



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

WRITING OFF DISCOUNT/LOSS ON ISSUE OF DEBENTURES

Illustration 1

1. On 1-4-2017, Fast Computer Ltd. Issued 20,000, 6% debentures of Rs. 100 each at a discount of

4% redeemable at a premium of 5% after three years. The amount was payable as follows :

On application Rs. 50 per debenture.

Balance on allotment.

Pass the journal entries for issue of debentures .



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Illustration 2

1. Sh. Ganesh Ltd. Issued on 1 st April, 2018, 10,000, 8% Debntures of Rs. 100 each at 6% discount redeemable after five years at a

premium of Rs. 10. All the debentures were subscribed. During the year ended 31 st March, 2019, the company incurred a loss of Rs. 50,000. It has balance of Rs.1,20,000 in Securities Premium Reserve.

Pass the Journal entries for issue of debentures and writing off Loss on Issue of Debentures.



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Illustration 3

1. On 1 st April, 2016, Alok Ltd. Issued 7,000, 10% Debentures of Rs. 500 each at a premium of 5% and redeemable at a premium of 10% after 5 years. According to the terms of issue, Rs.200 was payable on application and balance on allotment. Record necessary entries regarding issue of debentures and writing off loss on issue of debentures.



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Illustration 4

1. On 1st April, 2016, Sunster Ltd. Issued 10,000, 12% Debentures of ₹ 100 each at a discount of 5% redeemable at par as follows:

On 31st March, 2017	2,000 Debentures,
On 31st March, 2018	5,000 Debentures,
On 31st March, 2019	3,000 Debentures,

Interest is paid annully on 31st March .

You are required to pass the Journal entries, including for interest for the three years and prepare Discount on Issue of Debentures Account.



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