

## UNIT – VII

### (Debenture)

#### Carrying 1 Marks

1. Debenture holders are the ----- of the company 1  
(a) Owners (b) Manager (c) Creditor (d) Director
2. Debentures are shown in - 1  
(a) Trading A/C  
(b) P & L A/C  
(c) Balance Sheet  
(d) None of these
3. Debenture holders are entitled to get 1  
(a) Interest (b) Profit  
(c) Bonus (d) Dividend
4. Debentures issued 1  
(a) At Par (b) At discount (c) At premium (d) All of these
5. Premium on Redemption of Debentures Account is - 1  
(a) Personal Account (b) Reserve Account (c) Profit & Loss Account  
(d) Debentures Account

#### **True and False**

6. Debenture is ownership Capital ? 1  
True/False
7. Debenture can be forfeited ? 1  
True/False
8. Debenture can be converted into equity share 1  
True/False
9. Debenture holders are the members of the company 1  
True/False
10. A Company can not purchase own debentures 1  
True/False

#### **3x20= 60 Marks**

1. Bhushan Ltd. issued 3000 debentures of Rs. 10 each. Amount was payable as follows –  
On application Rs. 4  
On Allotment Rs. 6  
All the money was duly received. Pass Journal entries.
2. Reliance Ltd. issued 10,000, 12% debentures of Rs 100 Each, Payable as follows -  
On application Rs. 10  
On Allotment Rs. 40  
On Final call Rs. 50  
Give necessary Journal entries.
3. Infosys Ltd. issued 5000, 8% debentures of Rs. 100 each at a discount 10 % Amount was payable as follows -  
On application Rs. 25  
On Allotment Rs. 15 (After discount)  
On Final call Rs. 50  
Record Journal entry in the books of Company.
4. Ganga Ltd. invited Application for 2000, 15% Debentures of Rs 10 each at a discount of Rs. 2. The whole amount was payable on Application. The issue was fully subscribed and money

- was duly received. Pass journal entries.
5. A Company issued 15000, 9% Debentures of Rs. 20 each at a premium of Rs. 2. Amount was payable on Application Rs. 6, on Allotment Rs. 8 (with premium) and on Final call Rs. 8. All the debentures were were allotted and money was duly received.  
Give necessary entries.
  6. Ashok Ltd. issued 2000, 12 % debentures of Rs. 100 each at a premium of Rs. 10. Application money Rs. 35 (including Rs 5 as premium) on Allotment Rs. 25 (Including Rs 5 as premium) and on Final Call Rs 50. All the debentures were subscribed and the money was duly received.  
Give Journal Entries the books of Company.
  7. Birla Ltd. purchased from H.E.C. Ltd. a machinery for Rs 5,00,000 Payable is 9 % debentures of Rs 100 each issued at par.  
Give necessary Journal Entries in the books of Birla Ltd.
  8. Bajaj Ltd. purchased machinery worth Rs. 1,00,000 from SAIL, Rs 25000 were paid immediately in cas and the balance was paid by issue of 7,500, 12% debentures of Rs. 10 each  
Record Necessary entries is the books of Bajaj Ltd.
  9. Mohan Ltd. purchased from Tata Moters Ltd. a Truck for Rs. 8,00,000 Payable is 10% debentures of Rs. 100 each at 20 % premium.  
Pass Journal entries is the books of Mohan Ltd.
  10. A Ltd. purchased from B Ltd. Furniture worth Rs. 70,000 payable is 15% debentures of Rs. 10 each at 20% discount.  
Give Journal entries is the books A Ltd.
  11. SAMSUNG Company issued 5000 10% debentures of Rs 10 each at par, Redeemable also at par.  
Pass necessary Journal entries for the issue of debenture.
  12. X Ltd. issued 5000, 15% debentures of Rs. 100 each at a discount of 5% Redeemable at par.  
Give Journal entries for the issue of debentures.
  13. Usha Martin Ltd. issued 2000, 12% debentures of Rs. 10 each at a premium of 20% Redemable at par.  
Record Journal entries is the books of Usha Martin Ltd. for issue of debentures.
  14. What is the difference between debenture and Equity share, explain its.
  15. Clarify convertible debentures and more convertible debentures.
  16. Aditya Ltd. has Rs. 50,000 10% debentures due for redemption. For the purpose redemption of these debentures. Company issued 6000 equity share of Rs. 10 each. Debentures were redeemed out of the proceeds of fresh issue.  
Pass Necessary Journal issue.
  17. JAISWAL & Co. Ltd. has Rs. 100,000 8% Debentures, due for redemption, For the purpose, Company issued 15000, 10% Debentures of Rs. 10 each. 8% debentures were redeemed, out of the proceeds of 10% debentures issue.  
Record Journal entries for issue and redemption.
  18. P.K. Ltd. issued 2000, 12% debentures of Rs. 10 each at a discount of Re. 1, Redeemable at 20% premium.  
Pass Journal Entries for issue and Redemption.
  19. What do you under stand by Redemption of debentures.
  20. Discuss two method of redemption of debentures.