

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: Promisor

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
