

# TS Grewal

Class 11

Accountancy Solutions



## CHAPTER-12 - Accounting for Bills Exchange

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**Q1**

**Solution:**

Please find below the journal entries of the transactions:

### Journal Entries in the books of A

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Mr. B A/c To Sales A/c (Being sale of goods to Mr. B)	Dr.		10,000	10,000
	Bills Receivable A/c To Mr. B A/c (Being acceptance of bill by Mr. B)	Dr.		10,000	10,000
	Cash A/c To Bills Receivable A/c (Being bill amount received on maturity)	Dr.		10,000	10,000
	<b>Total</b>			<b>30,000</b>	<b>30,000</b>

Please find below the journal entries of the transactions:

**Journal Entries  
in the books of B**

<b>Date</b>	<b>Particulars</b>		<b>L.F.</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>
	Purchases A/c To Mr. A A/c (Being purchased goods from A)	Dr.		10,000	10,000
	Mr. A A/c To Bills Payable A/c (Being bill is accepted)	Dr.		10,000	10,000
	Bills Payable A/c To Cash A/c (Being bill amount paid on maturity)	Dr.		10,000	10,000
	<b>Total</b>			<b>30,000</b>	<b>30,000</b>

**Q2**

**Solution:**

Please find below the journal entries of the transactions:

**Journal Entries  
in the books of A**

<b>Date</b>	<b>Particulars</b>		<b>L.F.</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>
	B A/c To Sale A/c (Being goods sold to B on credit)	Dr.		20,000	20,000
	Bills Receivable A/c To B A/c (Being acceptance of the bill by B)	Dr.		20,000	20,000
	C A/c To Bills Receivable A/c (Being B's acceptance endorsed in favour of C)			20,000	20,000
	<b>Total</b>			<b>60,000</b>	<b>60,000</b>

### Q3

#### Solution:

The below table contains the calculation of due date:

<b>Date of Bill</b>	<b>Tenure</b>	<b>Calculation</b>	<b>Due Date</b>
<b>1<sup>st</sup> December, 2017</b>	60 days	30 December + 30 January + 3 days of grace	2 <sup>nd</sup> February, 2018
<b>30<sup>th</sup> April, 2018</b>	2 months	June 30 + 3 days of grace	3 <sup>rd</sup> July, 2018
<b>28<sup>th</sup> January, 2018</b>	1 month	February 28 + 3 days of grace	3 <sup>rd</sup> March, 2018
<b>23<sup>rd</sup> November, 2017</b>	2 months	January 23, 2018 + 3 days of grace	26 <sup>th</sup> January, 2018 is a National Holiday. Hence, the due date will fall 1 day prior i.e., 25 <sup>th</sup> January, 2018
<b>29<sup>th</sup> May, 2017</b>	4 months	September 29, 2017 + 3 days of grace	2 <sup>nd</sup> October, 2017 is a National Holiday. Hence, the due date will fall 1 day prior i.e., Oct 1, 2017

## Q4

### **Solution:**

A bill of exchange is a written document which orders a party (drawee) to pay a sum of money before a mutually agreed date to the person making the bill (drawer) or to any party (endorsee) decided by the drawer. It is a legally binding document signed by both the drawer and drawee.

A few features are:

1. It is a written document containing an order
2. Involves a prefixed amount of payment
3. The due date of the bill is predetermined and accepted by both parties
4. The drawer and drawee both need to mutually accept and sign the bill for it to be tendered as a legal document.

## Q5

### **Solution:**

A promissory note is a written document which is considered to be as material evidence in court, in which one party (promisor) guarantees to pay a predetermined sum of money to another party (promisee) or any party as directed by the promisee on a prefixed date. Both the promisor and promisee mutually agree and sign the promissory note.

A few features are:-

1. It is a written document stating a guarantee of payment
2. Involves two parties accepting and signing the promissory note- the promisor and promisee
3. A predetermined sum of money is promised to be paid
4. A mutually agreed date is made the due date

