

1. Complete the following Journal entries:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c ...Dr. ? ...Dr. To Sundry Liabilities A/c To ? To BSR Ltd. (Business of BSR Ltd. purchased and issued a cheque for ₹ 5,00,000)		25,00,000 2,00,000	5,00,000 5,00,000 ?
	? ...Dr. To 9% Debentures A/c (?)		?	?

Solution:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c ...Dr. Goodwill A/c ...Dr. To Sundry Liabilities A/c To Bank A/c To BSR Ltd. (Business of BSR Ltd. purchased and issued a cheque for ₹ 5,00,000)		25,00,000 2,00,000	5,00,000 5,00,000 17,00,000
	BSR Ltd. ...Dr. To 9% Debentures A/c (Amount due to BSR Ltd. settled by issue of 9% Debentures)		17,00,000	17,00,000

2. Perfect Barcode Ltd. purchased computers from M/s. Computer Mart and paid the consideration as follows:

- 1,000, 10% Debentures of ₹ 100 each at a discount of 10%; and
- Issued a cheque for ₹ 80,000 for the balance amount.

Pass the Journal entry in the books of Perfect Barcode Ltd.

[Ans.: Dr. Computers A/c—₹ 1,70,000 and Discount on Issue of Debentures A/c—₹ 10,000;
Cr. 10% Debentures A/c—₹ 1,00,000 and Bank A/c—₹ 80,000.]

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

Give Journal entries in the books of Lotus Ltd.

[Ans.: Goodwill—₹ 1,10,000.]

4. Pass Journal entries in the following cases:

- A Co. Ltd. issued ₹ 40,000; 12% Debentures at a premium of 5% redeemable at par.
- A Co. Ltd. issued ₹ 40,000; 12% Debentures at a discount of 10% redeemable at par.
- A Co. Ltd. issued ₹ 40,000; 12% Debentures at par redeemable at 10% premium.
- A Co. Ltd. issued ₹ 40,000; 12% Debentures at a discount of 5% and redeemable at 5% premium.
- A Co. Ltd. issued ₹ 40,000; 12% Debentures at a premium of 10% redeemable at 110%.

5. Pass necessary Journal entries and prepare 9% Debentures Account for the issue of 7,500, 9% Debentures of ₹ 50 each at a discount of 6%, redeemable at a premium of 10%. (CBSE 2019)

6. 'Sangam Woollens Ltd.', Ludhiana, are the manufacturers and exporters of woollen garments. The company decided to distribute free of cost woollen garments to 10 villages of Lahaul and Spiti District of Himachal Pradesh. The company also decided to employ 50 young persons from these villages in its newly established factory. The company issued 40,000 Equity Shares of ₹ 10 each and 1,000, 9% Debentures of ₹ 100 each to the vendor for the purchase of machinery of ₹ 5,00,000.

Pass necessary Journal entries.

(Delhi 2015, Modified)

[Ans.: (i) Dr. Machinery A/c and Cr. Vendor's A/c by ₹ 5,00,000.
(ii) Dr. Vendor's A/c by ₹ 5,00,000; Cr. Equity Share Capital A/c by ₹ 4,00,000 and 9% Debentures A/c by ₹ 1,00,000.]

7. Pass Journal entries in the following cases:

- Rohit Ltd. issued ₹ 40,000; 12% Debentures at a premium of 5% redeemable at par.
- Virat Ltd. issued ₹ 40,000; 12% Debentures at a discount of 10% redeemable at par.
- Rahul Ltd. issued ₹ 40,000; 12% Debentures at par redeemable at 10% premium.
- Prithvi Ltd. issued ₹ 40,000; 12% Debentures at a discount of 5% and redeemable at 5% premium.
- Shikhar Ltd. issued ₹ 40,000; 12% Debentures at a premium of 10% redeemable at 110%.

8. X Ltd. issued 1,000, 9% Debentures of ₹ 100 each at a discount of 6%. These Debentures were redeemable at a premium of 10% after five years.

Pass necessary Journal entries for issue of debentures and prepare 9% Debentures Account. (CBSE 2019)

9. Pass necessary Journal entries for the issue of Debentures in the following cases:

- ₹ 40,000; 15% Debentures of ₹ 100 each issued at a discount of 10% redeemable at par.
- ₹ 80,000; 15% Debentures of ₹ 100 each issued at a premium of 10% redeemable at a premium of 10%. (AI 2013)

10. XYZ Ltd. issued 5,000, 10% Debentures of ₹ 100 each on 1st April, 2022 at a discount of 10% redeemable at a premium of 10% after 4 years. Give Journal entries for the year ended 31st March, 2023, if interest was payable half-yearly on 30th September and 31st March. Tax is to be deducted @ 10%.

11. Office Products Ltd. issued on 1st April, 2019, 20,000, 9% Debentures of ₹ 100 each at a premium of 10% redeemable at a premium of 5% after 5 years. Issue price was payable along with application.

Pass the necessary Journal entries.

EVALUATION QUESTIONS: QUESTIONS WITH MISSING VALUES

1. Fill the missing values in the following:

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Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	? ...Dr.		?	
	To ?			?
	(Application money received on 2,000; 12% Debentures of ₹ 100 each issued at a premium of 10% and redeemable at a premium of 10%)			
	? ...Dr.		?	
	? ...Dr.		?	
	To ?			?
	To ?			?
	To ?			?
	(...?...)			

(OD 2016 C)

Solution:

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Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c ...Dr. To Debentures Application and Allotment A/c (Application money received on 2,000; 12% Debentures of ₹ 100 each issued at a premium of 10% and redeemable at a premium of 10%)		2,20,000	2,20,000
	Debentures Application and Allotment A/c ...Dr. Loss on Issue of Debentures A/c ...Dr. To 12% Debentures A/c To Securities Premium A/c To Premium on Redemption of Debentures A/c (Issue of 2,000; 12% Debentures of ₹ 100 each at a premium of 10% and redeemable at a premium of 10%)		2,20,000 20,000	2,00,000 20,000 20,000

2. Complete the following Journal entries:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2021 April 1	Sundry Assets A/c ...Dr. ? ...Dr. To Sundry Liabilities A/c To Shiv Shankar Ltd. (Shiv Shankar Ltd. taken over by Parvati Ltd. for a purchase consideration of ₹ 18,20,000)		25,00,000 ?	7,80,000 18,20,000
April 1	Shiv Shankar Ltd. ...Dr. ? ...Dr. To ? To 8% Debentures A/c (Shiv Shankar Ltd. paid by issuing a bill of ₹ 20,000 and the balance paid by issue of 8% Debentures of ₹ 100 each at a discount of 10%)		18,20,000 ?	20,000 ?

(Sample Paper 2018–19)

Solution:

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Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2021 April 1	Sundry Assets A/c ...Dr. Goodwill A/c (Balancing Figure) ...Dr. To Sundry Liabilities A/c To Shiv Shankar Ltd. (Shiv Shankar Ltd. taken over by Parvati Ltd. for a purchase consideration of ₹ 18,20,000)		25,00,000 1,00,000	7,80,000 18,20,000
April 1	Shiv Shankar Ltd. ...Dr. Discount on Issue of Debentures A/c ...Dr. To Bills Payable A/c To 8% Debentures A/c (Shiv Shankar Ltd. paid by issuing a bill of ₹ 20,000 and the balance paid by issue of 8% Debentures of ₹ 100 each at a discount of 10%)		18,20,000 2,00,000	20,000 20,00,000

Working Note:

No. of Debentures Issued = ₹ 18,00,000 ÷ ₹ 90 = 20,000.