



INDIAN SCHOOL MUSCAT

Senior Section

Department of Commerce and Humanities

Class : XII

Worksheet-No 10

Reference:

CH- 10: MCQs ISSUE OF DEBENTURES

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Date of issue :
December
2020

ACCOUNTANCY (055)

Date of
submission
-----2020



Time Allowed: 25 minutes

A. Choose the correct alternative for the following:

1. Debentures which are transferable by mere delivery are
 - a. Registered debentures
 - b. Fi \bar{r} t debentures
 - c. Bearer debentures
 - d. Second debentures.
2. When debentures are issued at par and redeemable and premium the loss on such an issue is debited to:
 - a. Profit and loss account
 - b. Debenture application and allotment account
 - c. Loss on issue of debentures account
 - d. Discount on issue of debentures account.
3. Excess value of net assets over purchase consideration at the time of purchase of business is credited to:
 - a. General reserve
 - b. Capital reserve
 - c. Vendor's account
 - d. Goodwill account.
4. When debentures are issued at discount and redeemable at a premium which one of the following account is debited at the time of issue ?
 - a. Debentures account
 - b. Premium on redemption of debentures account
 - c. Loss on issue of debentures account
 - d. None of these.

5. ABC took over the assets of ₹ 7,60,000 and liabilities of ₹ 80,000 of Y limited for purchase consideration of ₹ 5,85,000 payable by the issue of 12% debentures of ₹ 100 each at a discount of 10%. The number of debentures to be issued is:
- 6600
 - 6500
 - 4500
 - 5400.
6. XYZ limited issued 4000,12% debentures of ₹ 100 each at a premium of 5% .The total amount of interest for one year will be:
- 48,000
 - 58,000
 - 50,000
 - 50,400.
7. ABC limited issues 10,000 9% debentures of 100 each at a premium of 5% payable at a premium of 10%, the loss on issue of debentures account will be debited to by:
- ₹ 10,00,000
 - ₹ 1,00,000
 - ₹ 10,50,000
 - ₹ 1,05,000
8. Premium received on issue of debentures may be utilised for writing off:
- Premium allowed on redemption of debentures
 - Writing off preliminary expenses
 - Writing off discount allowed on issue of shares
 - All of the above.
9. A company can issue debentures
- For cash
 - As a collateral security
 - For consideration other than cash
 - Any of the above.
- 10.What is the nature of premium on redemption of debenture account
- Real account
 - Nominal account
 - Personal account
 - None of the above.
- 11.When the number of debentures applied is less than number of debentures offered to public the issue is said to be :
- Oversubscribed
 - Under subscribe
 - Fully subscribed
 - None of the above.
- 12.Maximum limit on premium on issue of debentures is
- 10%
 - 20%

- c. 15%
- d. No limit.

13. Debentures that do not carry any charge or security on assets of the company are known as:

- a. Secured debentures
- b. Unsecured debentures
- c. Convertible debentures
- d. Registered debentures.

14. Debenture is:

- a. Written instrument acknowledging a debt written by its holder.
- b. An oral acknowledgement of debt by a company
- c. A written instrument acknowledging a debt written by its company
- d. None of these.

15. Interest on debenture is calculated on:

- a. its face value
- b. its issue price
- c. its book value
- d. its cost price.

16. Debentures issued as collateral security will be _____ to debenture suspense account:

- a. Debited
- b. Credited
- c. Sometimes debited and sometimes credited
- d. None of these.

17. Collateral security means _____ security:

- a. Primary
- b. Secondary
- c. Government
- d. Valuable.

18. 10% debenture issued at ₹ 105 is repayable at ₹ 110, the face value of debenture being ₹ 100. Calculate the amount of loss on redemption of debentures:

- a. 10
- b. 5
- c. 15
- d. 25.

19. A Ltd took over the assets of ₹ 6,60,000 and liabilities of ₹ 80,000 of B Ltd for an agreed purchase consideration of ₹ 6,00,000 payable 10% in cash and the balance by issue of 15% debentures of ₹ 100 each at 10% discount. The number of debentures to be issued is:

- a. 6600
- b. 5400
- c. 6000
- d. 4500

20. Debenture interest:

- a. Is payable only in case of profits
- b. Accumulates in case of losses are inadequate profits
- c. Is payable irrespective of profit or loss
- d. None of the above.

B. FILL IN THE BLANKS:

21. Interest on debentures is paid on the _____ of Debentures.
22. If X Ltd purchased plant worth ₹ 5 lakh from Y Ltd but agreed to issue 5250 10% Debentures of ₹ 100 each to Vendor. The difference in the amount will be adjusted in _____ account.
23. _____ is the rate at which interest is payable on Debentures.
24. _____ Debentures are not secured with a specific asset rather they are secured on all the assets of the company in general.
25. If X Ltd issued 1,000; 10% Debentures of ₹ 100 each at a discount of 5% but redeemable after 4 years at a premium of 6%, loss on issue of Debentures a/c will be debited by _____.

Answer :

PLEASE PRACTICE AND THEN CHECK ANSWER

ANSWERS :- Marks Scored :-----/ 25

Q No	Answer	Q No	Answer	Q No	Answer
1	C	10	C	19	C
2	C	11	B	20	C
3	B	12	D	21	Face value
4	C	13	B	22	Goodwill
5	B	14	C	23	Coupon rate
6	A	15	A	24	Floating
7	B	16	A	25	₹ 11,000
8	D	17	B		
9	D	18	A		