

FROM CONDITION OF REDEMPTION POINT OF VIEW

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There are six cases on the basis of terms of issue and conditions of redemption of debentures. They are as follows:

- Issued at par and redeemable at par.
 - Issued at premium and redeemable at par.
 - Issued at discount and redeemable at par.
 - Issued at par and redeemable at premium.
 - Issued at discount and redeemable at premium.
 - Issued at premium and redeemable at premium.
- A. When issued at par and redeemable at par.

Bank A/c	Dr	
To Debentures A/c		

- B. When issued at premium and redeemable at par.

Bank A/c	Dr	(face value+ premium)
To Debentures A/c		(face value)
To security premium A/c		(premium)

- C. When issued at discount and redeemable at par.

Bank A/c	Dr	(amount received)
Discount on issue of debentures A/c	Dr	(discount)
To Debentures A/c		(face value)

- D. When issued at par and redeemable at premium.

Bank A/c	Dr	(amount received)
Loss on issue of debentures A/c	Dr	(premium on redemption)
To debentures A/c		(face value)
To premium on redemption A/c		(premium on redemption)

- E. When issued at discount and redeemable at premium.

Bank A/c	Dr	(amount received)
Loss on issue of debentures A/c	Dr	(issue discount+ redemption premium)
To debentures A/c		(face value)
To premium on redemption A/c		(redemption premium)

- F. When issued at premium and redeemable at premium.

Bank A/c	Dr	(amount received)
Loss on issue of debentures A/c	Dr	(redemption premium)
To debentures A/c		(face value)
To security premium A/c		(issue premium)
To premium on redemption A/c		(redemption premium)

Illustration 16

Journalize the following transactions at the time of issue of debenture of Rs.100.

- A debenture issued at Rs.95, repayable at Rs.100.
- A debenture issued at Rs.95, repayable at Rs.105.
- A debenture issued at Rs.100, repayable at Rs.105.
- A debenture issued at Rs.105, repayable at Rs.100.
- A debenture issued at Rs.102, repayable at Rs.105.

Solution:

a.	Bank A/c	Dr	95	
	Discount on issue of debentures A/c	Dr	5	
	To Debentures A/c			100
	(issue of debenture at Rs.95, repayable at Rs.100)			
b.	Bank A/c	Dr	95	
	Loss on issue of debentures A/c	Dr	10	
	To debentures A/c			100
	To premium on redemption A/c			5
	(issue of debenture at Rs.95, repayable at Rs.105)			
c.	Bank A/c	Dr	100	
	Loss on issue of debentures A/c	Dr	5	
	To debentures A/c			100
d.	To premium on redemption A/c			5
	(issue of debenture at Rs.100, repayable at Rs.105)			
e.	Bank A/c	Dr	105	
	To Debentures A/c			100
	To security premium A/c			5
	(issue of debenture at Rs.105, repayable at Rs.100)			
	Bank A/c	Dr	102	
	Loss on issue of debentures A/c	Dr	3	
	To debentures A/c			100
	To security premium A/c			2
	To premium on redemption A/c			3
	(issue of debenture at Rs.102, repayable at Rs.105)			