

27.7.20

Specialised Accounts
B. Com Part II

Chapter Banking Company

Rebate on Bills Discounted

Exercise - ① S.K. Singh.

Numerical

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R.N.C. Haldipur.

Question.

Following Balances appeared in the
book of a Bank on 31 March 2016

Rebate on Bills Discounted
1.4.2015 - 32000

Discount Received - 46000

Bills Discounted and
Purchased 31,54,700

Journalise the following entry

Assuming that

① The Rate of Discounting was
16% P.A. and

② Average due date for Bills
Discounted and Purchased was 15 May
2016 - The unexpired discount being
Rs. 70000

Ans.

Journal Entries

Date	Particulars	L.F.	Dr Amount	Cr Amount
1.4.2015 to 31.3.2016	Bills Discounted and purchased (Being discount received on Bills Discounted) To Interest and Discount a/c		4,6000	4,6000
31.3.16	Interest & Discount a/c Dr To Rebate on Bills Discounted. (Being provision for unexpired discount)		70,000	70,000
31.3.16	Interest & Discount a/c Dr To P&L a/c (Being transfer net discount to Profit & Loss a/c)		42,2000	42,2000
31.3.16	Rebate on Bills Discount a/c Dr To Interest & Discount a/c (Being rebate carried forward from previous year credited to Interest & Discount a/c)		32,000	32,000