



INDIAN SCHOOL MUSCAT
Senior Section
Department of Commerce and Humanities

Class : XII

Practice Worksheet-No 7 :
ACCOUNTING FOR DEBENTURES

Date of Issue :
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ACCOUNTANCY (055)

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- 1)What do you meant by Debentures?
- 2)Write any four types of debentures
- 3)What is debenture Trust Deed?
- 4)What is meant by convertible debentures?
- 5)Why is premium on the issue of debentures considered as a capital profit?
- 6)Explain deep discount Bond
- 7)Differentiate between shareholders and debenture holder,
- 8)What is the nature of interest on debentures?
- 9)State in brief, the SEBI Guidelines regarding Debenture Redemption Reserve.
- 10) Name the head under which discount on issue of debentures appears in the Balance Sheet of a Company.
- 11) What are the exceptions for creating debenture Redemption Reserve?
- 12) What do you mean by debentures issued as collateral security?
- 13) A Ltd issued 5,000 13% debentures of ₹100 each at par and raised a loan of ₹ 80, 000 from Bank. Collaterally secured by ₹ 100,000 13% debentures. How will You show the debenture in the Balance Sheet of the Company assuming that thecompany has recorded the issue of Debentures as collateral security in the books.
- 14)Ashoka Ltd. had ₹ 5, 00,000 12% debentures outstanding as on 1st Jan, 2003. During the year company took a loan of ₹ 3, 00,000 from Bank of Punjab for which the company placed with the bank debentures of ₹ 3, 60,000 as collateral security. Pass journal entries and also show how the debentures and bank loan will appear in the balance sheet.

15) XYZ Co. Ltd., issued 10000 10% debentures of ₹100 each at a premium of ₹ 5 follows payable as On application ₹40, on Allotment ₹65 (including premium) All the debentures were subscribed and money was received, pass necessary journal entries to record the issue of debentures

16) Pass Journal Entries to record the Issue of Debentures

1)5000 15% debenture of ₹100 each issued at Discount of 5% and redeemable at premium at 5% after 5 years

2)10000 15% debenture of ₹100 each issued at a premium of 10% and redeemable at par after 6 year

17)Journalise the following transactions:

- (a) 10 debentures issued at ₹ 100 repayable at ₹ 100.
- (b) 10 debentures issued at ₹ 95, repayable at ₹ 100
- (c) 10 debentures issued at ₹ 105 , repayable at ₹ 100
- (d) 10 debentures issued at ₹ 100, payable at ₹ 105.
- (e) 10 debentures issued at ₹ 95, Repayable at ₹ 105.

18)A building has been purchased for ₹1,10,000 from X Ltd. X Ltd., has been issued 12% debentures in purchase consideration at a premium of 10% Journalise the above transaction.

19)Raghav Limited purchased a running business from Krishna traders for a sum of ₹ 15,00,000 payable ₹ 3,00,000 by cheque and for the balance issued 9% debentures of ₹ 100 each at par.

The assets and liabilities consisted of the following:

Plant and Machinery	4, 00,000
Building	6, 00,000
Stock	5, 00,000
Debtors	3, 00,000
Creditors	2, 00,000

20.Nirbaya chemical issued ₹ 1000000 6% debentures of ₹ 50 each at a premium of 8%. On 30.6.2017 redeemable on 30.6.2018. The issue was fully subscribed. Pass journal entries for issue and redemption of debentures. How much amount

should be transferred to DRR before redemption? Also state how much amount should be invested in specific securities?

21. Manish Ltd. ₹4000000 8% debenture of ₹100 each on 1st April 2016 . The terms of issue state that the debentures are to be redeemed at a premium of 5% on 30th June 2018 . The company decided to transfer ₹ 1000000 out of profit to debenture redemption reserve on 31st March 2017 and ₹ 1000000 on 31st March 2018 . Pass journal entries regarding the issue and redemption of debenture DRR and investment without providing for the interest or loss on issue of debenture.
