

MEPL CLASSES
INTERMEDIATE – CORPORATE ACCOUNTS
ISSUE OF DEBENTURES

TIME ALLOWED – 40 Minutes

TOTAL MARKS - 40

1. Nikki 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 and final 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.

2. Linux Ltd. issued 12,000; 8% Debentures of ₹ 100 each at a discount of 5% payable as 25% on application; 20% on allotment and balance after three months.

Pass Journal entries.

3. Amrit Ltd. issued 1,000, 6% Debentures of ₹ 100 each to Amit and Bhaskar (Promoters) each for their services in incorporating the company. Pass Journal entry.

4. Gundola Ltd. took over assets of RS 10,00,000 and liabilities of RS 3,00,000 from AK Ltd. for an agreed purchase consideration of RS 14,00,000. The payment was made through a bank draft of RS 5,00,000 and the remaining by issue of 8% Debentures at a discount of 10%.

5. Bright Ltd. took over the assets of ₹ 1,00,000 and liabilities of ₹ 80,000 of Star Ltd. for an agreed purchase consideration of ₹ 1,00,000 payable 10% in cash and the balance by the issue of 12% Debentures of ₹ 100 each. Give necessary Journal entries in the books of Bright Ltd. if:

Case 1: The debentures are issued at par.

Case 2: The debentures are issued at 20% premium.