



ACCOUNTS

NCERT - NCERT ACCOUNTS(HINGLISH)

ISSUE AND REDEMPTION OF DEBENTURES

Illustration

1. ABC Limited issued Rs 10,000 12% debentures of Rs 100 each payable Rs 30 on

application and remaining amount on allotment. The public applied for 9000 debentures which were fully allotted and all the relevant allotment money was duly received. Give journal entries in the books of ABC Ltd., and exhibit the relevant information in the balance sheet.



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2. T.V Components Ltd., issued 10,000, 12% debentures of Rs each at a discount of 5%

payable as follows:

on application Rs40

on allotment

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



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3. The debentures were fully subscribed and all money was duly received Record the journal

entries in the books of a company .Show how the amounts will appear in the balance sheet.



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4. A Limited issued 5000, 10% debentures of Rs 100 each at a premium of Rs 10 per debentures payable as follows:

On application Rs25

On allotment Rs 45 (including premium)

On first and final call Rs 40

The debenturs were fully subscribed and all

money was duly received Record the necessary entries in thge books of the company.Show how the amounts will appear in the balance sheet.



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5. X Limited Issued 10,000 , 12% debentures of Rs 100 each payable Rs 40 on appication and Rs 60 on allotment. The public applied for 14000 debenturs. Application for 9000,debentrues were accepted in full,

applications for 2000 debentures were allotted 1000 debentures and the remaining applications, were rejected. All money was duly received. Journalise the transactions



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6. Aashirward Company Limited purchased assets of the book value of Rs 2,00,000 From another company and agreed to make the payment of purchase consideration by issuing

2,000, 10% debentures of Rs 100 each.

Record the necessary journal entries.



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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, 105 debentures of Rs100 each at premium of 10%

Record necessary jornal entries



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8. National Packaging company purchased assets of the value of Rs 1,90,000 from another company and agreed to make the payment of purchase consideration by issuing 2000, 10% debentures of Rs 100 each at discount of 5%

Record necessary journal entries



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9. G.S Rai company purchased assets of the book value of Rs 99,000 from another firm .It

was agreed that purchase consideration be paid by issuing 11% debentures of Rs 100 each

.Assume debentures have been issued

1. At par

2. At discount of 10% and

3. At a premium, of 10%

Record necessary journal entries



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10. Romi Ltd acquired assets of Rs 20 lakh and took over creditors of Rs 2 lakh from Kapil

Enterprises. Romi Lktd. Issued 8% debentures of Rs 100 each at par as purchase consideration. Record necessary journal entries in the books of Romi Ltd.



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11. Blue prints Ltd., purchased building worth Rs 150,000 machinery worth Rs 140,000 and furniture worth Rs 10,000 from XYZ Co., and took over its liabilities of Rs 20,000 for a purchase consideration of Rs 315,000. Blue

prints Ltd., paid the purchase consideration by issuing 12% debentures of Rs 100 each at premium of 5% Record necessary journal entries.



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12. A Limited took over the assets of Rs 300000 and liabilities of Rs 10000 from B & Co Ltd. For an agreed purchase consideration of Rs 270000 to be satisfied by issue of 15%

debentures of Rs 10 at 20% premium. Show the journal entries in the journal of A Limited.



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13. Suvidha Ltd purchased machinery worth Rs 198000 from suppliers Ltd. The payment was made by issue of 12% debentures of Rs 100 each.

Pass the necessary journal entries for the purchase of machinery and issue of debentures when:

(i) Debentures are issued at par,

(ii) Debentures are issued at 10% discount,

and

(iii) Debentures are issued at 10% premium



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14. A company took loan of Rs 1000000 from Punjab National Bank and issued 10% debentures of Rs 1200000 of Rs 100 each as a collateral security .Explain how you will deal

with the issue of debentures in the book of the company.



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15. Give Journal entries for the following:

1. Issued of Rs 100,000 , 9% debentures of Rs 100 each at par and redeemable at par.
2. Issue of Rs 100000,9% debentures of Rs 100 each at premium of 5% but redeemable at par.
- 3 Issue of Rs 1,00,000 , 9% debentures of Rs 100 each at discount of 5% repayable at par.

4 Issue of Rs 1,00,0000 , 9% debentures of Rs 100 each at par but repayable at a premium of 5%.

5. Issue of Rs 1000000 , 9% debentures of Rs 100 each at discount of 5% but redeemable at premium of 5%.

6. Issue of Rs 100000 , 9% debentures of Rs 100 each at premium of 5% and redeemable at premium of 5%.



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16. You are required to pass the journal entries relating to the issue of the debentures in the books of X Ltd., and show how they would appear in its balance sheet under the following cases :

(a) 120,8% debentures of Rs 1000 each are issued at 5% discount and repayable at par.

(b) 150,7% debentures of Rs 1000 each are issued at 5% discount and repayable at premium of 10%

(c) 80,9% debentures of Rs 1000 each are issued at 5% premium

(d)Another 400 ,8% debentures o fRs 100 each are issued as collateral security against a loan of Rs 40000.



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17. A Ltd issued 2000 , 10% debentures of Rs 100 each on April 01,2016 at a discount of 10% redeemable at a premium of 10% .

Give journal entries relating to the issue of debentures and debenture interest for the period ending March 31, 2017 assuming that

interest was paid half yearly on September 30 and March 31 and tax deducted at source is 10%



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18. A Ltd. Company has issued Rs 100,000, 9% debentures at a discount of 6%. These debentures are to be redeemed equally spread over 5 annual instalments. Show Discount on issue of debentures account for five years



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