



INDIAN SCHOOL AL WADI AL KABIR

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| <b>Class: XII ACCOUNTANCY</b> | <b>Department: Commerce</b>       |
| <b>Worksheet No:2</b>         | <b>Topic: ISSUE OF DEBENTURES</b> |

1.. Wye Ltd. purchased an established business for Rs.2,00,000 payable as Rs.65,000 by cheque and the balance by an issue of 9% Debentures of Rs.100 each at a discount of 10%. Give Journal entries in the books of Wye Ltd.

2. Deepak Ltd. purchased furniture of Rs.2,20,000 from M/s. Furniture Mart. 50% of the amount was paid to M/s. Furniture Mart by accepting a Bill of Exchange and for the balance the company issued 9% Debentures of Rs.100 each at a premium of 10% in favour of M/s. Furniture Mart. Pass Journal entries in the books of Deepak Ltd.

3. Lotus Ltd. took over assets of Rs.2,50,000 and liabilities of Rs.30,000 of Goneby Company for the purchase consideration of Rs.3,30,000. Lotus Ltd. paid the purchase consideration by issuing debentures of Rs.100 each at 10% premium. Give Journal entries in the books of the Lotus Ltd.

4. Exe Ltd. purchased assets of the book value of Rs.4,00,000 and took over the liabilities of Rs.50,000 from Mohan Bros. It was agreed that the purchase consideration, settled at Rs.3,80,000, be paid by issuing debentures of 100 each.

Pass Journal entries if debentures are issued:

- a. at par,
- b. at a discount of 10% and
- c. at a premium of 10%

It was agreed that any fraction of debentures be paid in cash.

5. Romi Ltd. acquired assets of Rs.20 lakhs and took over creditors of Rs.2 lakhs from Kapil Enterprises. Romi Ltd. issued 8% Debentures of Rs.100 each at a discount of 10% as purchase consideration. Record necessary Journal entries in the books of Romi Ltd.

6. Ram Ltd. took over assets of Rs.10,00,000 and liabilities of Rs.3,00,000 of Rahim Ltd for the purchase consideration of Rs.7,20,000. Ram Ltd. paid the purchase consideration by accepting a draft of Rs. 60,000 in favour of Rahim Ltd and balance by issuing debentures of Rs.100 each at 10% premium redeemable after 3 years at 20% premium.

Give Journal entries in the books of the Lotus Ltd.

7. C India Ltd. purchased machinery from B India Ltd. Payment to B India Ltd. was made as follows :

- (i) By issuing 10,000 equity shares of 10 each at a premium of 20%.
- (ii) By issuing 1000, 9% debentures of 100 each at a discount of 5%
- (iii) Balance by giving a bank draft of 37,000. Pass necessary journal entries in the books of C India Ltd. for the purchase of machinery and payment to B India Ltd.

8. XYZ Ltd. issued 5,000, 10% Debentures of Rs.100 each on 1st April, 2020 at a discount of 10% redeemable at a premium of 10% after 4 years. Give Journal entries for the year ended 31st March, 2021 assuming that the interest was payable half yearly on 30th September and 31st March. Tax is to be deducted @ 10%.

9. Bright Ltd. issued 5,000; 10% debentures of Rs.100 each on 1st April, 2020. The issue was fully subscribed. According to the terms of issue, interest on the debentures is payable half-yearly on 30th September and 31st March and the tax deducted at source is 10%.  
Pass necessary Journal entries related to the debenture interest for the half year ending 31st March, 2021.

10. Paid half yearly interest on 10% Rs. 10,00,000 debentures of Rs. 100 each. Journalize

11. Kitply Ltd. issued ₹ 2,00,000, 10% Debentures at a Discount of 5%. The terms of issue provide the repayment at the end of 4 Years. Kitply Ltd. has a balance of Rs. 5,00,000 in Securities Premium Reserve. Pass the journal entries for issue of debentures and writing off the discount.

12. On 1<sup>st</sup> April, 2015, P Ltd. issued 6,000, 12% Debentures of Rs. 100 each at par redeemable at a premium of 7%. The debentures were to be redeemed at the end of the third year. Prepare Loss on issue of debentures account.

13. On 1/4/2020 Z Ltd issued 5,000 9% debentures @ 10% discount redeemable after 3 years at 20% premium. There was a balance of Rs. 70,000 in securities premium reserve. Pass journal entry for writing off loss on issue of debenture.

14. On 1<sup>st</sup> April, 2017, Sun India Ltd. issued 10,000, 12% Debentures of Rs. 100 each at a discount of 5%, redeemable at par as follows:

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| On 31 <sup>st</sup> March, 2018 | 2,000 Debentures |
| On 31 <sup>st</sup> March, 2019 | 5,000 Debentures |
| On 31 <sup>st</sup> March, 2020 | 3,000 Debentures |

Pass journal entry for writing off discount on issue of debenture.