



Q2. On 1st April, 2013, Jumbo Ltd. issued 10,000; 12% debentures of Rs.100 each at a discount of 20%, redeemable after 5 years. The company decided to write-off discount on issue of such debentures over the life time of the Debentures. Show the items in the balance sheet of the company immediately after the issue of these debentures.

Solution:

**Balance Sheet as on April 01, 2013**

| Particulars                       | Note No. | ₹                |
|-----------------------------------|----------|------------------|
| <b>I. Equity and Liabilities</b>  |          |                  |
| <b>1. Shareholder's Funds</b>     |          |                  |
| a. Share Capital                  |          |                  |
| b. Reserves and Surpluses         |          |                  |
| <b>2. Non-Current Liabilities</b> |          |                  |
| a. Long-term Borrowings           | 1        | 10,00,000        |
| <b>3. Current Liabilities</b>     |          |                  |
| b. Other Current Liabilities      |          |                  |
| c. Short-term Provisions          |          |                  |
| <b>Total</b>                      |          | <b>10,00,000</b> |
|                                   |          |                  |
| <b>I. II. Assets</b>              |          |                  |
| <b>1. Non-Current Assets</b>      |          |                  |
| a. Other Non-Current Assets       | 2        | 1,60,000         |
| <b>2. Current Assets</b>          |          |                  |
| b. Other Current Assets           | 3        | 40,000           |
| c. Cash and Cash Equivalents      | 4        | 8,00,000         |
| <b>Total</b>                      |          | <b>10,00,000</b> |
|                                   |          |                  |

**Notes to Accounts**

| Particulars                                 | ₹        |
|---|----------|
| <b>1. Long Term Borrowings</b>              |          |
| 10% Debentures                              | 10,00,00 |
| <b>2. Other Non-current assets</b>          |          |
| Unamortized discount on issue of Debentures | 1,60,000 |
| <b>3. Other Current Assets</b>              |          |
| Unamortized discount on issue of Debentures | 40,000   |
| <b>4. Cash and Cash Equivalents</b>         |          |
| Bank  | 8,00,000 |

\*\*\*\*\* END \*\*\*\*\*