

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 23.11.2020

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## Issue and Redemption of Debentures

### Illustration 7

Rai Company purchased assets of the book value of Rs. 2,20,000 from another company and agreed to make the payment of purchase consideration by issuing 2,000, 10% debentures of Rs. 100 each at a premium of 10%.

Record necessary journal entries.

### Solution

#### Books of Rai Company Limited Journal

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
	Sundry Assets A/c Dr. To Vendors (Assets purchased from vendors)		2,20,000	2,20,000
	Vendors Dr. To 10% Debentures A/c To Securities Premium A/c (Allotment of 2,000 debentures of Rs. 100 each at a premium of 10% as purchase consideration)		2,20,000	2,00,000 20,000