

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 12.11.2020

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Issue and Redemption of Debentures

Illustration 2

TV Components Ltd. issued 10,000, 12% debentures of Rs.100 each at a discount of 5% payable as follows:

On application Rs.40

On allotment Rs.55

Show the journal entries including these for cash, assuming that all the instalments were duly collected. Also show the relevant portion of the balance sheet.

Solution

Books of TV Components Ltd. Journal

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
	Bank A/c Dr. To 12% Debenture Application A/c (Receipt of application money @ Rs. 30 per debenture)		4,00,000	4,00,000
	12% Debenture Application A/c Dr. To 12% Debenture A/c (Transfer of application money to debenture account)		4,00,000	4,00,000
	12% Debenture Allotment A/c Dr. Discount on Issue of Debentures A/c To 12% Debenture A/c (Allotment money due on debentures)		5,50,000 50,000	6,00,000
	Bank A/c Dr. To 12% Debenture Allotment A/c (Receipt of allotment money on debentures)		5,50,000	5,50,000

Balance Sheet of TV Component Ltd. as on —

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
<i>Secured Loans:</i> 12% Debentures	10,00,000	Cash at bank <i>Miscellaneous Expenditure:</i> Discount on issue of debentures	9,50,000 50,000

* Relevant data only.