

Rizvi College of Arts Science & Commerce

Redemption of Debentures **Accountancy and Fin Mgmt- IV**

Class SYBCOM

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Syllabus for AFM-IV

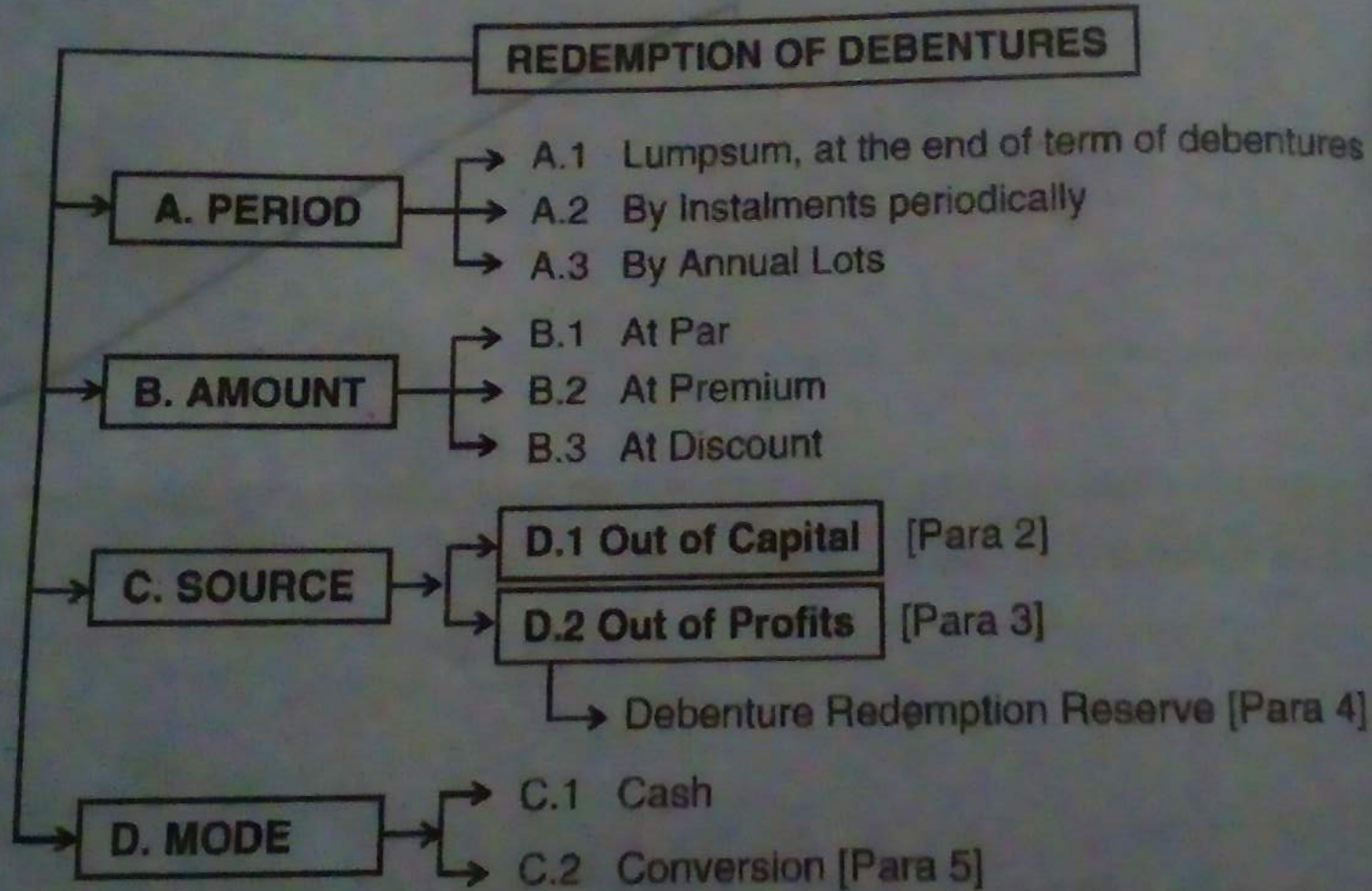
- 1. Introduction to Company Account.**
- 2. Issue of Debentures.**
- 3. Redemption of Preferences shares.**
- 4. Redemption of Debentures**
- 5. Profit prior to Incorporation.**

Redemption of Debentures

- Redeem means **to pay back**

- **Types of Debentures**

1. Redeemable Debentures (redeem at **specific** future date)
2. Irredeemable debentures(redeem on wound up)

EXHIBIT 1 :

redemption
in practice, and especially
capital is not possible. He
from requirement of red
capital.

Illustration 1 : (Redem
Gharat Bank Ltd. issue
debentures are redeem
in proportion to the am
you are asked to :
(i) Prepare statement
(ii) Pass appropriate
Assume that the red
Solution :

Date	No.	
Year 1	1.	Bank Disc
		[Be ₹ 9
	2.	De

Redemption of Debentures By Conversion

1. Amount due to debentureholder

- Debentures(old)A/cDr.
To Debentureholder A/c.

2. Conversion by new issue at par.

- Debentureholder A/cDr
To Equity share capital
To Preferences share capital
To Debentures (new)

3 Conversion by new issue at premium.

- Debentureholder A/cDr
To Equity share capital
To Preferences share capital
To Debentures (new)
To Securities Premium A/c

4.Adjustment of Security Premium.

- Security Premium A/c Dr
To Premium on Redemption A/c

- **5.Transfer to General Reserve**
- **Profit and loss Account.....Dr**
To General Reserve Account

Face value of 3,500 Equity Shares = 3,500 x ₹ 10 = ₹ 35,000

Securities Premium on 3,500 Equity Shares = 3,500 x ₹ 2 = ₹ 7,000

Illustration 16 :

Company gave notice of its intention to redeem its outstanding ₹ 4,00,000, 12% Debenture Stock at 102 percent, and offered the holders the following options :
To apply the redemption money for subscribing :

- (a) 8% Cumulative Preference Shares of ₹ 20 each at ₹ 22.50 per share.
- (b) 10% Debenture Stock at 96 percent.
- (c) To have their holding redeemed for cash.

Holders of ₹ 1,71,000 stock accepted the proposal (a).

Holders of ₹ 1,44,000 stock accepted the proposal (b).

And the remaining stock holders accepted the proposal (c).

Pass the journal entries to record the above transactions. Requirement of depositing or investing the amount at the beginning of the year may be ignored.

(CBSE, adapted)

Solution :

Journal Entries

No.	Particulars	Dr. ₹	Cr. ₹
1.	12% Debentures A/c	Dr. 4,00,000	
	Redemption A/c	Dr. 8,000	

Journal Entries in the books of Company

1. 12% Debentures Account.....Dr. 4,00,000

• Premium on Redemption Account...Dr. 8,000

. To Debentureholder Account..... 4,08,000

{Being Amount due to debentureholder at a premium@2%}

2. Debentureholder Account.....Dr. 1,74,420

. To 8% Cum. Preference share capital A/c 1,55,040

To Securities Premium Account. 19,380

{Being 12% Debentureholder converted into Pref shares}

3. Debentureholder Account.....Dr. 1,46,880

Discount on issues A/cDr. 6,120

. To 10%Debenture A/c. 1,53,000

{Being 12% Deb converted into 10%Deb at Discount ₹ 4/-}

4. Debentureholder Account.....Dr. 86,700

. To Bank A/c. 86,700

{Being 12% Deb redeem by cash}

5. Securities Premium Account.....Dr 8,000

To Premium on Redemption A/c. 8,000

{Being Premium on Redemption adjusted}

6.Profit/loss Account.....Dr. 21,250

. To General Reserve Account. 21,250

{Being amount transferred to gen reserve A/c}

Working columns

12% Debentures. ₹ 4,00,000. Number of deb $4,00,000 \div 100 = 4,000$

Premium $4,000 \times 2 = ₹ \underline{8,000}$

Total. Redemption. ₹ 4,08,000

Conversion to Pref shares ₹ 1,71,000 + 2% = ₹ 3,420 Amount 1,74,420

Number of pref shares $1,74,420 \div 22.50 = 7,752$ shares.

Amount of pref shares $7,752 \times 20 = ₹ 1,55,040$

Securities Premium. $7,752 \times 2.50 = ₹ 19,380$

- Conversion to 10% Deb ₹ 1,44,000 + 2% = ₹ 2,880 Amount 1,46,880

Number of deb $1,46,880 \div 96 = 1,530$ deb

Amount of deb $1,530 \times 100 = ₹ 1,53,000$

Discount on issue $= 1,530 \times 4 = 6,120$

Redeem by cash

Remaining to be redeemed by cash $4,00,000 - 1,71,000 - 1,44,000 = 85,000$

Premium $85,000 + 2\% = 86,700$

General Reserve. $85,000 \times 25\% = 21,250$

Working Note .

$$\text{Number of Preference Shares Issued} = \frac{1,50,000}{12} = 12,500.$$

Illustration 18 : (Red. @ Prem; Cash/PS @ Prem./Deb. @ Par)

Beeta Limited had issued 5,000 12% Debentures of ₹ 100 each under SEBI regulations redeemable on 31st December, 2013 at a premium of 5%. The company offered three options to Debenture holders as follows :

(i) 14% Preference Shares of ₹ 10 at ₹ 12; (ii) 15% Debentures of ₹ 100 at par; (iii) Redemption in cash.

The options were accepted as under :

(i) option by holders of 1,500 debentures; (ii) option by holders of 1,500 debentures; (iii) option by holders of 2,000 debentures. The redemption was carried out by the company after creating Debenture Redemption Reserve for twice the minimum amount required by law. Show Journal entries.

Solution :

Journal of Beeta Ltd.

Date	No.	Particulars	Dr. ₹ Cr. ₹	
			Dr. ₹	Cr. ₹
13	1.	12% Debentures A/c	Dr. 5,00,000	
			Dr. 25,000	

Working columns

- 12% Debentures $5,000 \times 100 = ₹ 5,00,000$
- Add 5% Premium. $= ₹ \underline{25,000}$
- Amount of redemption. $= ₹ \underline{5,25,000}$

- Option 1. 14% preferences shares of ₹ 10 at ₹ 12.
- Number of Debentures $1,500 \times 100 = ₹ 1,50,000$
- Add 5% Premium. $= ₹ \underline{7,500}$
- Amount for conversion. $= ₹ \underline{1,57,500}$

- Numbers of preferences shares $1,57,500 \div 12 = 13,125$ shares.
- Amount of preferences shares $13,125 \times 10 = 1,31,250$.
- Securities premium. $13,125 \times 2 = \underline{26,250}$

- Option no 2. 15% Debentures of ₹ 100 at par.
- Number of Debentures $1,500 \times 100 = ₹ 1,50,000$
- Add 5% Premium. $= ₹ \underline{7,500}$
- Amount for conversion. $= ₹ \underline{1,57,500}$

- Option no 3.Redemption incash.
 - Number of Debentures $2,000 \times 100 = ₹ 2,00,000$
 - Add 5% Premium. $= ₹ \underline{10,000}$
 - Amount for conversion. $= ₹ \underline{2,10,000}$
-
- General Reserve is calculated on cash $2,00,000 \times 25\% = 50,000 \times 2 = 1,00,000$

Journal Entries in the books of Beeta Ltd

1. 12% Debentures A/c.....Dr 5,00,000

. Premium on Redemption A/c.....Dr 25,000

To Debentureholder A/c.	5,25,000
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{Being amount due on redemption at a premium@5%}

2. Debentureholder Account.....Dr 1,57,500

.	To 14% Preferences share capital A/c.	1,31,250
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.	To Securities Premium A/c.	26,250
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{Being 1,500deb converted into preferences at premium ₹2}

3. Debentureholder Account.....Dr. 1,57,500

.	To 15% Debentures A/c.	1,57,500
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{Being 1,500 Deb converted into new 15% deb at par}

4. Debentureholder Account.....Dr. 2,10,000

.	To Bank A/c.	2,10,000
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{Being 2,000deb redeem for cash }

5. Securities premium A/c.....Dr. 25,000
. To Premium on Redemption A/c. 25,000
{ Being Premium amount adjusted }

6. Profit and loss Account.....Dr 1,00,000
. To General Reserve Account. 1,00,000
{Being amount transferred to gen reserve }

Total Amount in Cash

86,700

Entry (5) is passed to transfer the amount equal to face value of debentures redeemed in cash to general reserves as the redemption is **fully** out of profits.

Illustration 20 : (Red. @ Prem; Cash/PS @ Prem/Deb. @ Dis.)

Company Ltd. gave notice of its intention to redeem its outstanding ₹ 6,00,000 - 8% debentures at ₹ 103 and offered the holders the following options :

- (a) 10% Preference shares of ₹ 20 each at ₹ 25.
- (b) 9% Debentures at ₹ 96.
- (c) To have their holdings redeemed for cash.

- (i) The holders of ₹ 1,80,000 debentures accepted proposal (a).
- (ii) The holders of ₹ 2,40,000 debentures accepted proposal (b).
- (iii) The remaining debenture holders accepted proposal (c).

Pass necessary journal entries in the books of Enron Ltd. assuming the redemption was made out of profits, if applicable.

Solution :

**Enron Ltd.
Journal**

No.	Particulars	Dr. ₹	Cr.
1.	8% Debentures A/c Premium on Redemption A/c To Debentureholders A/c [Being amount payable transferred to Debentureholders A/c]	Dr. 6,00,000 Dr. 18,000	6,18,000
2.	Debentureholders A/c To Reserve Capital A/c	Dr. 1,85,400	1,85,400

Enron limited

- *8%Deb ₹ 6,00,000. Number of Deb $6,00,000 \div 100 = 6,000$.*
- *Add premium $6,000 \times 3 = 18,000$.*
- *Amount of Redemption $6,00,000 + 18,000 = 6,18,000$.*

- *Option a) 10% pref shares $1,80,000 + 3\% = 1,85,400$*
- *Number of pref shares $1,85,400 \div 25 = 7,416$ shares.*
- *Amount of pref shares $7,416 \times 20 = ₹ 1,48,320$.*
- *Securities Premium $7,416 \times 5 = ₹ 37,080$*

- ***Option b) 9% Deb ₹ 2,40,000 + 3% = ₹ 2,47,200***
- ***Number of Deb $2,47,200 \div 96 = 2,575$ deb***
- ***Amount of deb $2,575 \times 96 = ₹ 2,47,200$.***
- ***Discount on deb $2,575 \times 4 = ₹ 10,300$***

- ***Option c) Redeem for Cash***
- ***Remaining Amt of deb $6,00,000 - 1,80,000 - 2,40,000 = 1,80,000$***
- ***Redeem for cash $1,80,000 + 3\% = ₹ 1,85,400$***
- ***General Reserve (out of profit) ₹ 1,80,000***

1. 8% Debentures A/c.....Dr 6,00,000

. Premium on Redemption A/c.....Dr 18,000

To Debentureholder A/c. 6,18,000

{Being amount due on redemption at a premium@3%}

2. Debentureholder Account.....Dr 1,85,400

. To 10% Preferences share capital A/c. 1,48,320

. To Securities Premium A/c. 37,080

{Being 1,80,000deb converted into preferences at premium ₹5}

3. Debentureholder Account.....Dr. 2,47,200

Discount on issues A/cDr. 10,300

. To 9%Debenture A/c.	2,57,500
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{Being 2,40,000Deb converted into 9%Deb at Discount ₹ 4/-}

4. Debentureholder Account.....Dr. 1,85,400

. To Bank A/c.	1,85,400
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{Being remaining Deb redeem by cash}

5. Securities premium A/c.....Dr. 18,000
. To Premium on Redemption A/c. 18,000
{ Being Premium amount adjusted}

6. Profit and loss Account.....Dr 1,80,000
. To General Reserve Account. 1,80,000
{Being amount transferred to gen reserve out of profit}

Redemption out of capital

1. Redemption at par

• *Debentures A /c.....Dr*
• *To Debentureholder A/c*

2. Redemption at premium.

Debentures A /cDr
Premium on redemption A/c.Dr
• *To Debentureholder A/c*

3.Redemption at discount.

Debentures A /c.....Dr
• *To Debentureholder A /c*
• *To Profit on Redemption A /c*

4.Payment to Debentureholder

Debentureholder A/cDr
• *To Bank A/c*

Debentures issued at par premium and discount

1. Debenture issued at par.

Bank A/c.....Dr
 . To Debentures A/c.
{Being debenture issued at par}

2. Debenture issued at premium

Bank A/c..... Dr
 To Debentures A/c
 . To Securities Premium A/c
{Being deb issued at premium}

3. Debenture issued at discount

Bank A/c.....Dr
Discount A/c.....Dr
 . To Debentures A/c.
{Being deb issued at discount}

4. Debenture Interest.

Deb Interest A/c.....Dr
 . To Bank A/c
{Being deb interest paid}

capital is not possible. However, All India Financial Institutions or Banking Companies are exempt from requirement of redemption out of profit (see Para 4) and hence can redeem debentures out-of-capital.

Illustration 1 : (Redemption fully out of capital in annual instalments)

Bharat Bank Ltd. issued 50,000 15% debentures of ₹ 1,000 each at ₹ 952 per debenture. The debentures are redeemable in five annual instalments of ₹ 200 each. It is decided to write off discount in proportion to the amount of debenture finance usage over the various years. You are asked to :

- (i) Prepare statement for write off of discount over the five year period.
 - (ii) Pass appropriate journal entries in year 1 and year 2.
- Assume that the redemption is out of capital.

Solution :

Journal of Bharat Bank Limited

Date	No.	Particulars	Dr. ₹	Cr. ₹
Year 1	1.	Bank A/c	Dr. 4,76,00,000	
		Discount on Issue of Debentures A/c	Dr. 24,00,000	
		To 15% Debentures A/c		5,00,00,000
		To 15% Debentures of ₹ 1,000 each issued @		

Working columns

- Debentures issued at discount
- $50,000 \times 952 = 4,76,00,000.$
- $50,000 \times 48 = 24,00,000$
- $50,000 \times 1,000 = 5,00,00,000$
- Debentures interest
- $5,00,00,000 \times 15\% = 75,00,000$
- Discount to be write off in 5 year
- $24,00,000 \times 5/15 = 8,00,000$
- $24,00,000 \times 4/15 = 6,40,000$
- $24,00,000 \times 3/15 = 4,80,000$
- $24,00,000 \times 2/15 = 3,20,000$
- $24,00,000 \times 1/15 = 1,60,000.$

Journal Entries in the books of Bharat Bank limited

1. Bank A/c.....Dr.4,76,00,000
Discount on issue of Debentures A/ c.....Dr. 24,00,000
To 15% Debentures A/ c. 5,00,00,000
{Being 50,000 deb of ₹ 1,000 issued at ₹ 952}

2. Debenture interest A/c.....Dr 75,00,000
. To Bank A/ c. 75,00,000
{Being interest paid @15% to Debentureholder}

3. Profit & loss Account.....Dr83,00,000

. To Debentures Interest Account	75,00,000
To Discount on issue of Debentures A/c.	8,00,000

{Being Deb interest and Discount trf to P/ L A/ c}

4. 15% Debentures A /c.....Dr 1,00,00,0000

To Bank A/ c.	1,00,00,000
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{Being 1st Installment of ₹200 each on 50,000 deb repaid}

- 2nd year

1. Debenture interest A/c.....Dr 60,00,000

. To Bank A/ c.	60,00,000
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{Being interest paid @15% to Debentureholder ₹ 4,00,00,000}

2. Profit & loss Account.....Dr 66,40,000

. To Debentures Interest Account	60,00,000
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To Discount on issue of Debentures A/c.	6,40,000
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{Being Deb interest and Discount trf to P/ L A/ c}

3) 15% Debentures A /c.....Dr 1,00,00,0000

To Bank A/ c.

1,00,00,000

{Being 2nd Installment of ₹200 each on 50,000 deb repaid}

Redemption out of profit

Debentures Redemption Reserve Account

- *Transfer 25% - The companies Act 2013,section 71(4) together with companies (share capital and debenture)Rules 2014,require a company to create DRR of an amount atleast equal to 25% of nominal value of Debentures that are redeemable by it.*
- *Exempt – The following companies are exempt from creating DRR.*
 1. *All India Financial Institutions (AIFI)regulated by RBI*
 2. *Privately placed debenture by Non banking and other financial Institutions (LIC,UTI)*

- ***Debentures Redemption Investment:***

1. ***15% - Every company require to maintain DRR on or before 30th April each year, deposit or invest as the case may be, a sum shall not less than 15% of the amount of its debenture maturing during 31st March next year.***
2. ***Modes-Such investment shall be in anyone or more of the following.***
 - ***Deposit any scheduled bank, free charge or lien.***
 - ***In unencumbered Securities of central or any state government.***

Journal Entries

1. Investment made 15% of face value of Debentures to be redeemed

- **Deb Redemption Investment A/c.....Dr**
- . **To Bank A/c**

2. Interest on investment

Bank A/c.....Dr

- . **To Interest earned.**

3. Investment Encashed.

Bank A /c.....Dr.

To Deb Redemption Investment A/c

4. transfer profits from profit & loss Account.

- **Profit & Loss Account.....Dr**
- **General Reserve A/cDr**
- . **To Deb Redemption Reserve A/c**

5. On Redemption of Debentures.

Debentures A/c.....Dr

- . **To Debentureholder A/c**

6. Payment to Debentureholder

Debentureholder A/cDr

- . **To Bank A/c**

7. When all debenture are redeemed.

Deb Redempt Reserve A/c.....Dr

. To General Reserve A/c

4. 31st March, 2020	On or Before 30th April, 2019	25% of ₹ 20,00,000 = ₹ 5,00,000	15% of ₹ 5,00,000 = ₹ 75,000
5. 31st March, 2021	On or Before 30th April, 2020	20% of ₹ 20,00,000 = ₹ 4,00,000	15% of ₹ 4,00,000 = ₹ 60,000

Illustration 3 :

Noida Toll Bridge Corporation Ltd. has outstanding 50,000, 8% debentures of ₹ 100 each issued in 2005 due for redemption on March 31, 2015. It was decided to invest the required amount in investment earning 10% p.a. interest on April 30th, 2014. How much amount of Debenture Redemption Reserve should be credited before the redemption of debentures begin ? Record necessary entries regarding redemption of debentures.

Solution :

In the Books of Noida Toll Bridge Corporation Ltd.

JOURNAL ENTRIES

Date	No.	Particulars	Dr. (₹)	Cr. (₹)
2014 Apr.30	1.	<div style="display: flex; justify-content: space-between;"> <div> Debenture Redemption Investment A/c To Bank A/c [Being investment made @ 15% of the face value of debentures to be redeemed] </div> <div>Dr.</div> </div>	7,50,000	7,50,000
2015 Mar.31	2.	<div style="display: flex; justify-content: space-between;"> <div>Bank A/c</div> <div>Dr.</div> </div>	8,18,750	7,50,000

In the books of Noida Toll Bridge Corporation

Journal Entries

<i>• Date</i>	<i>Particular's.</i>	<i>L f.</i>	<i>Dr.</i>	<i>Cr</i>
<i>30th April</i>	<i>Deb Redemp Investment A/c..Dr.</i>		<i>7,50,000</i>	
<i>2014</i>	<i>To Bank A/c.</i>			<i>7,50,000</i>
<i>.</i>	<i>{Being investment made 15% on 50,000deb of ₹ 100}</i>			
<i>31st March.</i>	<i>Bank Account.....Dr.</i>		<i>68,750</i>	
<i>2015</i>	<i>To Interest Earned A/c.</i>			<i>68,750</i>
<i>.</i>	<i>{Being Interest received on investment}</i>			
	<i>7,50,000 x 10% x 11/12}</i>			

<i>• Date</i>	<i>Particular's.</i>	<i>L f.</i>	<i>Dr.</i>	<i>Cr</i>
<i>• 31st March. Bank Account.....Dr.</i>			<i>8,18,750</i>	
<i>2015</i>	<i>To Deb Redempt investment A/c.</i>		<i>8,18,750</i>	
	<i>{Being Investment Encashed}</i>			
<i>31st March Profit & Loss A/c.....Dr.</i>			<i>12,50,000</i>	
<i>2015.</i>	<i>To Deb Redemption Reserve A/c.</i>			<i>12,50,000</i>
<i>.</i>	<i>{Being 25% of nominal value trf to DRR}</i>			
	<i>50,000 x 100 x 25% = 12,50,000}</i>			

• <u>Date</u>	<u>Particular's.</u>	<u>L f.</u>	<u>Dr.</u>	<u>Cr</u>
31st March.	Debentures A/cDr.		50,00,000	
.	To Debentureholder A/c.			50,00,000
.	{Being amount due on redemption}			
31st March	Debentureholder A/c.....Dr.		50,00,000	
.	To Bank A/c.			50,00,000
	{ Being amount paid to Debentureholder}			

<i><u>Date</u></i>	<i><u>Particular's.</u></i>	<i><u>L f.</u></i>	<i><u>Dr.</u></i>	<i><u>Cr</u></i>
31st March.	Deb Redemp Reserve A/c....Dr		12,50,000	
.	To General Reserve A/c.			12,50,000
.	{Being all deb redeemed through DRR}			

Jun.30	9.	Debenture Redemption Reserve A/c To General Reserve A/c [Being transfer of DRR to General Reserve]	9,50,000
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Illustration 6 : (Redemption in lots / instalments)

Vasundhra Ltd. has 6,000, 8% of debentures of ₹ 100 each due for redemption in four equal annual instalments starting from March 31, 2013. Debenture Redemption Reserve has a balance of ₹ 70,000 on that date. Record necessary journal entries. The company complied with the requirements with respect to investment made in Government Securities on 30th April, 2012.

Solution :

Journal Entries of Vasundhra Ltd.

Date	No.	Particulars	Dr. (₹)	Cr. (₹)
2012 Apr.30	1.	Debenture Redemption Investment A/c Dr. To Bank A/c [Being investment made in Government Securities of amount equal to 15% of the face value of debentures to be redeemed i.e. 15% of ₹ 1,50,000]	22,500	22,500
2013 Mar.31	2.	Profit and Loss A/c Dr. To Debenture Redemption Reserve A/c [Being transfer of profits to Debenture Redemption Reserve]	80,000	80,000
Mar.31	3.	8% Debentures A/c Dr.	1,50,000	

Working columns

- $6,000 \times 100 = 6,00,000$
- Annual installment $6,00,000 \div 4 = ₹ 1,50,000/-$
- Transfer 15% on 1,50,000 = ₹ 22,500/-

In the books of Vasundhra Ltd

<u>Date.</u>	<u>Particular's.</u>	<u>L/f.</u>	<u>Dr.</u>	<u>Cr</u>
• <u>2012.</u>	Deb Redempt investment A/cDr		22,500	
• 30 th April.	To Bank A/c.			22,500
• .	{ Being amt invested in govt securities 15% on 1,50,000}			
• 2013.	Profit & loss Account.....Dr.		1,50,000	
• 31 st March	To Deb Redempt Reserve A/c.			1,50,000
•	{ Being transfer of profit 25% of nominal value of deb issued}			

•	<u>Date.</u>	<u>Particular's.</u>	<u>L/f.</u>	<u>Dr.</u>	<u>Cr</u>
•	31st March.	8% Debentures A/cDr.		1,50,000	
.		To Debentureholder Account.			1,50,000
		{ Being amount payable to Debentureholder }			

31st March.	Debentureholder Account.....Dr		1,50,000	
.	To Bank A/c.			1,50,000
	{ Being amount paid to Debentureholder }			

<u>• Date.</u>	<u>Particular's.</u>	<u>L/f.</u>	<u>Dr.</u>	<u>Cr</u>
• 31st March. 8% Debentures A/c	Dr.		1,50,000	
2014.	To Debentureholder Account.			1,50,000
	{ Being amount payable to Debentureholder }			

31st March. Debentureholder Account.....	Dr		1,50,000	
.	To Bank A/c.			1,50,000
	{ Being amount paid to Debentureholder }			

•	<u>Date.</u>	<u>Particular's.</u>	<u>L/f.</u>	<u>Dr.</u>	<u>Cr</u>
•	31st March.	8% Debentures A/cDr.		1,50,000	
	2015	To Debentureholder Account.			1,50,000
		{ Being amount payable to Debentureholder }			
	31st March.	Debentureholder Account.....Dr		1,50,000	
.		To Bank A/c.			1,50,000
		{ Being amount paid to Debentureholder }			

•	<u>Date.</u>	<u>Particular's.</u>	<u>L/f.</u>	<u>Dr.</u>	<u>Cr</u>
•	2016.	Bank Account.....Dr.		22,500	
•	31st Mar	To Deb Redempt investment A/c.			22,500
•		{ Being investment Encashed}			
•	31st March.	8% Debentures A/cDr.		1,50,000	
.		To Debentureholder Account.			1,50,000
		{ Being amount payable to Debentureholder}			

•	<u>Date.</u>	<u>Particular's.</u>	<u>L/f.</u>	<u>Dr.</u>	<u>Cr</u>
	31st March.	Debentureholder Account.....Dr		1,50,000	
.		To Bank A/c.			1,50,000
		{ Being amount paid to Debentureholder }			
	31st March.	Deb Redemp Reserve A/c....Dr		1,50,000	
.		To General Reserve A/c.			1,50,000
.		{Being all deb redeemed through DRR}			

The End