



6. ACCOUNTING FOR SPECIAL TRANSACTIONS

Unit 1 : Bill of Exchange

Section 1 : True or False

- Q.1 (May 1996) (2 Marks each)
[i] A bill given to a creditor is called bill payable.
[ii] A promissory note can be made payable to bearer.
- Q.2 (Nov 1996) (2 Marks)
Discount at the time of retirement of a Bill is a gain for the drawee.
- Q.3 (May 1997) (2 Marks)
No cancellation entry is required when a bill is renewed.
- Q.4 (May 1998) (2 Marks)
No cancellation entry is required when a bill is renewed.
- Q.5 (May 2000) (2 Marks)
A has drawn a bill on B. B accepts the same and endorses the bill to C.
- Q.6 (Nov 2000) (2 Marks)
A promissory note cannot be made payable to bearer.
- Q.7 (May 2001) (2 Marks)
Cancelling old bill and drawing new bill is called renewal of Bill.
- Q.8 (Nov 2001) (2 Marks)
A cancellation entry is required, when a bill is renewed.
- Q.9 (Nov 2001) (2 Marks)
A bill given to a creditor is called Bills Receivable.
- Q.10 (May 2002) (2 Marks)
Discount at the time of retirement of a Bill is a gain for the drawer.
- Q.11 (May 2004) (2 Marks each)
[i] A bill given to a creditor is called Bills Receivable.
[ii] A cancellation entry is required, when a bill is renewed.
- Q.12 (May 2005) (2 Marks)
Refusal by the acceptor to make payment of the bill on the maturity date is called Retirement of the bill.
- Q.13 (Nov 2005) (2 Marks)
A bill of exchange is a conditional order in writing given by a Debtor to creditor.



Q.14 (May 2006)

(2 Marks each)

[i] A Promissory Note requires acceptance.

[ii] At the time of Renewal of a bill. Interest account is debited in the books of a Drawee.

Q.15 (Nov 2006)

(2 Marks each)

If a cheque received from a customer is dishonoured, it will be debited to the Customer's account

Accommodation bills are drawn, accepted and endorsed for some consideration.

Q.16 (Nov 2019)

(2 Marks)

In case of bill of exchange, the drawer and the payee may not be the same person but in case of a promissory note, the maker and the payee may be the same person.

Q.17 (June 2022)

(2 Marks)

The specific due date excludes the addition of grace days to arrive at .the due date.

Section 2 : Short Notes

Q.1 (May 1996)

(5 Marks)

Write short note on the following:

Renewal of Bill.

Q.2 (May 2005)

(5 Marks)

Write short note on the following:

Accommodation Bills.

Section 3 : Distinguish Between

Q.1 (Nov 1997, Nov 1999, Nov 2000)

(5 Marks)

Distinguish Between the following:

Bill of Exchange and Promissory Note.

Q.2 (May 2006)

(5 Marks)

Briefly explain the differences between the following:

Trade bill v/s Accommodation bill.

Section 4 : Descriptive Questions

Q.1 (May 2001)

(6 Marks)

Explain a Bill of Exchange and the various parties to it.

Q.2 (May 2003)

(5 Marks)

Briefly explain the following:

Noting charges.

Q.3 (Nov 2003)

(5 Marks)

Briefly explain the following:

Retirement of bills of exchange.

**Section 5 : Practical Questions****Q.1 (May 1997)****(6 Marks)**

On 1st January, 1997, A sells goods for Rs.10,000 to B and draws a bill at three months for the amount. B accepts it and returns it to A.

On 1st March, 1997, B retires his acceptance under rebate of 12% per annum. Record these transactions in the journals of A and B.

Q.2 (May 1999)**(15 Marks)**

Shubham draws on Rajendra a bill for Rs.45,000 on 1st June, 1998 for 3 months. Rajendra accepts the bill and sends it to Shubham who gets it discounted for Rs.44,100. Shubham immediately remits Rs.14,700 to Rajendra. On the due date, Shubham, being unable to remit the amount due, accepts a bill for Rs.63,000 for three months which is discounted by Rajendra for Rs.61,650. Rajendra sends Rs.11,100 to Shubham. On the due date, Shubham become insolvent, his estate paying forty paise in the rupee. Give Journal Entries in the books of Shubham and Rajendra.

Q.3 (May 2000)**(6 Marks)**

On 1st July, 1999, G drew a bill for Rs.80,000 for 3 months on H for mutual accommodation. He accepted the bill of exchange.

G had purchased goods worth Rs.81,000 from J on the same date. G endorsed H's acceptance to J in full settlement.

On 1st September, 1999 J purchased goods worth Rs.90,000 from H. J endorsed the bill of exchange received from G to H and paid Rs.9,000 in full settlement of the amount due to H.

On 1st October, 1999 H purchased goods worth Rs.1,00,000 from G. He paid the amount due to G by cheque.

Give the necessary Journal Entries in the books of H.

Q.4 (May 2001)**(9 Marks)**

Record the following transactions in the Journals of Ram and Hari:

Ram sells goods for Rs.1,00,000 to Hari on 1st January, 2001 and on the same day draws a bill on Hari at three months for the amount. Hari accepts it and returns it to Ram, who discounts it on 4th January, 2001 with his bank at 12% per annum. The acceptance is dishonoured on due date and the bank pays Rs.250 as noting charges.

Q.5 (Nov 2004)**(9 Marks)**

Anil draws a bill for Rs.9,000 on Sanjay on 5th April, 2003 for 3 months, which Sanjay returns to Anil after accepting the same. Anil gets it discounted with the bank for Rs.8,820 and remits one-third amount to Sanjay.

On the due date, Anil fails to remit the amount due to Sanjay, but he accepts a bill for Rs.12,600 for three months, which Sanjay discounts it for Rs.12,330 and remits Rs.2,220 to Anil. Before the maturity of the renewed bill Anil becomes insolvent and only 50% was realised from his estate on 15th October, 2003.

Pass necessary Journal entries for the above transactions in the books of Anil.

Q.6 (Nov 2006)**(9 Marks)**

Mr. B accepted a bill for Rs.10,000 drawn on him by Mr. A on 1st August, 2005 for 3 months. This was for the amount which B owed to A. And on the same date Mr. A got the bill discounted at his bank for Rs.9,800. On the due date, B approached A for renewal of the bill. Mr. A agreed on condition that Rs.2,000 be paid immediately along with interest on the remaining amount at 12% p.a. for 3 months and



that for the remaining balance B should accept a new bill for 3 months. These arrangements were carried through. On 31st December, 2005, B became insolvent and his estate paid 40%. Give Journal Entries in the books of Mr. A.

Q.7 (June 2019)

(5 Marks)

On 1st January 2018, Akshay draws two bills of exchange for Rs.16,000 and Rs.25,000. The bill of exchange for Rs.16,000 is for two months while the bill of exchange for Rs.25,000 is for three months. These bills are accepted by Vishal. On 4th March, 2018, Vishal requests Akshay to renew the first bill with interest @ 15% p.a. for a period of two months. On 25th March, 2018, Vishal renounces the acceptance for Rs.25,000. the interest rebate i.e. discount being Rs.250. Before the due date of the renewed bill, Vishal becomes insolvent and only 50 paise could be recovered from his estate. Akshay Show the journal entries (with narrations) in the books of Akshay

Q.8 (Nov 2020)

(10 Marks)

Suresh draws a bill for Rs.15,000 on Anup on 15th April, 2020 for 3 months, which Anup returns to Suresh after accepting the same. Suresh gets it discounted with the bank for Rs.14,700 on 18th April, 2020 and remits one-third amount to Anup. On the due date Suresh fails to remit the amount due to Anup, but he accepts a bill of Rs.17,500 for 3 months, which Anup discounts for Rs.17,100 and remits Rs.2,825 to Suresh. Before the maturity of the renewed bill Suresh becomes insolvent and only 50% was realized from his estate on 31st October, 2020.

Pass necessary Journal entries for the above transactions in the books of Suresh.



Unit 2 : Sale of Goods on Approval or Return Basis

Section 1 : True or False

Q.1 (May 2006)

(2 Marks)

Sale or Return Account in the Sale or Return Ledger represents the value of goods still lying with the customers for approval.

Q.2 (July 2021)

(2 Marks)

Goods sold on approval or return basis are not recorded as credit sales initially when they are sent out.

Section 2 : Practical Questions

Q.1 (May 2003)

(6 Marks)

'X' supplied goods on sale or return basis to customers the particulars of which are as under:

Date of Dispatch	Party's Name	Amount	Remarks
10.12.2002	ABC Co.	10,000	No information till 31.12.2002
12.12.2002	DEF Co.	15,000	Returned on 16.12.2002
15.12.2002	GHI Co.	12,000	Goods worth Rs.2,000
			Returned on 20.12.2002
20.12.2002	DEF Co.	16,000	Goods Retained on 24.12.2002
25.12.2002	ABC Co.	11,000	Goods Retained on 28.12.2002
30.12.2002	GHI Co.	13,000	No information till 31.12.2002

Goods are to be returned within 15 days from the date of dispatch, failing which it will be treated as Sales. The books of 'X' are closed on 31st December, 2002.

Prepare the following account in the book of 'X':

- Goods on Sales or Return, Sold and Returned Day Books.
- Goods on Sales or Return Total Account.

Q.2 (May 2018)

(5 Marks)

Attempt the following

[i] Mr. Badhri sends goods to his customers on Sale or Return. The following transactions took place during the month of December 2017.

December 2nd - Sent goods to customers on sale or return basis at cost plus 25% - Rs.80,000

December 10th - Goods returned by customers - Rs.35,000

December 17th - Received letters from customers for approval - Rs.35,000

December 23rd - Goods with customers awaiting approval - Rs.15,000.

Mr. Badhri records sale or return transactions as ordinary sales. You are required to pass the necessary Journal Entries in the books of Mr. Badhri assuming that the accounting year closes on 31st Dec. 2017.



Q.3 (Nov 2018)

(5 Marks)

Attempt the following:

Mr. Ganesh sends out goods on approval to few customers and includes the same in the Sales Account. On 31.03.2018, the Trade Receivables balance stood at Rs.75,000 which included Rs.6,500 goods sent on approval against which no intimation was received during the year. These goods were sent out at 30% over and above cost price and were sent to -

Mr. Adhitya Rs.3,900 and Mr. Bakkiram Rs.2,600.

Mr. Adhitya sent intimation of acceptance on 25th April, 2018 and

Mr. Bakkiram returned the goods on 15th April, 2018.

Make the adjustment entries and show how these items will appear in the Balance Sheet as on 31st March, 2018. Show also the entries to be made during April, 2018. Value of Closing Inventories as on 31st March, 2018 was Rs.50,000.

Q.4 (Nov 2019)

(5 Marks)

A firm sends goods on "Sale or Return basis". Customers have the choice of returning the goods within a month. During May 2018, the following are the details of goods sent:

Date (May)	2	8	12	18	20	27
Customers	P	B	Q	D	E	R
Value (Rs.)	17,000	22,000	25,000	5,500	2,000	28,000

Within the stipulated time, P and Q returned the goods and B, D and E signified that they have accepted the goods.

Show in the books of the firm, the Sale or Return Account and Customer -0 for Sale or Return Account as on 15th June 2018.

Q.5 (Jan 2021)

(5 Marks)

Attempt the following:

From the following information show the journal entries in the books of ABC Limited for the year ended 31st March, 2020:

[1] 100 units of goods costing Rs.500 each sent to XYZ Limited on Sales or Return Basis @ Rs.750 per unit. This transaction was however treated as actual sales in the books of accounts.

[2] Out of the above 100 units, only 60 units were accepted by XYZ Limited during the year @ Rs.700 per unit. No information was received about acceptability of balance units by the year end.

Q.6 (July 2021)

(5 Marks)

ABC Limited supplied goods on sale or return basis to customers Goods are to be returned within 15 days from the date of dispatch, failing which it is treated as sales. The books of ABC Limited are closed on 31st March, 2021. The particulars of the same are as under :

Date of Dispatch	Party Name	Amount	Remarks
10.03.2021	PQR	25,000	No information till 31.03.2021
12.03.2021	DEF	15,000	Returned on 16.03.2021
15.03.2021	GHI	40,000	Goods worth Rs.8,000 Returned on 20.03.2021
20.03.2021	DEF	10,000	Goods Retained on 24.03.2021
25.03.2021	PQR	22,000	Goods Retained on 28.03.2021
30.03.2021	XYZ	35,000	No information till 31.03.2021



You are required to prepare the following accounts in the books of ABC

Limited:

- (i) Goods on Sale or return, sold and returned day books
- (ii) Goods on sales or return total account

Q.7 (June 2022)

(5 Marks)

P sends out goods on approval to few customers and includes the same in the Sales Account. On 31.3.2021, the Trade receivables balance stood at Rs.3,00,000 which included Rs.21,000 goods sent on approval against which no intimation was received during the year. These goods were sent out at 25% over and above cost price and were sent to Mr. A Rs.12,000 and Mr. B Rs.9,000.

Mr. A sent intimation of acceptance on 30th April and Mr. B returned the goods on 10th April, 2021. Make the adjustment entries and show how these items will appear in the Balance Sheet on 31st March, 2021. Also show the entries to be made during April, 2021. Value of closing inventories as on 31st March 2021 was Rs.1,80,000.

CA SANKET SHAH



Unit 3 : Consignment

Section 1 : True or False

- Q.1 (May 1996)** (2 Marks each)
[i] Account Sales is the statement sent by the consignor to the consignee.
[ii] Del credere commission is normally calculated on total sales
- Q.2 (Nov 1996)** (2 Marks)
Loss of Stock is said to be abnormal loss when such loss is due to inherent characteristics of the commodities.
- Q.3 (May 1997)** (2 Marks)
If the consignee is not authorised to get the del credere commission, then he is liable for all losses on account of non-recovery of debts.
- Q.4 (Nov 1997, May 1998, Nov. 2000, May 2002)** (2 Marks)
The relationship between the consignor and the consignee is that of Principal and Agent.
- Q.5 (May 1998)** (2 Marks)
Loss of stock is said to be normal loss when such loss is not due to inherent characteristics of the commodities.
- Q.6 (May 2001)** (2 Marks)
Consignee has no right in the profit on goods sent on consignment.
- Q.7 (Nov 2003)** (2 Marks)
The party to whom goods are sent is called 'consignee'.
- Q.8 (Nov 2004)** (2 Marks)
Over-riding commission is calculated on credit sales only.
- Q.9 (May 2005)** (2 Marks each)
[i] The additional commission to the consignee who agrees to bear the loss on account of bad debts is called overriding commission.
[ii] Loss of stock is said to be abnormal loss, which is due to inherent characteristics of the commodity.
- Q.10 (Nov 2005)** (2 Marks each)
[i] The consignee has no right in the profit on goods sent on consignment.
[ii] Overriding commission is granted to an agent in case of sales exceeding targets.
- Q.11 (Nov 2006)** (2 Marks)
The additional commission to the consignee, who agrees to bear the loss on account of bad debts is called overriding commission.
- Q.12 (Nov 2018)** (2 Marks)
If del-credere commission is paid to consignee, the loss of bad debt is to be borne by the consignor.



Q.13 (June 2019)

(2 Marks)

In case of consignment sale, ownership of goods will be transferred to consignee at the time of receiving the goods.

Q.14 (Nov 2020)

(2 Marks)

A Limited is sending goods costing Rs.50,000 to B Limited on consignment basis. The accountant of A Limited is of the opinion that these goods should be sent under a sale invoice.

Q.15 (Jan 2021)

(2 Marks)

Consignee will not pass any journal entry in his books at time of receiving of goods from Consignor.

Q.16 (Dec 2021)

(2 Marks)

There is no entry passed by the consignee in his books for the remaining stock of goods lying with him.

Section 2 : Short Notes

Q.1 (Nov 2004)

(3 Marks)

Write short note on the following:
Del-credere commission.

Section 3 : Distinguish Between

Q.1 (May 1997, May 1998, Nov. 2000, Nov. 2002)

(5 Marks)

Explain the difference between the following:
Commission and Discount.

Q.2 (Nov 1997, May 2002)

(5 Marks)

Distinguish Between the following:
Consignment and Sale

Section 4 : Descriptive Questions

Q.1 (Nov 2002)

(5 Marks)

Briefly explain Normal Loss and Abnormal Loss on Consignment

Q.2 (Nov 2003)

(5 Marks)

Briefly explain the following:
Over-riding Commission.

**Section 5 : Practical Questions****Q.1 (May 1996)****(15 Marks)**

M/s Ram & Co., of Delhi purchased 20,000 pieces of sarees @ Rs.200 per saree. Out of these, 12,000 sarees were sent on consignment to M/s Laxman Traders of Bombay at the selling price of Rs.240 per saree. The consignors paid Rs.6,000 for packing and freight.

M/s Laxman Traders sold 10,000 sarees @ Rs.250 per saree and incurred Rs.2,000 towards selling expenses and remitted Rs.10,00,000 to Delhi on account. M/s Laxman Traders are entitled to a commission of 5 percent on total sales plus a further 20 percent commission on any surplus price realised over Rs.240 per saree.

6,000 sarees were sold at Rs.220 per saree by the consignor. Owing to fall in the market price, the value of stock of sarees in hand is to be reduced by 10 percent.

Prepare the consignment account and the account of M/s Laxman Traders in the books of the consignor.

Q.2 (May 1997)**(15 Marks)**

X of Calcutta on 15th January, 1997 sent to Y of Bombay a consignment of 250 televisions costing Rs.10,000 each. Expenses of Rs.7,000 were met by the consignor. Y of Bombay spent Rs.4,500 for clearance on 30th January, 1997 and the selling expenses were Rs.500 per television as and when the sale made by Y.

Y sold, on 4th March, 1997, 150 televisions at Rs.14,000 per television and again on 10th April, 1997, 75 televisions at Rs.14,400.

Mr. Y was entitled to a commission of Rs.500 per television sold plus one-fourth of the amount by which the gross sale proceeds less total commission there on exceeded a sum calculated at the rate of Rs.12,500 per television sold. Y sent the account sale and the amount due to X on 30th April, 1997 by bank demand draft.

You are required to show the consignment account and Y's account in the books of X.

Q.3 (May 1998)**(15 Marks)**

D of Delhi appointed A of Agra as its selling agent on the following terms:

- [a] Goods to be sold at invoice price or over.
- [b] A to be entitled to a commission of 7.5% on the invoice price and 20% of any surplus price realised.
- [c] The principals to draw on the agent a 30 days bill for 80% of the invoice price.

On 1st February, 1998, one thousand cycles were consigned to A, each cycle costing Rs.640 including freight and invoiced at Rs.800

Before 31st March, 1998, (when the principal's books are closed) A met his acceptance on the due date; sold off 820 cycles at an average price of Rs.930 per cycle, the sale expenses being Rs.12,500; and remitted the amount due by means of Bank Draft.

Twenty of the unsold cycles were shop-soiled and were to be valued at a depreciation of 50%.

Show by means of ledger accounts how these transactions would be recorded in the books of A, and find out the value of closing stock with A at which value D will should be there in consequent A/c account for the balance stock.

**Q.4 (Nov 1998) (Same as May 2004)****(15 Marks)**

Mr. Y consigned 800 packets of toothpaste, each packet containing 100 toothpastes. Cost price of each packet was Rs.900. Mr. Y spent Rs.100 per packet as cartage, freight, insurance and forwarding charges. One packet was lost on the way and Mr. Y lodged claim with the insurance company and could get Rs.570 as claim on average basis. Consignee took delivery of the rest of the packets and spent Rs.39,950 as other non-recurring expenses and Rs.22,500 as recurring expenses. He sold 740 packets at the rate of Rs.12 per toothpaste. He was entitled to 2% commission on sales plus 1% del-credere commission. You are required to prepare Consignment Account. Calculate the cost of stock at the end, abnormal loss and profit or loss on consignment.

Q.5 (Nov 2000)**(9 Marks)**

A of Agra sent on consignment goods valued Rs.1,00,000 to B of Bombay on 1st March, 1999. He incurred an expenditure of Rs.12,000 on Freight and Insurance. A's accounting year closes on 31st December B was entitled to a commission of 5% on gross sales plus a del-credere commission of 3 per cent. B took delivery of the consignment by incurring expenses of Rs.3,000 for goods consigned.

On 31.12.1999, B informed on phone that he had sold all the goods for Rs.1,50,000 by incurring selling expenses of Rs.2,000. He further informed that only Rs.1,48,000 had been realised and rest was considered irrecoverable, and would be sending the cheque in a day or so for the amount due along with the accounts sale.

On 5.1.2000, A received the cheque for the amount due from B and incurred bank charges of Rs.260 for collecting the cheque. The amount was credited by the Bank on 9.1.2000.

Write up the Consignment account finding out the profit/loss on the consignment, B's A/c, Provision for Expenses A/c and Bank account in the books of the consignor, recording the transactions upto the receipt and collection of the cheque.

Q.6 (May 2003)**(12 Marks)**

'X' of Delhi purchased 10,000 pieces of Sarees @ Rs.100 per Saree. Out of these Sarees, 6:000 were sent on consignment to 'Y' of Agra at a selling price of Rs.120 per Saree. The consignor paid 73,000 for packing and freight.

'Y' sold 5,000 Sarees at Rs.125 per Saree and incurred Rs.1,000 for selling expenses and remitted Rs.5,00,000 to Delhi on account. They are entitled to a commission of 5% on total sales plus a further 20% commission on any surplus price realised over Rs.120 per Saree.

3,000 Sarees were sold in Delhi at Rs.110 per Saree. Owing to fall in market price, the value of stock of Sarees in hand is to be reduced by 10%.

Prepare the consignment Account in the books of 'X' and their account in the books of the agent "Y" of Agra.

Q.7 (May 2005)**(10 Marks)**

Mr. A of Assam sent on 18m February, 2004 a consignment of 1,000 DVD players to B of Bengal costing of Rs.100 each. Expenses of Rs.1,500 were met by the consignor. B spent Rs.3,000, for clearance and selling expenses were Rs.20 per DVD player.

B sold on 15th March, 2004, 600 DVD Players @ Rs.160 per DVD Player and again on 20th May, 2004, 300 DVD Players @ Rs.170.

B is entitled to a commission of Rs.25 per DVD Player sold plus 1/4 of the amount by which the gross sale proceeds less total commission thereon exceeded a sum calculated @ Rs.125 per DVD Player sold. B sent the amount due to A on 30th June, 2004.

You are requested to show the consignment account and B's account in the books of A.



Q.8 (May 2006)

(9 Marks)

M of Mathura consigned 5,000 kg. of oil costing Rs.20 per kg. to S of Surat. M paid Rs.25,000 as Freight and Insurance. 125 kg. of oil was destroyed in transit. The insurance claim was settled at Rs.2,250 and was paid directly to the consignor. S took delivery of consignment and accepted a bill drawn upon him by M for Rs.50,000. S reported as follow :

- (i) 3,750 kg. of oil was sold at Rs.30 per kg.
- (ii) His expenses were - Godown rent Rs.10,000; Wages Rs.1,000; Printing and Stationery Rs.5,000.
- (iii) 125 kg. of oil was lost due to leakage, which is quite normal.

S is entitled to a commission of 5% on the sales effected. S paid the amount due in respect of the consignment. Show the Consignment Account, the Account of S and Abnormal Loss Account in the books of M.

Q.9 (Nov 2006)

(5 Marks)

M/s Poly pack and company's financial year ends on 31st March, 2006. Their actual physical stock as on 31st March was Rs.6,25,000 (net realizable value Rs.6,40,000). Following information regarding stock is also available:

- [i] Goods costing Rs.40,000 were damaged badly and it was expected that only Rs.5,000 could be realized.
- [ii] Goods costing Rs.25,000 were sold on sale or return basis for which no confirmation has been received till 31st March, 2006. Invoice value of these goods was Rs.30,000
- [iii] Goods were sent on consignment to Mr. B at invoice value (120% of cost) Rs.1,50,000 on 31st March, 2006. He informed that half of the material remains unsold.

You are required to ascertain the value of closing stock as on 31st March. 2006 as per AS 2.

Q.10 (May 2018)

(10 Marks)

Shri Ganpath of Nagpur consigns 500 cases of goods costing 71,500 each to Rawat of Jaipur. Shri Ganpath pays the following expenses in connection with the consignment:

Particulars	Rs.
Carriage	15,000
Freight	45,000
Loading Charges	15,000

Shri Rawat sells 350 cases at Rs.2,100 per case and incurs the following expenses:

Particulars	Rs.
Clearing charges	18,000
Warehousing and Storage charges	25,000
Packing and selling expenses	7,000

It is found that 50 cases were lost in transit and another 50 cases were in transit. Shri Rawat is entitled to a commission of 10% on gross sales. Draw up the Consignment Account and Rawat's Account in the books of Shri Ganpath.



Q.11 (Nov 2018)

(10 Marks)

Raj of Gwalior consigned 15,000 kgs. of Ghee at Rs.30 per kg. to his agent Siraj at Delhi. He spent Rs.5 per kg. as freight and insurance for sending the Ghee at Delhi. On the way, 100 kgs. of Ghee was lost due to the leakage (which is to be treated as normal loss) and 400 kgs. of Ghee was destroyed in transit. Rs.9,000 was paid to consignor directly by the Insurance company as Insurance claim.

Siraj sold 7,500 kgs. at Rs.60 per kg. He spent Rs.33,000 on advertisement and recurring expenses.

You are required to calculate:

- [i] The amount of abnormal loss;
- [ii] Value of stock at the end; and
- [iii] Prepare Consignment account showing profit or loss on consignment, if Siraj is entitled to 5% commission on sales.

Q.12 (Nov 2019)

(10 Marks)

Anand of Bangalore consigned to Raj of pune, goods to be sold at invoice price which represents 125% of cost. Raj is entitled to a commission of 10% on sales at invoice price and 25% of any excess realised over invoice price. The expenses on freight and insurance incurred by Anand were Rs.12,000. The account sales received by Anand shows that Raj has effected sales amounting to Rs.1,20,000 in respect of 75% of the consignment. His selling expenses to be reimbursed were Rs.9,600. 10% of consignment goods of the value of Rs.15,000 were destroyed in fire at the Pune godown and the insurance company paid Rs.12,000 net of salvage. Raj remitted the balance in favour of Anand.

You are required to prepare Consignment Account and the account of Raj in the books of Anand along with the necessary calculations.

Q.13 (Nov 2020)

(5 Marks)

Maya consigned 400 boxes of shaving brushes, each box containing 100 shaving brushes. Cost price of each box was Rs.3,000. Maya spent Rs.500 per box as cartage, freight, insurance and forwarding charges. One box was lost on the way and Maya lodged claim with insurance company and could get Rs.2,700 as claim on average basis. Consignee took delivery of the rest of the boxes and spent Rs.1,99,500 as non-recurring expenses and Rs.1,12,500 as recurring expenses. He sold 370 boxes at the rate of Rs.65 per shaving brush. He was entitled to 2% commission on sales plus 1% del-credere commission.

You are required to prepare Consignment Account.

Q.14 (Jan 2021)

(10 Marks)

A Products Limited of Kolkata has given the following particulars regarding tea sent on consignment to C Stores of Mumbai:

	Cost price	Selling price	Qty consigned
5 Kg. Tin	Rs.100 each	Rs.150 each	1,000 Tins
10 Kg. Tin	Rs.180 each	Rs.250 each	1,000 Tins

- [i] The consignment was booked on freight "To Pay" basis. The freight was charged @ 5% of selling value.
- [ii] C Stores sold 500, 5 kg. Tins and 800, 10 kg. Tins. It paid insurance of Rs.10,000 and storage charges of Rs.20,000.
- [iii] C Stores is entitled to a fixed commission @ 10% on Sales.
- [iv] During transit 50 quantity of 5 kg. Tin and 20 quantity of 10 kg. Tin got damaged and the transporter paid Rs.5,000 as damage charge.

Prepare the Consignment Account in the books of A Products Limited.

**Q.15 (July 2021)****(10 Marks)**

Max Chemical Works consigned 700 boxes of medicines to Raja Medical Stores at an invoice price of Rs.1,68,000 which was 20% above the actual cost price and paid Rs.14,000 for Insurance and freight. In the course of transit, 50 boxes were lost and the transporter paid Rs.22,000 for the loss. The Consignee took the delivery of the remaining boxes and incurred Rs.9,750 for carriage. The Consignee sold 500 boxes for Rs.1,60,000 and incurred Rs.6,000 for selling expenses. The Consignee is entitled to a commission of 6% on gross sales.

Show the Consignment Account.

Q.16 (June 2022)**(10 Marks)**

M of Mumbai sent on consignment, goods valued Rs.4,00,000 to A of Agra on 1st March, 2020. He incurred the expenditure of Rs.48,000 on freight and insurance. M's accounting year closes on 31st December. A was entitled to a commission of 5% on gross sales plus a del-credere commission of 3%. A took delivery of the consignment by incurring expenses of Rs.12,000 for the goods consigned.

On 31/12/2020, A informed on phone that he had sold all the goods for Rs.6,00,000 by incurring selling expenses of Rs.8,000. He further informed that only Rs.5,92,000 had been realized and rest was considered irrecoverable, and would be sending the cheque in a day or so for the amount due along with the accounts sale.

On 5/1 /2021, M received the cheque for the amount due from A and incurred bank charges of Rs.1,040 for collecting the cheque. The amount was credited by the bank on 9/1/2021.

Write up the consignment account finding out the profit/loss on the consignment and A's account in the books of M.



Unit 4 : Average Due Date

Section 1 : True or False

Q.1 (May 1999) (2 Marks)
Average due date is the median average of several due dates for payments.

Q.2 (May 1999) (2 Marks)
If payment is made on the average due date it results in loss of interest to the creditor.

Q.3 (May 1999) (2 Marks)
In the calculation of average due date, only the due date of the first transaction must be taken, as the base date.

Q.4 (Nov 2003) (2 Marks)
In the calculation of average due date, only the due date of the first transaction must be taken as the base date.

Section 2 : Descriptive Questions

Q.1 (May 2014) (4 Marks)
Answer the following:
Define Average Due Date. List out the various instances when Average Due Date can be used.

Section 3 : Practical Questions

Q.1 (Nov 1996) (5 Marks)
Hari owes Ram Rs.2,000 on 1st April, 1996. From 1st April, 1996 to 30th June, 1996 the following further transactions took place between Hari and Ram:

- April 10 Hari buys goods from Ram for Rs.5,000.
- May 16 Hari receives cash loan of Rs.10,000 from Ram.
- June 9 Hari buys goods from Ram for Rs.3,000.

Hari pays the whole amount, together with interest @ 15% per annum, to Ram on 30th June, 1996. Calculate the interest payable on 30th June, 1996 by the Average due-date method.

Q.2 (Nov 1997) (10 Marks)
Calculate Average Due Date from the following information:

Date of the bill	Term	Amount
August 10, 1996	3 Months	6,000
October 23, 1996	60 Days	5,000
December 4, 1996	2 Months	4,000
January 14, 1997	60 Days	2,000
March 8, 1997	2 Months	3,000



Q.3 (Nov 2000)

(6 Marks)

E owes to F the following amounts:

- [i] Rs.5,000 due on 10th March, 1999
- [ii] Rs.18,000 due on 2nd April, 1999
- [iii] Rs.60,000 due on 30th April, 1999
- [iv] Rs.2,000 due on 10th June, 1999.

He desires to make full payment on 30th June, 1999 with interest at 10% per annum from the average due date. Find out the average due date and the amount of interest.

Q.4 (Nov 2002)

(7 Marks)

Calculate average due date from the following information's:

Date of the bill	Term	Amount
1st March, 2002	2 months	4,000
10th March, 2002	3 months	3,000
5th April, 2002	2 months	2,000
20th April, 2002	1 months	3,750
10th May. 2002	2 months	5,000

Q.5 (Nov 2004)

(6 Marks)

Calculate average due date from the following information's:

Date of the bill	Term	Amount
16 August, 03	3 months	3,000
20 October, 03	60 days	2,500
14 December, 03	2 months	2,000
24 January, 04	60 days	1,000
06 March, 04	2 months	1,500

Q.6 (May 2012)

(4 Marks)

Answer the following:

M/s. Stairs & Co. draw upon M/s Marble & Co. several bills of exchange due for payment on different dates as under:

Date of the bill	Amount	Tenure of Bill
12th May	44,000	3 months
10th June	45,000	4 months
1st July	14,000	1 month
19th July	17,000	2 months

Find out the average due date on which payment may be made in one single amount by M/s Marble & Co. to M/s Stairs & Co. 15th August, independence Day, is national holiday and 22nd September declared emergency holiday, due to death of a national leader.



Q.7 (Nov 2012)

(4 Marks)

Answer the following:

(a) T owes to K the following amounts:

Rs.7,000 due on 15th March, 2012

Rs.12,000 due on 5th April, 2012

Rs.30,000 due on 25th April, 2012

Rs.20,000 due on 11th June, 2012

He desires to make the full payment on 30th June, 2012 along with interest @ 10% per annum from the average due date. Find out the average due date and the amount of interest. Amount of interest may be rounded off to the nearest rupee.

Q.8 (Nov 2013)

(4 Marks)

Answer the following;

The following transactions look place between Thick and Thin. They desire to settle their account on average due date.

	Rs.
Purchases by Thick from Thin	
9th July, 2013	7,200
14th August, 2013	12,200
Sales by Thick to Thin	
15th July, 2013	18,000
31st August, 2013	16,500

Calculate Average Due Date and the amount to be paid or received by Thick.

Q.9 (Nov 2014)

(4 Marks)

Answer the following:

Kishanlal has made the following sales to Babulal. He allows a credit period of 10 days beyond which he charges interest @ 12% per annum.

	Rs.
26-05-14	12,000
18-07-14	18,000
02-08-14	16,500
28-08-14	9,500
09-09-14	15,500
17-09-14	13,500

Babulal wants to settle his accounts on 30-09-2014. Calculate the interest payable by him using Average Due Date (ADD). If Babulal wants to save interest of Rs.588, how many days before 30.09.2014 does he have to make payment? Also find the payment date in this case.



Q.10 (May 2015)

(4 Marks)

Answer the following:

From the following details, find out the average due date:

Date of the bill	Amount	Usance of bill
29th January 2014	10,000	1 month
20th March 2014	8,000	2 months
12th July 2014	14,000	1 month
10th August 2014	12,000	2 months

Q.11 (Nov 2015)

(4 Marks)

Attempt the following:

Anand purchased goods from Amirtha, the average due date for payment in cash is 10.08.2015 and the total amount due is Rs.67,500. How much amount should be paid by Anand to Amirtha, if total payment is made on following dates and interest is to be considered at the rate of 12% p.a.

- (i) On average due date.
- (ii) On 25th August, 2015.
- (iii) On 30th July, 2015.

Q.12 (May 2016)

(4 Marks)

Answer the following:

X owes Y the following sums of money due on the dates stated:

- Rs.400 due on 5th January, 2016
- Rs.200 due on 20th January, 2016
- Rs.800 due on 4th February, 2016
- Rs.100 due on 26th February, 2016
- Rs.50 due on 10th March, 2016

Calculate such a date when payment may be made by X in one instalment resulting in no loss of interest to either party. Assume base date as 5th January, 2016.

Q.13 (Nov 2016)

(4 Marks)

Answer the following:

A merchant trader having accepted the following several bills falling due on different dates, now desires to have these bills cancelled and to accept a new bill for the whole amount payable on the average due date:

SI. No.	Date of Bills	Amount (Rs.)	Usance of the bill
1	1st May, 2016	500	2 months
2	10th May, 2016	300	3 months
3	5th June, 2016	400	2 months
4	20th June, 2016	375	1 month
5	10th July, 2016	500	2 months

You are required to find the said average due date.

Any fraction of a day arising from the calculation to be considered as full day



Q.14 (May 2017)

(4 Marks)

Mr. Praveen buys goods on Credit on following dates. 10 days credit is allowed to him after which interest @ 8% p.a. is charged by supplier.

SI. No.	Date of Bills	Amount (Rs.)
(1)	30th July	12,000
(2)	12th August	25,000
(3)	27th July	18,000
(4)	10th September	7,000
(5)	12th September	21,000

It was agreed to be settled on 30th September. Compute interest payable by him using average due date method. Due Date of earliest purchase shall be taken as base date, (one year = 365 days) Any fraction of a day arising from the calculation to be considered as full day.

Q.15 (May 2018)

(5 Marks)

Mr. Alok owes Mr. Chirag Rs.650 on 1st January 2018. From January to March, the following further transactions took place between Alok and Chirag:

		Rs.
January 15	Alok buys goods	1,200
February 10	Alok buys goods	850
March 7	Alok receives Cash loan	1,500

Alok pays the whole amount on 31st March, 2018 together with interest @6% per annum. Calculate the interest by average due date method.

Q.16 (Nov 2018)

(5 Marks)

Karan purchased goods from Arjun, the average due date for payment in cash is 10.08.2018 and the total amount due is Rs.1,75,800. How much amount should be paid by Karan to Arjun, if total payment is made on following dates and interest is to be considered at the rate of 15% p.a.

- (i) On average due date
- (ii) On 28th August, 2018
- (iii) On 29th July, 2018.

Q.17 (June 2019)

(5 Marks)

Attempt the following:

Two Traders Yogesh and Yusuf buy goods from one another, each allowing the others, one month's credit. At the end of 3 months the accounts rendered are as follows:

Goods sold by Yogesh to Yusuf (Rs.)		Goods sold by Yusuf to Yogesh (Rs.)	
April 18	12,000	April 23	10,600
May 15	14,000	May 24	10,000
June 16	16,000		

Calculate the date upon which the balance should be paid so that no interest is due either to Yogesh or Yusuf.



Q.18 (Nov 2019)

(5 Marks)

Attempt the following:

The following amounts are due to X by Y.Y wants to pay on 10th July '2019. Interest rate of 9% p.a. is taken into consideration.

Date of Bills	Amount (Rs.)
10th January	750
26th January (Republic Day)	1,200
23rd March	3,300
18th August (Sunday)	4,100

Determine average due date and the amount to be paid on 10m July 2019. Assume 10th January as base date.

Q.19 (Nov 2020)

(5 Marks)

Attempt the following:

Rakesh had the following bills receivable and bills payable against Mukesh.

Date	Bills Receivable	Tenure	Date	Bills Payable	Tenure
1st June	3,400	3 month	29th May	2,500	2 month
5th June	2,900	3 month	3rd June	3,400	3 month
9th June	5,800	1 month	9th June	5,700	1 month
12th June	1,700	2 month			
20th June	1,900	3 month			

15th August was a public holiday. However, 6th September, was also declared a sudden holiday. Calculate the average due date, when the payment can be received or made without any loss of interest to either party.

Q.20 (Jan 2021)

(5 Marks)

Attempt the following:

Mahesh had the following bill receivables and bills payables against Rajesh. Calculate the average due date, when the payment can be received or made without any loss of interest.

Date	Bills Receivable	Tenure	Date	Bills Payable	Tenure
12-06-20	5,000	3 months	27-05-20	3,700	3 months
10-07-20	6,200	1 month	07-06-20	4,000	3 months
15-07-20	3,500	3 months	10-07-20	5,000	1 month
12-06-20	1,500	2 months			
28-06-20	2,500	2 months			

15th August, 2020 was Public holiday. However, 10th September, 2020 was also suddenly declared as holiday.



Q.21 (July 2021)

(5 Marks)

Ramesh lent Rs.1,50,000 to Deepak on 1st January, 2016 at the rate of 12% per annum. The loan is repayable as under:

- [i] Rs.10,000 on 1st January, 2017
- [ii] Rs.20,000 on 1st January, 2018
- [iii] Rs.30,000 on 1st January, 2019
- [iv] Rs.40,000 on 1st January, 2020
- [v] Rs.50,000 on 1st January, 2021

You are required to determine the average due date for settling all the above installments by a single payment and compute interest.

Q.22 (Dec 2021)

(5 Marks)

Mr. Grow and Mr. Green had the following mutual dealings. They desired to settle their account on the average due date:

	Rs.
Purchases by Grow from Green:	
6th January, 2021	60,000
2nd February, 2021	28,000
31st March, 2021	20,000
Sales by Grow to Green:	
6th January, 2021	66,000
9th March, 2021	24,000
20th March, 2021	5,000

You are asked to ascertain the average due date taking base date as 6th January 2021.



Unit 5 : Account Current

Section 1 : True or False

- Q.1 (Nov 1999) (2 Marks)**
The interest charged by Banker to Customer on Overdrawn account is called Red ink interest.
- Q.2 (May 2003) (2 Marks)**
In Account Current, Red Ink Interest is treated as negative interest.
- Q.3 (May 2018) (2 Marks)**
There are two ways of preparing an account current.
- Q.4 (June 2019) (2 Marks)**
In case the due date of a bill falls after the date of closing the account, the interest from the date of closing to such due date is known as Red-Ink interest.
- Q.5 (Jan 2021) (2 Marks)**
There are two ways of preparing an account current.

Section 2 : Short Notes

- Q.1 (Nov 2005) (5 Marks)**
Write short note on the following:
Account Current.

Section 3 : Practical Questions

- Q.1 (May 2005) (8 Marks)**
Mr. A owed Rs.4,000 on 1st January, 2004 to Mr. X. The following transactions took place between them. It is agreed between the parties that interest @10% p.a. is to be calculated on all transactions.

	Rs.
15 January, 2004 Mr. X sold goods to Mr. A	2,230
29 January, 2004 Mr. X bought goods from Mr. A	1,200
10 February, 2004 Mr. A paid cash to Mr. X	1,000
13 March, 2004 Mr. A accepted a bill drawn by Mr. X for one Month	2,000

They agree to settle their complete accounts by one single payment on 15th March, 2004. Prepare Mr. A in Account Current with Mr. X and ascertain the amount to be paid. Ignore days of grace. (8 marks)



Q.2 (May 2018)

(5 Marks)

From the following prepare an account current, as sent by Avinash to Bhuvanesh on 31st March, 2018 by means of products method charging interest @ 5% per annum:

Date	Particulars	Amount (Rs.)
2018 January 1	Balance due from Bhuvanesh	1,800
January 10	Sold goods to Bhuvanesh	1,500
January 15	Bhuvanesh returned goods	650
February 12	Bhuvanesh paid by cheque	1,000
February 20	Bhuvanesh accepted a bill drawn by Avinash for one month	1,500
March 11	Sold goods to Bhuvanesh	720
March 14	Received cash from Bhuvanesh	800

Q.3 (Nov 2018)

(5 Marks)

Attempt the following;

From the following particulars prepare an account current, as sent by Mr. AB to Mr. XY as on 31st October, 2018 by means of product method charging interest @ 5% p.a.

Date	Particulars	Amount (Rs.)
15th July	Balance due from XY	1,500
20th August	Sold goods to XY	2,500
28th August	Goods returned by XY	400
25th September	XY paid by cheque	1,600
20th October	Received cash from XY	1,000

Q.4 (Nov 2019)

(5 Marks)

Attempt the following:

Ramesh has a Current Account with Partnership firm. He had a debit balance of Rs.85,000 as on 01-07-2018. He has further deposited the following amounts:

Date	Amount (Rs.)
14-07-2018	1,23,000
18-08-2018	21,000

He withdrew the following amounts:

Date	Amount (Rs.)
29.07-2018	92,000
09-09-2018	11,500

Show Ramesh's A/c in the books of the firm. Interest is to be calculated at 10% on debit balance and 8% on credit balance. You are required to prepare current account as on 30th September, 2018 by means of product of balances method.



Q.5 (Nov 2020)

(5 Marks)

Attempt the following:

From the following particulars prepare a account current, as sent by Mr. Raju to Mr. Sunil as on 31st October 2020 by means of product method charging interest @ 12% p.a.

Date	Particulars	Amount (Rs.)
1 st July	Balance due from Sunil	840
15 th August	Sold goods to Sunil	1,310
20 th August	Goods returned by Sunil	240
22 nd September	Sunil paid by cheque	830
15 th October	Received cash from Sunil	560

Q.6 (Jan 2021)

(5 Marks)

From the following particulars prepare an account current, as sent by Mr. Amit to Mr. Piyush as on 31st December, 2020 by means of product method charging interest @ 8% p.a.

Date	Particulars	Amount (Rs.)
01-09-2020	Balance due from Piyush	900
15-10-2020	Sold goods to Piyush	1,450
20-10-2020	Goods returned by Piyush	250
22-11-2020	Piyush paid by Cheque	1,200
15-12-2020	Received cash from Piyush	600

Q.7 (Dec 2021)

(5 Marks)

Attempt of the following two sub-parts i.e, either: (i) From the following details, prepare an account current, as sent by A to B on 30th June, 2021 by means of product method charging interest @ 6%p.a.;

Date 2021	Particulars	Amount (Rs.)
January 1	Balance due from B	600
January 11	Sold goods to B	520
January 18	B returned goods	125
February 11	B paid by cheque	400
February 14	B accepted a bill drawn by A for one month	300
April 29	Goods sold to B	615
May 15	Received cash from B	700



Q.8 (June 2022)

(5 Marks)

Attempt the following:

(i) The following particulars are sent by Mr. A to Mr. K:

Date 2021	Particulars	Amount (Rs.)
15/7/2021	Balance due from Mr. K	6,000
20/8/2021	Sold goods to Mr. K	10,000
25/8/2021	Goods returned by Mr. K	1,600
15/9/2021	Cheque paid by Mr. K	6,400
20/10/2021	Cash received from Mr. K	4,000

Prepare an Account Current as sent by Mr. A to Mr. K as on 31st October, 2021 by means of product method charging interest @ 8% per annum. Round off the amounts to the nearest rupee.

CA SANKET SHAH