



Q7. X.Ltd. invites application for the issue of 10,000, 14% debentures of Rs.100 each payable as to Rs.20 on application, Rs.60 on allotment and the balance on call. The company receives applications for 13,500 debentures, out of which applications for 8,000 debentures are allotted in full, 5,000 only 40% and the remaining rejected. The surplus money on partially allotted applications is utilised towards allotment. All the sums due are duly received.

Solution:

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Bank A/c Dr To 14% Debenture Application A/c (Being 14% debenture application money for 13,500 debentures @ ₹ 20 each received)		2,70,000	2,70,000
(ii)	14% Debenture Application A/c Dr To 14% Debenture A/c (10,000 × 20) To 14% Debenture Allotment A/c (3,000 × 20) To Bank A/c (500 × 20) (Being 14% debenture application money of 10,000 @ ₹ 20 each transferred to 14% debentures account and 500 debentures were rejected and returned and rest of the amount adjusted on allotment)		2,70,000	2,00,000 60,000 10,000
(iii)	14% Debenture Allotment A/c Dr To 14% Debenture A/c (Being 14% debenture allotment money due on 10,000 debentures @ ₹ 60 each)		6,00,000	6,00,000
(iv)	Bank A/c Dr To 14% Debenture Allotment A/c (Being 14% debenture allotment money received)		5,40,000	5,40,000
(v)	14% Debenture First and Final Call A/c Dr To 14% Debenture A/c (Being 14% debenture first and final call money due on 10,000 debentures @ 20 each)		2,00,000	2,00,000
(vi)	Bank A/c Dr To 14% Debenture First and Final Call A/c (Being 14% debenture first and final call money received on 10,000 debentures @ ₹ 20 each)		2,00,000	2,00,000

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