

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 16.11.2020

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Issue and Redemption of Debentures

Illustration 4

A Ltd. issued 5,000, 10% debentures of Rs.100 each, at a premium of Rs.10 per debenture payable as follows:

On application	Rs.25
On allotment	Rs.45 (including premium)
On first and final call	Rs.40

The debentures were fully subscribed and all money was duly received. Record the necessary entries in the books of the company. Show how the amounts will appear in balance sheet.

Solution

Books of A Limited Journal

Date	Particulars	L.F.	Debit Amount (Rs.)	Credit Amount (Rs.)
	Bank A/c Dr. To 10% Debenture Application A/c (Application money on 10% debentures received)		1,25,000	1,25,000
	10% Debenture Application A/c Dr. To 10% Debentures A/c (Transfer of application money on allotment)		1,25,000	1,25,000
	10% Debenture Allotment A/c Dr. To 10% Debentures A/c To Securities Premium A/c (Allotment money of due on debentures including the premium)		2,25,000	1,75,000 50,000
	Bank A/c Dr. To 10% Debenture Allotment A/c (Allotment money received)		2,25,000	2,25,000

10% Debenture First & Final Call A/c	Dr.	2,00,000	
To 10% Debentures A/c			2,00,000
(First and final call money due on debentures)			
Bank A/c	Dr.	2,00,000	
To 10% Debenture A/c			2,00,000
(First and final call money received)			

Balance Sheet of A Limited as on ———

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
<u>Reserves and Surplus:</u>		Cash at bank	5,50,000
Securities premium	50,000		
<u>Secured Loans :</u>			
10% Debentures	5,00,000		
	5,50,000		5,50,000

* Relevant data only.