

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 11.11.2020

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Issue and Redemption of Debentures

Illustration 1

ABC Ltd. issues Rs.10,000, 12% debentures of Rs.100 each payable Rs.30 on application and remaining amount on allotment. The public applied for 9,000 debentures which were fully allotted, and all the relevant allotment money duly received. Give journal entries in the books of ABC Ltd., and show the portion of the balance sheet.

Solution

Books of ABC Limited Journal

| Date | Particulars | L.F. | Debit Amount (Rs.) | Credit Amount (Rs.) |
|------|--|------|--------------------|---------------------|
| | Bank A/c Dr. To 12% Debenture Application A/c (Application money on 9,000 debentures received) | | 2,70,000 | 2,70,000 |
| | 12% Debenture Application A/c Dr. To 12% Debentures A/c (Application money transferred to debentures Account on allotment) | | 2,70,000 | 2,70,000 |
| | 12% Debenture Allotment A/c Dr. To 12% Debentures A/c (Amount due on 9,000 debentures on allotment @ Rs.70 per debenture) | | 6,30,000 | 6,30,000 |
| | Bank A/c Dr. To 12% Debenture Allotment A/c (Amount received on allotment) | | 6,30,000 | 6,30,000 |

Balance Sheet of ABC Limited as on —

| Liabilities | Amount (Rs.) | Assets | Amount (Rs.) |
|----------------|--------------|--------------|--------------|
| 12% Debentures | 10,00,000 | Cash at bank | 10,00,000 |

*Relevant data only.