



Q20. What journal entries will be made in the following cases when company redeems debentures at the expiry of period by serving the notice: (a) when debentures were issued at par with a condition to redeem them at premium; (b) when debentures were issued at premium with a condition to redeem that at par; and (c) when debentures were issued at discount with a condition to redeem them at premium?

Answer

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(a)	Debenture A/c	Dr		
	Premium on Redemption of Debenture A/c	Dr		
	To Debenture Holders A/c			
	(Being amount due on redemption of debentures)			
	Debenture Holders A/c	Dr		
	To Bank A/c			
	(Being payment made to debenture holders)			

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(b)	Debenture A/c	Dr		
	To Debenture Holders A/c			
	(Being amount due for redemption of debentures that were issued at premium with term of redeemable at par)			
	Debenture Holders A/c	Dr		
	To Bank A/c			
	(Being payment made to debenture holders)			
(c)	Debenture A/c	Dr		
	Premium on Redemption of Debenture A/c	Dr		
	To Debenture Holders A/c			
	(Being amount due for redemption on debentures that were issued at discount with the term of redeemable at premium)			
	Debenture Holders A/c	Dr		
	To Bank A/c			
	(Being payment made to debenture holders)			

***** END *****