

WORKSHEET [B] ACCOUNTS
CLASS 12
CHAPTER: DEBENTURES

1) On January 1st, 2006 S Ltd issued 1,000 10% debentures of Rs. 500 each at par redeemable after 7 years. However the company gave an option to debenture holder to get debentures converted into equity shares of Rs. 100 each at a premium of Rs. 25 per share anytime after the expiry of one year. Arvind the holder of 200 debentures informed on Jan, 2006 that he wanted to exercise the option of conversion of debentures into equity shares.

Pass necessary Journal entries to record the issue of debentures on Jan, 2004 and conversion of debentures on Jan, 2006

2). Journalise the following transactions in the books of Raja Ltd.,

a) 200 12% debentures of Rs.100 each issued at a discount of 10% were converted into 10% preference shares of Rs.100 each issued at a premium of 25%. The debentures were converted at the option of the debentures-holders before the date of redemption.

b) Issued 1000 12% debentures of Rs.100 each at a discount of 10% redeemable at a premium of 5%.

3) Pass Journal Entries to record the Issue of Debentures

a) 5000 15% debenture of Rs.100 each issued at Discount of 5% and redeemable at premium at 5% after 5 years.

b) 10000 15% debenture of Rs.100 each issued at a premium of 10% and redeemable at par after 6 years

4) What do you mean by debentures issued as collateral security?

5) Dipesh Ltd redeemed its 8,000, 11 % Debentures of Rs. 100 each in the following manner;

(i) 4,000 debentures were purchased @ Rs. 95.

(ii) 3,000 debentures were purchased @ Rs. 93

(iii) 1,000 debentures were purchased @ Rs. 97.50.

The expenses on purchase of own debentures amounted to Rs. 200.

The debentures were purchased for immediate cancellation. Pass journal entries.