

- 1. Epson Ltd. issued 40,000; 10% Debentures of 100 each at par for cash payable in full along with the application. Application were received for 60,000 debentures. Debentures were allotted and excess application money refunded. pass journal entries in the books of the company.**

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
1.	Bank A/c		60,00,000	
	Dr.			60,00,000
	To Debenture app/all			
	A/c			
	(App money received on			
	20,000 10% Debenture			
2.	100 each)		60,00,000	
	Debenture app./all/ A/c			40,00,000
	Dr.			20,00,000
	(40,000 x 100) To 10%			
	Debenture			
	(20,000 x 100) To Bank			
	A/c			
	(Debenture app.			
	transferred to 10% deb.			
	A/c & excess is returned)			

- 2. Saurabh Ltd. issued 2,000; 9% Debentures of 100 each payable as follows:**

25 on application; 25 on allotment and 50 on first and final call.

Applications were received for all the debentures along with the application money and allotment was made call money was

also receive on the due date. Pass necessary journal entries in the books of the company.

Solution:

Journal

	Particular	L.F.	Dr.	Cr.
1.	Bank A/c (2000 x 25) Dr. To debenture app. A/c (Application received on 2000 deb. @ 25)		50,000	50,000
2.	Debenture app. A/c Dr. To 9% debenture A/c (Deb. App. transferred to 9% Deb. A/c)		50,000	50,000
3.	(20000 x 25) Debenture app. A/c Dr. To 9% Debenture (Allotment on Deb. due on 2000 deb. @ 25 each)		50,000	50,000
4.	Bank A/c Dr. To Debenture all. A/c (Allotment on Deb. received)		100000	100000
5.	Debenture first & final call A/c Dr. (2000 x 50) to 9% debenture A/c (Deb. first & final call due)		100000	100000
6.	Bank A/c Dr.			

	To Debenture first & final call (Deb. first & final call received)			
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- 3. Dogra Ltd. issued 2,000; 9% Debentures of 100 each on the following terms: 20 on application; 20 on allotment; 30 on first call; 30 on second and final call. Application were received for 2,400 debentures were allotted 200 debentures and application for 200 debentures were rejected.
pass necessary journal entries.**

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
		.		
1.	Bank A/c (2400 x 20) Dr. To Debenture all. A/c (App. money received on 2400 deb. @ 20 each)		48,000	48,000
2.	Debenture app. A/c (2400 x 20) Dr. (2000 x 20) To 9% Debenture A/c (200 x 20) To debenture Allotment 9% (200 x 20) To bank A/c (App. money transferred to Deb. A/c & excess is adjusted in allotment & rest returned)		48,000	40,000 4,000 4000
3.	Debenture all. A/c Dr. (20,000 x 2) To 9% Debenture (Allotment money due on Deb.)		40,000	40,000
4.			36,000 4,000	

				40,000
5.	Bank A/c			
	Dr.		60,000	
	Call in advance A/c			60,000
	Dr.			
6.	To debenture all. A/c		60,000	
				60,000
	Debenture first call A/c			
7.	Dr.		60,000	
	(2000 x 30) To 9% debenture A/c			60,000
8.	Bank A/c			
	Dr.			
	To debenture first call A/c			
	Debenture final call A/c			
	Dr.			
	To 9% debenture			
	Bank A/c			
	Dr.			
	To debenture final call			

4. Super seals Ltd. issued 10,000, 8% Debentures of 100 each at per for subscription payable 40 on application, 30 on allotment and balance as first and final call. Debentures issued were applied and allotment was made. First and Final call is yet to be made.

You are required to pass the necessary journal entries.

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
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1.	Bank A/c Dr. To debenture app. A/c		400000	400000
2.	Debenture app. A/c Dr.		400000	400000
3.	8% debenture A/c		300000	300000
4.	debenture All. A/c Dr. To 8% debenture A/c		300000	300000
	Bank A/c Dr. To debentures all. A/c			

Issue of Debentures at Premium for Cash

5. Narain Laxmi Ltd. invited application for issuing 7,500; 12% Debentures of 100 each at a premium of 35 per debenture. The full amount was payable on application, issue was subscribed and allotment was made.

Pass necessary journal entries for the above transactions in the books of Narain Laxmi Ltd.

Solution: Journal

Date	Particular	L.F.	Dr.	Cr.
1.	Bank A/c Dr. To debenture app. & all. A/c		1012500	1012500
2.	Debenture app & all. A/c Dr.		1012500	750000 262500

3.	(7500 x 35) To 12% debenture A/c		400000	400000
	To security premium A/c			
	Bank Dr. To debenture A/c	A/c		

6. Nipa Limited issued 10,000 Debentures of 100 each at a premium of 10% payable 30% of nominal (face) value on application (including premium) and the balance on allotment. The debentures were applied for and the amount was duly received. You are required to give journal entries and prepare cash book.

Solution:

Journal

Date	Particular	L. F.	Dr.	Cr.
1.	Debenture app. A/c (10,000 x 40) Dr. To debenture A/c To security premium		400000	300000 100000
2.	Debenture allotment A/c Dr.		700000	700000
3.	To % debenture A/c Bank A/c To debenture all. A/c		700000	700000

Cash Book

Particular	Amount	Particular	Amount
Debenture app. A/c	400000	By bal. C/d	1100000
Debenture allotment A/c	700000		
	<u>1100000</u>		<u>1100000</u>

7. Raj Ltd. issued 5,000; 8% Debentures of 100 each at a premium of 5% payable as follows:

10 on application; 20 plus premium on allotment and balance on first and final call. pass necessary journal entries.

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
1.	Bank A/c (5000 x 10) Dr. To debenture app. A/c		50,000	
2.			50,000	
	Debenture App. A/c Dr. To Debenture A/c		1,25,000	
	Debenture all. A/c (5000 x 25) Dr. To 8% debenture A/c (5000 x 20) To security premium (15 x 5000)		1,25,000	
5.			7,50,000	

6.	Bank A/c	Dr.			
	To debenture all A/c				
	Debenture first & final call A/c				
	5000 x 70 To 8% debenture A/c				
	Bank A/c				
	To Debenture first & final call				

8. Grand Hospitality Ltd. issued 10,000, 7% Debentures of 100 each at premium of 20 per debenture. issue price was payable as follows: 40 on application, 50 (including premium) on allotment and balance on first call. It received 4,00,000 as application money. On allotment due amount was received. First and final call is yet to be made.

You are required to pass the necessary journal entries.

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
	Bank A/c		4,00000	
	Dr.			4,00000
	To Debenture App. A/c		4,00000	
	Debenture app. A/c			4,00000
	Dr.			
	To 7/5 Debenture A/c		5,00000	
				3,00000
	Debenture all. A/c			2,00000
	Dr.			
	To 7% Debenture 9%		5,00000	
	To security pre. 9%			5,00000

	Bank A/c	Dr.			
	To debenture All. A/c				

9. Iron products Ltd. issued 5,000; 9% Debentures of 100 each at a premium of 40 payable as follows:

- I. 40, including premium of 10 on applicaton;**
- II. 45, including of 15 on allotment;**
- III. Balance as first and final call.**

The issue was subscribed and allotment made. Calls were made ad due amount was received. Pass journal entries.

Solution: Journal

Date	Particular	L. F.	Dr.	Cr.
1.	Bank A/c (5000 x 40) Dr. Debenture All. A/c		2,00000	2,00000
2.	Debenture all. A/c (40 x 500) Dr. To 9% deb. A/c (30 x 5000) To security premium A/c (5000 x 10)		2,00000	1,50,000 50,000
3.			2,25,000	1,50,000

4.	Debenture all. A/c (45 x 5000) Dr.			
	To 9% deb. A/c (30 x 5000) To security premium (5000 x 45) A/c		2,25,000	2,25,000
5.	Bank A/c Dr.		2,75,000	
6.	To debenture all. A/c			2,00,000 75000
	Debenture first & final call A/c (15 x 5000) To 9% Debenture A/c (40 x 500) To security premium A/c (15 x 5000) Bank A/c Dr.		2,75,000	2,75,000
	To debenture first & final call			

10. pure products Ltd. issued 30,000, 8% Debentures of 100 each at 10% premium for subscription. The issue price was payable 40 on application, 40 (including premium) on allotment and balance on first and final call. It received application money amounting to 10,80,000. Allotment was made allotment money was received. First and final call is yet to be made.

You are required to pass the necessary journal entries.

Solution:

Journal

Date	Particular	L. F.	Dr.	Cr.
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1.	Bank A/c (27000 x 40) Dr. To Debenture app. A/c		10800,00	10800,00
2.	Debenture app. A/c Dr. To 8% debenture A/c		10800,00	10800,00
3.	Debenture A/c (27000 x 40) Dr. To 8% Debenture A/c (27000 x 30)		1080000	810000 270000
4.	To security premium A/c (27000 x 10) Bank A/c Dr. To Debenture all. A/c		1080000	1080000