



Debenture Accounting Charts

1. Normal Question	2. Consideration Other than Cash	3. Debenture issued as Collateral security	4. Interest on debenture
[App. /Allot / 1 st call/ 2 nd call [Entries just like Share capital]	[A] Business purchase Sundry Assets Dr. 1,00,000 Goodwill Dr. [if] 10,000 To, Sundry Liability 20,000 To, C/R [if] To, Vendor [P.C.] 90,000 [B] Asset Purchase Asset A/c dr. To, Vendor [C] Common entry for payment Vendor a/c dr.90,000 Discount a/c dr. [if Higher value debenture issued] To, Debenture 70,000 To, S.P. [If lesser value debenture issue]	[A] No Entry for Collateral Only entry for bank loan Bank a/c dr. To, Bank loan [B] Entry for collateral Bank a/c dr. To, bank loan Collateral Entry Debenture Suspense Dr. To, debenture	[A] Interest due Interest on debenture A/c dr. To, Debenture holder To, TDS payable [B] Payment Debenture holder TDS payable To, Bank [C] interest Transferred to P&L P&L A/c To, interest on debenture A/c

5.Accounting at the time of issue of debenture	[B]Issued at Premium and Redeem at prem.	[C] issued at par and redeem at premium	[D] issued at Discount and Redeem at premium
1. Bank Account Dr. [Common] To, Debenture application and allotment	Debenture application & allotment dr. 110 Loss on debenture dr. 15 To, Debenture 100 To, Security Premium 10	Debenture application & allotment dr. Loss on debenture dr. To, Debenture To, Redemption Premium	Debenture application & allotment dr. Discount on Debenture Dr. Loss on debenture dr. To, Debenture To, Redemption Premium
[A] Issued at par 100 and redeem at par 100 Debenture application & allotment dr.100 To, Debenture 100	To, Redemption Premium 15		
6. At the time of Redemption 1. Debenture A/c Dr. Redemption premium a/c Dr. To, Debenture Holder		7. Payment to Debenture holder 1. Debenture holder A/c dr. To Bank	



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Sources of finance for Redemption of debenture

[A] Fresh issue of share

[B] Out of Capital

[A] Basic Entries

1. Bank A/c
To, Debenture application & Allotment
2. Debenture application & Allotment
To, 11% Debenture
To, security premium
[B] Investment [upto 30 th April in the year of redemption] [15 % F.V.]

D.R.I.

To, Bank

[C] At the time of redemption

Bank a/c dr.

To, D.R.I.

To, Interest [if]

[D] Creation of DRR [10% face value for unlisted companies]

P&L

To, DRR

[E] Redemption of Debenture

Debenture

To, Debenture Holder

[F] Payment to Debenture holder

Debenture holder

To, bank

[G] DRR transferred to G/R

DRR a/c Dr.

To G/R

[C] Out of Profit

[A] Basic Entries

1. Bank A/c
To, Debenture application & Allotment
2. Debenture application & Allotment
To, 11% Debenture
To, security premium
[B] Investment [upto 30 th April in the year of redemption] [15 % F.V.]

D.R.I.

To, Bank

[C] At the time of redemption

Bank a/c dr.

To, D.R.I.

To, Interest [if]

[D] Creation of DRR [100% face value]

P&L

To, DRR

[E] Redemption of Debenture

Debenture

To, Debenture Holder

[F] Payment to Debenture holder

Debenture holder

To, bank

[G] DRR transferred to G/R

DRR a/c Dr.

To G/R

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