In the books of Prasad
Sagar's Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2019				2019			
Nov. 21	To Bills Payable A/c (Acceptance given)		21,000	Nov. 21	By Balance b/d		21,000
24	To Bill Payable A/c (New acceptance given)		21,750	2020			
				Feb. 24	By Bills Payable A/c (Dishonour)		21,000
				24	By Interest A/c (Int. due)		750
			42,750				42,750

Question 11.

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. Noting 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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-7-bills-of-exchange/>

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
(a)	Vineet's A/c Dr. To Siddhant's A/c (Being Vineet's acceptance endorsed to Siddhant dishonoured and noting charges amount is included)		23,430	23,430
(b) (i)	Kajal's A/c Dr. To Bills Receivable A/c (Being cancellation of bill)		39,000	39,000
(ii)	Cash A/c Dr. To Kajal's A/c (Being cash received from Kajal)		3,000	3,000
(iii)	Kajal's A/c Dr. To Interest A/c (Being interest amount due)		1,035	1,035
(iv)	New Bills Receivable A/c Dr. To Kajal's A/c (Being new bill drawn and acceptance is received)		37,035	37,035
(c)	Bank A/c Dr. Rebate A/c Dr. To Bills Receivable A/c (Being Radhika retired her acceptance)		22,250 750	23,000
(d) (i)	Bill Sent for Collection A/c Dr. To Bills Receivable A/c (Being Subodh's acceptance sent to bank for collection)		9,000	9,000
(ii)	Subodh's A/c Dr. To Bill Sent for collection A/c (Being Subodh's acceptance dishonoured.)		9,000	9,000

Working Note:

Amount of interest = $36,000 \times 312 \times 11.5100 = ₹ 1,035$.

Question 12.

Journalise the following transaction in the books of Narendra:

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(a) Narendra retires his acceptance to Upendra by paying ₹ 4,000 in cash and endorsing a bill accepted by Ramlal for ₹ 5,000.

(b) Vikram's acceptance to Narendra ₹ 6,000 retired one month before the due date at rebate of 12% p.a.

(c) 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.

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

Question 13.

Journalise the following transaction 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.

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(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 her estate.

(d) Discharged our acceptance to Savita for ₹ 9,450 by endorsing Pravin's acceptance to us ₹ 9,000.

Solution:

In the books of Bharti

Journal Entries

(ii)	Cash A/c To Dilip's A/c (Being cash received)	Dr.	4,000	4,000
(iii)	Dilip's A/c To Interest A/c (Being interest due)	Dr.	240	240
(iv)	Bills Receivable A/c To Dilip's A/c (Being fresh bill accepted by Dilip for remaining amount plus interest)	Dr.	8,240	8,240
(d)	Kartik's A/c To Bank A/c (Being Kartik's acceptance dishonoured and bank paid noting charges)	Dr.	13,140	13,140

(iii)	Cash A/c To Nitin's A/c (Being part payment along with interest received)	Dr.	2,700	2,700
(iv)	Bills Receivable A/c To Nitin's A/c (Being the acceptance received for balance amount due)	Dr.	20,000	20,000
(c) (i)	Dhanshri's A/c To Bills Receivable A/c (Being bill dishonoured for non-payment)	Dr.	17,500	17,500
(ii)	Cash A/c Bad Debts A/c To Dhanshri's A/c (Being 40 % due amount received from Dhanshri, as being declared insolvent)	Dr. Dr.	7,000 10,500	17,500
(d)	Bills Payable A/c To Discount A/c To Bills Receivable A/c (Being our acceptance Savita i.e. B. P. is cleared by endorsing Pravin's acceptance i.e. B. R.)	Dr.	9,450	450 9,000

Question 14.

Journalise the following transaction in the books of Sudha:

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(a) 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.

(b) Discounted 2 months acceptance of Surya for ₹ 7,800 with bank at 10% p.a.

(c) Bank informed that Anuradha's acceptance of ₹ 4,800 which was discounted was dishonoured and bank paid Noting Charges ₹ 125.

(d) Pooja honoured her acceptance of ₹ 16,400 which was deposited into bank for collection.

Solution:

In the books of Sudha

Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
(a)	Urmila's A/c Dr. To Cash A/c To Discount A/c To Bills Receivable A/c (Being Sonali's acceptance endorsed in favour of Urmila with cash to clear her debt)		10,000	3,500 500 6,000
(b)	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being discounted Surya's acceptance with bank) (Hint : $7,800 \times \frac{10}{100} \times \frac{2}{12} = ₹ 130$)		7,670 130	7,800
(c)	Anuradha's A/c Dr. To Bank A/c (Being discounted bill dishonoured and noting charges paid by bank)		4,925	4,925
(d)	Bank A/c Dr. To Bill Sent for Collection A/c (Being amount of the bill collected and credited in our bank account)		16,400	16,400

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Question 15.

Journalise the following transaction 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

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Date	Particulars	L.F.	Debit (₹)	Credit (₹)
(a) (i)	Aishwarya's A/c Dr. To Bank A/c (Being discounted bill dishonoured)		24,000	24,000
(ii)	Aishwarya's A/c Dr. To Bank A/c (Being noting charges paid and adjusted)		220	220
(iii)	Aishwarya's A/c Dr. To Interest A/c (Being interest amount due)		480	480
(iv)	Bills Receivable A/c Dr. To Aishwarya's A/c (Being new acceptance received from Aishwarya for balance receivable)		24,700	24,700
(b)	Cash A/c Dr. Bad Debts A/c Dr. To Ankur's A/c (Being cash received and write off remaining amount of Ankur)		4,630 1,370	6,000
(c)	Anushka's A/c Dr. To Bank A/c To Bills Payable A/c (Being our acceptance and cheque given to Anushka against her dues)		20,000	5,000 15,000
(d)	Bills Payable A/c Dr. Noting Charges A/c Dr. To Vivek's A/c (Being our acceptance dishonoured and Vivek paid noting charges)		27,000 700	27,700



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Maharashtra Board Solutions

Class 12 Book Keeping & Accountancy

- Chapter 1- Introduction to Partnership and Partnership Final Accounts
- Chapter 2- Accounts of 'Not for Profit' Concerns
- Chapter 3- Reconstitution of Partnership (Admission of Partner)
- Chapter 4- Reconstitution of Partnership (Retirement of Partner)
- Chapter 5- Reconstitution of Partnership (Death of Partner)
- Chapter 6- Dissolution of Partnership Firm
- Chapter 7- Bills of Exchange
- Chapter 8- Company Accounts – Issue of Shares
- Chapter 9- Analysis of Financial Statements
- Chapter 10- Computer in Accounting

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About About Maharashtra State Board (MSBSHSE)

The Maharashtra State Board of Secondary and Higher Secondary Education or MSBSHSE (Marathi: महाराष्ट्र राज्य माध्यमिक आणि उच्च माध्यमिक शिक्षण मंडळ), is an **autonomous and statutory body established in 1965**. The board was amended in the year 1977 under the provisions of the Maharashtra Act No. 41 of 1965.

The Maharashtra State Board of Secondary & Higher Secondary Education (MSBSHSE), Pune is an independent body of the Maharashtra Government. There are more than 1.4 million students that appear in the examination every year. The Maha State Board conducts the board examination twice a year. This board conducts the examination for SSC and HSC.

The Maharashtra government established the Maharashtra State Bureau of Textbook Production and Curriculum Research, also commonly referred to as Ebalbharati, in 1967 to take up the responsibility of providing quality textbooks to students from all classes studying under the Maharashtra State Board. MSBHSE prepares and updates the curriculum to provide holistic development for students. It is designed to tackle the difficulty in understanding the concepts with simple language with simple illustrations. Every year around 10 lakh students are enrolled in schools that are affiliated with the Maharashtra State Board.

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FAQs

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