

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 06.01.2021

Teacher name – Ajay Kumar Sharma

Issue and Redemption of Debentures (H.W)

Question 3: A.Ltd. issued 10,000, 10% Debentures of Rs 100 each at a premium of 5% payable as follows: Rs 10 on Application; Rs 20 along with premium on allotment and balance on First and Final call. Record necessary Journal Entries.

ANSWER:

Books of A. Ltd.

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To 10% Debentures Application A/c (Application money received for 10,000, 10% Debenture Application @ Rs 10 each)		1,00,000	1,00,000
	10% Debentures Application A/c Dr. To 10% Debenture A/c (Application money @ Rs 10 each transferred to 10% Debenture Account)		1,00,000	1,00,000
	10% Debenture Allotment A/c Dr. To 10% Debentures A/c To Securities Premium A/c (Allotment due @ Rs 25 each including premium Rs 5 on 10,000, 10% Debentures)		2,50,000	2,00,000 50,000
	Bank A/c Dr. To 10% Debenture Allotment A/c (Allotment money received on allotment @ Rs 25 each for		2,50,000	2,50,000

10,000 10% Debentures)			
10% Debenture First and Final Call A/c To 10% Debenture A/c (First and Final Call @ Rs 70 each on 10,000 10% Debentures due)	Dr.	7,00,000	7,00,000
Bank A/c To 10% Debenture First and Final Call A/c (Debenture First and Final Call received @ Rs 70 each for 10,000 10% Debentures)	Dr.	7,00,000	7,00,000

Question 4:

A. Ltd. issued 90,00,000, 9% Debenture of Rs 50 each at a discount of 8%, redeemable at par any time after 9 years. Record necessary entries in the books of A. Ltd.

ANSWER:

Books of A. Ltd.

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Discount on Issue of Debenture A/c To 9% Debenture A/c (Money received for 90,00,000 9% Debentures @ Rs 50 each at discount of 8%)	Dr. Dr.	41,40,00,000 3,60,00,000	45,00,00,000

Alternative Method:

Bank A/c To 9% Debentures Application A/c (Debenture Application money received @ Rs 46 each on 90,00,000 9% Debentures)	Dr.	41,40,00,000	41,40,00,000
9% Debentures Application A/c Discount on issue of Debentures A/c To 9% Debenture A/c (9% Debentures application money transferred to 9% Debenture Account)	Dr. Dr.	41,40,00,000 3,60,00,000	4,50,00,000
