



Q14. A.Ltd. issued 50,00,000, 8% Debenture of Rs.100 at a discount of 6% on April 01, 2000 redeemable at premium of 4% by draw of lots as under:
 20,00,000 Debentures on March, 2002
 10,00,000 Debentures on March, 2004
 20,00,000 Debentures on March, 2005
 Compute the amount of discount to be written-off in each year till debentures are paid. Also prepare discount/loss on issue of debenture account.

Answer:

Answer

Loss on issue of debenture = 6% (discount on issue) + 4% (premium on redemption) = 10%

$$= 50,00,000 \times 100 \times \frac{10}{100} = 5,00,00,000$$

Calculation of Amount to be written off every year

At the end of Year	Debenture Outstanding	Ratio	Loss to be Written off Every Year
Mar 2001	50,00,00,000	5	$5,00,00,000 \times \frac{5}{18} = 1,38,88,889$
Mar 2002	50,00,00,000	5	$5,00,00,000 \times \frac{5}{18} = 1,38,88,889$
Mar 2003	30,00,00,000	3	$5,00,00,000 \times \frac{3}{18} = 83,33,333$
Mar 2004	30,00,00,000	3	$5,00,00,000 \times \frac{3}{18} = 83,33,333$
Mar 2005	20,00,00,000	2	$5,00,00,000 \times \frac{2}{18} = 55,55,556$
		18	₹ 5,00,00,000

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Loss on Issue of Debenture Account

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Date	Particulars	JF	Amt. (₹)	Date	Particulars	Amt. (₹)
2000 Apr 1	To Debenture		5,00,00,000	2001 Mar 31	By Profit and Loss	1,38,88,889
					By Balance c/d	3,61,11,111
			5,00,00,00			5,00,00,000
2001 Apr 1	To Balance b/d		3,61,11,111	2002 Mar 31	By Profit and Loss	1,38,88,889
					By Balance c/d	2,22,22,222
			3,61,11,111			3,61,11,111
2002 Apr 1	To Balance b/d		2,22,22,222	2003 Mar 31	By Profit and Loss	83,33,333
					By Balance c/d	1,38,88,889
			2,22,22,222			2,22,22,222
2003 Apr 1	To Balance b/d		1,38,88,889	2004 Mar 31	By Profit and Loss	83,33,333
					By Balance c/d	55,55,556
			1,38,88,889			1,38,88,889
2004 Apr 1	To Balance b/d		55,55,556	2005 Mar 31	By Profit and Loss	55,55,556
			55,55,556			55,55,556

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