

## **TS Grewal Solutions for Class 12 Accountancy Chapter 10- Redemption of Debentures**

TS Grewal Solutions for Class 12 Accountancy Chapter 10- Redemption of Debentures is an elementary concept to be learned by the students. [Click here](#) to learn more about TS Grewal Accountancy solutions for class 12 in a simple and a step by step method, which is beneficial for the students to score well in their upcoming board exams.

<b>Board</b>	CBSE
<b>Class</b>	Class 12
<b>Subject</b>	Accountancy
<b>Chapter</b>	Chapter 10
<b>Chapter Name</b>	Redemption of Debentures
<b>Number of questions solved</b>	07
<b>Category</b>	TS Grewal

TS Grewal Solutions for Class 12 Accountancy Chapter 10 - Redemption of Debentures

### **Question 1**

The provisions of the Companies Act, 2013 in respect of redemption of debentures are to protect the interests of,

- Debentureholders
- Creditors
- Shareholders
- Bankers

**Answer** : Debentureholders

### **Question 2**

Central Bank Ltd. is to redeem 40,000. 10% debentures of ₹. 100/- each on 31st December 2018. How much amount should it invest in specified securities?

- ₹. 6,00,000/-
- ₹. 10,00,000/-
- ₹. 5,00,000/-
- Nil

**Answer :** ₹. 6,00,000/-

### **Question 3**

SBI Ltd. has outstanding 1,00,000; 10% debentures ₹.10/- each issued in 2005 due for redemption on 30th June 2018. How much amount of debentures redemption reserve must be created before the redemption of debentures begins and also how much amount should it invest in specified securities?

Pass necessary journal entries at the time of redemption of debentures.

### **Solution:**

#### **JOURNAL OF SBI LTD.**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	10% Debentures A/c Dr.		10,00,000	
	To Debentureholders' A/c			10,00,000
June 30 2018	(Being the amount due to debenture holders on redemption)			
	Debentureholders' A/c Dr.		10,00,000	
	To Bank A/c			10,00,000
	(Being the amount due to the debenture holders paid)			

### **Question 4**

ABC Ltd. issued 1,00,000; 9% debentures of ₹.50/- each @ a premium of 10% on June 30th, 2016 redeemable on 31st March, 2018. The issue was fully subscribed. The company decided to

transfer the amount to DRR on 31st March 2017 and invest in Fixed Deposit earning interest @ 10% p.a. on 1st April 2017 to meet the legal requirement. The tax was deducted at source (TDS) by the bank @ 10%.

Pass the necessary journal entries for issue and redemption of debentures along with the interest on the investment.

**Solution:**

**JOURNAL**

<b>Date</b>	<b>Particulars</b>	<b>L.F.</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>
June 30, 2016	Bank A/c Dr.		55,00,000	
	To Debentures Application and Allotment A/c (Being the application money received at a premium of 10%)			55,00,000
June 30	Debentures Application and Allotment A/c Dr.		55,00,000	
	To 9% Debentures A/c			50,00,000
	To Securities Premium Reserve A/c			5,00,000
	(Being the application money transferred to 9% debentures and securities premium reserve account)			
March 31, 2017	Surplus, i.e., Balance in statement of P&L A/c Dr.		12,50,000	
	To Debentures redemption reserve A/c			12,50,000
	(Being 25% of the value of outstanding debentures transferred to DRR)			
April 1	Debentures redemption investment A/c Dr.		7,50,000	
	To Bank A/c			7,50,000
	(Being 15% of the value of debentures to be redeemed invested in Government securities)			
	Bank A/c Dr.		8,17,500	

March 31, 2018	TDS collected A/c	Dr.	7,500	
	To Debentures redemption investment A/c			7,50,000
	To Interest earned A/c			75,000
	(Being the investments bearing 10% interest p.a. realised on the redemption of debentures; TDS deducted @ 10% on interest)			
March 31	9% Debentures A/c	Dr.	50,00,000	
	To Debentureholders' A/c			50,00,000
	(Being the amount due on redemption of debentures)			
March 31	Debentureholders' A/c	Dr.	50,00,000	
	To Bank A/c			50,00,000
	(Being the payment made to redeem the debentures)			
March 31	Debentures redemption reserve A/c	Dr.	12,50,000	
	To General reserve A/c			12,50,000
	(Being the DRR transferred to general reserve after redemption of debentures)			
March 31	Interest earned A/c	Dr.	75,000	
	To Statement of P&L A/c			75,000
	(Being the interest earned on DRI transferred to the statement of P&L)			

### **Question 5**

The premium payable on redemption of debentures is in the nature of,

- Liability account
- Asset account
- Expense account
- None of these

**Answer** : Liability account

### **Question 6**

A public limited company is a manufacturer of chemical fertilisers. Its annual turnover is ₹. 50 crores. The company had issued 5,000, 12% debentures of ₹. 500/- each at par. Calculate the amount of debentures redemption reserve which needs to be created to meet the requirements of law.

**Answer** : Required Debentures Redemption Reserve (DRR) = 25% of redemption value  

$$= 25\% \times 25,00,000$$

$$= ₹ 6,25,000$$

### **Question 7**

On March 31st 2013, P Ltd. had ₹.8,00,000/-; 9% debentures due for redemption. The company had a balance of ₹. 1,40,000/- in its DRR. Calculate the amount transferred to be in DRR.

**Answer** : Amount transferred to DRR = 25% of redemption value  

$$= (25\% \times ₹ 8,00,000) - ₹1,40,000$$

$$= ₹60,000$$

The above-provided solutions are considered to be the best solution for 'TS Grewal Solutions for Class 12 Accountancy Chapter 10- Redemption of Debentures'. Stay tuned to BYJU'S to learn more and score well in the upcoming board examinations.