Systematic Studies for Professionals (Where your quest for quality education ends)

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• •	Time 2Hrs.	Red. of Deben		Max.Marks:70	
Q.1				5. Interest at 15% is payable on these debentures	
	on 30 th Sept. and 31 st March every year. It purchased its own debentures as under:-				
		1 st August 2017		500 at Rs.94	
		1 st January 2018		350 at Rs.96 (Cum- interest)	
	It concelled als	1 st November 2018		600 at Rs.92	
	It cancelled above own debentures on 31 st December 2019. <u>You are required to</u> prepare follows accounts in the books of B Ltd. for two years from 1-4-2017 to 31-3-2019.				
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	(a) Debentures account. (b) Own debentures account. (c) Interest on debentures account.(d) Interest on own debentures account. [10]				
Q.2			value of Rs 1		
Q.2	A company had issued 9% debentures of the face value of Rs. 1,000/- each (redeemable at par) interest on which to be paid half yearly on 30 th of June and 31 st of December each year. Under the terms of issue, it was permitted to				
	acquire its own debentures from the market with option to resell them or to cancel them in redemption o				
	outstanding debenture liability. On April 1, 2018, the Debentures A/s showed a balance of Rs. 40,60,000. Duri				
	the year to March 31,2019 its transactions in its own debentures were as under:				
	Date		Transacti		
	April 1,2018				
	10 Debentures @ Rs. 990.				
		20 Debentures @ Rs. 1,000.			
	April 30	Sold 16 Debentures @ Rs. 1,007.			
-		Purchased 10 Debentures @ Rs. 9	989.		
	Nov. 1	Purchased 10 Debentures @ Rs. 1	1,025		
	March 31,2019	After retaining 14 Debentures, the redemption of outstanding debent	-	Own Debentures were cancelled in part	
	All transactions are cum – interest. <u>Show</u> Own Debentures A/c, Debenture Interest A/c. [10]				
Q.3	Libra Ltd. recently made a public issue in respect of which the following information is available:				
	No. of partly convertible debentures issued 5,00,000; face value and issue price Rs.100 per debenture & Rs.9				
	respectively. Convertible portion per debenture 70%, date of conversion on expiry of 6 months from the date of				
	closing of issue. Date of closure of subscription lists 1.5.2014, date of allotment 1.6.2014, rate of interest of				
	debenture 15% payable from the date of allotment, value of equity share for the purpose of conversion Rs.19 (fa				
	value Rs.10). Underwriting Commission 2%. No. of debentures applied for 4,40,000.				
	Interest payable on debentures half-yearly on 30 th September and 31 st march.				
	<u>Write</u> relevant journal entries for all transactions during the year ended 31 st March, 2015. [8]				
Q.4	Rama Limited issued on 1 st Jan 2015, 1,200 Debentures of Rs. 100 each redeemable after three years at				
	premium of 10%. For the purpose of redemption a cumulative Sinking Fund was established. The sinking fu				
	table shows that 0.29720855 at 8% compound interest in three years will become Re.1. Amount appropri				
	annually was invested in Government securities bearing interest @ 8%. At the end of third year Investments were sold for Rs. 78,000 and Debentures were redeemed. <u><i>Pass</i></u> necessary journal entries. [8]				
0.5					
Q.5	The following balances appeared in the books of A Ltd at the beginning of the year: Sinking Fund Account Rs.11,74,900				
l	6			11,74,900	
	6% Debentures Account 12,00,000				
	The trustees have power to purchase, for immediate cancellation, any debenture available at a market price belo				
	par, and to realize investments of the sinking fund for this purpose. The said debentures are due for redemption a				
	the end of this year, at a premium of 4%. The under- mentioned transactions took place during the year: (a) First				
	half year's interest on debentures was paid. (b) Immediately after six months debentures of Rs. 1,00,000 were				
	purchased at Rs. 97,000 from market and cancelled. For this purpose investment of Rs. 97,500 were sold and Rs.				
	1,05,000 were realized. (c) Interest of Rs.69,500 was received at the end of the year on the investments. (d)				
	Second half yearly interest was paid on 6% debentures. (c) Remaining investments was sold at the end of the year				
	at Rs. 11,10,000 and the proceeds were utilized for redemption of debentures. (f) Debentures were fully redeemed				
	at the end of the year.				
	Prepare the following ledger accounts and also show the workings : (i) 6% Debentures Account; (ii) Sinking				
		nts Account; (iii) Sinking Fund Acco			
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