Bills of Exchange

Choose the correct alternative in the following

Question 1.
Bills receivable account is a:
(a) Nominal account
(b) Personal account
(c) Real account

▼ Answer

Answer: (c) Real account

Question 2.
At the time of retirement of a bill, the acceptor debits:
(a) Bills payable’account
(b) Discount account
(c) Neither of two

▼ Answer

Answer: (a) Bills payable’account

Question 3.
At the time of endorsement of a bill, the drawee debits:
(a) Bills payable account
(b) Other party ’s account
(c) No entry

▼ Answer

Answer: (c) No entry

Question 4.
When a bill is discharged, the acceptor debits:
(a) Creditor’s account
(b) Cash account
(c) Bills payable account

▼ Answer

Answer: (c) Bills payable account

Question 5.
When noting charges are paid by the bank at the time of dishonour of the bill and the drawee credits:
(a) Bank account
(b) Noting charges account
(c) Neither of the two

▼ Answer

Answer: (c) Neither of the two

Question 6.
The due date of bill dated 1st February, 2003 for a period of 2 months shall be:
(a) 4th April, 2003
(b) 5th April, 2003
(c) 4th May, 2003
(d) 2nd February, 1993

▼ Answer

Answer: (a) 4th April, 2003

Question 7.
The due date of bill dated 31st January, 1992 for a period of 1 month will be: (year 1992 is a leap year)
(a) 1 st October, 1993
(b) 31 st January, 1992
(c) 31st January, 1993
(d) 3rd March, 1992

▼ Answer

Answer: (d) 3rd March, 1992

Question 8.
Accommodation bills are also termed as ………… bills.
(a) Drawee bills
(b) Kite bills
(c) Payee bills
(d) Drawer bills

▼ Answer

Answer: (b) Kite bills

Question 9.
What shall be the due date of bill dated 21st July, 1993 for a period of 60 days when 22nd September, 1993 is declared as emergency holiday?
(a) 21 st September, 1993
(b) 22nd September, 1993
(c) 23rd September, 1993
(d) None of these

▼ Answer

Answer: (c) 23rd September, 1993

Question 10.
B/R stands for
(a) Bank Receivable Books
(b) Bank Receipt
(c) Bank Rebate
(d) All of them

▼ Answer

Answer: (a) Bank Receivable Books

Fill in the blanks with suitable word(s)

Question 1.
The person to whom the amount mentioned in the promissory is payable is known as …………………

▼ Answer

Answer: Promisee

Question 2.
Transfer of a negotiable instrument to another person by signing on it, is known as ………………

▼ Answer

Answer: Endorsement

Question 3.
In a promissory note, the person who makes the promise to pay is called as ……………..

▼ Answer

Answer: Promissor

Question 4.
A person who endorses the promissory note in favour of another is known as ……………..

▼ Answer

Answer: Endorser

Question 5.
A bill of exchange is a …………….. instrument.

▼ Answer

Answer: negotiable

Question 6.
A bill of exchange is drawn by the …………….. upon his ……………..

▼ Answer

Answer: drawer, drawee

Question 7.
A promissory note is drawn by ……………… in favour of his ………………..

▼ Answer

Answer: debtor, creditor

Question 8.
There are ……………… parties to a bill of exchange.

▼ Answer

Answer: three

Question 9.
There are ………………… parties to a promissory note.

▼ Answer

Answer: two

Question 10.
Drawer and ………………… cannot be the same parties in case of a bill of exchange.

▼ Answer

Answer: drawee

Question 11.
Bill of exchange in Indian language is called ……………..

▼ Answer

Answer: Hundi

Question 12.
…………….. days of grace are added in terms of the bill to calculate the date of its …………………

▼ Answer

Answer: Three, maturity

Write 'True' or 'False' against each statement regarding a bill of exchange

Question 1.
A bill of exchange must be accepted by the payee.

▼ Answer

Answer: False

Question 2.
A bill of exchange is drawn by the creditor.

▼ Answer

Answer: True

Question 3.
A bill of exchange is drawn for all cash transaction.

▼ Answer

Answer: False

Question 4.
A bill payable on demand is called Time bill.

▼ Answer

Answer: False

Question 5.
A person to whom payment is to be made in a bill or exchange is called payee.

▼ Answer

Answer: True

Question 6.
A negotiable instrument does not require the signature of its maker.

▼ Answer

Answer: False

Question 7.
The hundi payable at sight is called Darshani hundi.

▼ Answer

Answer: False

Question 8.
A negotiable instrument is not freely transferable.

▼ Answer

Answer: False

Question 9.
Stamping of promissory note is not mandatory.

▼ Answer

Answer: False

Question 10.
The time of payment of a-negotiable instrument need not be certain.

▼ Answer

Answer: True
