

1. Details of Module and its structure

Module Detail	
Subject Name	Accountancy
Course Name	Accountancy 04 (Class XII, Semester – 2)
Module Name/Title	Redemption of Debentures – Redemption in Instalments: By Draw of Lots – Part 6
Module Id	leac_20206
Pre-requisites	Knowledge about sources & methods of redemption
Objectives	After going through this lesson, learners will be able to understand the following: <ol style="list-style-type: none">1. Concept of Redemption of Debentures by Draw of Lots.2. Accounting treatment of redemption in annual instalments by draw of lots.3. Accounting treatment of redemption in half yearly instalments by draw of lots.4. Procedure of fulfilling the condition of DRI in case of Redemption by Draw of Lots
Keywords	Draw of lots, Redemption by draw of lots

2. Development Team

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% Debentures A/c Dr. To Debentureholders A/c (Being redemption due.) <hr/> Debentureholders A/c Dr. To Bank A/c (Being payment made to debentureholders.)				% Debentures A/c Dr. Premium on Redemption Dr. To Debentureholders A/c (Being redemption due.) <hr/> Debentureholders A/c Dr. To Bank A/c (Being payment made to debentureholders.)			
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* You must be wondering that journal entries for Redemption of Debentures in case of redemption by Draw of Lots are exactly same as that in case of Lump Sum payment method.

The only difference in the two method is that here we repeat same set of entries for each instalment.

2. Redemption of Debentures by Draw of Lots

Recording all the economic events related to Debentures

Redemption once in a year by Draw of Lots – Annual Instalments

In this section through an illustration you will have an idea of the whole process of recording all the transactions related to debentures that occur during the span of debentures, from issue to redemption.

➤ Economic transactions related to debentures that take place in the whole span/tenure:

1. Issue of Debentures
2. Writing off Discount/Loss on Issue of Debentures
3. Interest on Debentures – Due, Payment & Writing off
4. Creation of Debenture Redemption Reserve (DRR) (if required)
5. Purchase of Securities/Bonds/ Deposits on account of DRI
6. Sale of Securities/Bonds/Deposits on the date of redemption
7. Redemption of Debentures – Due & Payment
8. Transfer of Proportionate amount of out of DRR to General Reserve

Example (Comprehensive)- Suppose, on 1st April, 2016 LMN Ltd., an unlisted company, issued 3,000 7% Debentures of ₹ 100 each at par which are redeemable at 20% premium in three equal annual instalments by draw of lots.

First lot will be redeemed at the end of 2nd year and remaining in the two following years.

Pass necessary journal entries for whole tenure (life) of debentures, right from issue to redemption, assuming that company has sufficient amount in 'Surplus i.e. Balance of Statement of P & L' and it is to fulfil all the requirements related to DRR & DRI.

Company transferred the required profits to DRR at the end of second year and follow a policy of making investment on 1st April of the year of redemption.

PROCESS OF ISSUE & REDEMPTION INCLUDES FOLLOWING STEPS



Year 1 (2016-17) – Date of Issue

Journal Entries related to Issue of Debentures				
Application Money Received				
2016 April 1	Bank A/c	Dr.	3,00,000	
	To Debenture Application and Allotment A/c			3,00,000
	(Application money received on 3,000 debentures @ ₹100 each.)			
Debentures Allotted				
April 1	Debenture Application and Allotment A/c	Dr.	3,00,000	
	Loss on issue of Debenture A/c	Dr.	60,000	
	To 7% Debentures A/c			3,00,000
	To Premium on Redemption of Debentures A/c			60,000
	(Issue of Debentures at par and redeemable at 20% premium.)			

Year 1 (2016-17) – End of 1st Year

Journal Entry related to Writing off Loss on Issue of Debentures				
Writing Off Loss on Issue of Debentures				
2017 Mar 31	Statement of Profit & Loss	Dr.	60,000	
	To Loss on Issue of Debentures A/c			60,000

	(Writing off Loss on Issue of Debentures.)			
Interest on Debentures - Due, Payment & Writing off				
2017	Debenture Interest A/c	Dr.	21,000	
Mar 31	To TDS Payable A/c			2,100
	To Debentureholders A/c			18,900
	(Interest due on debentures @7% on 3,00,000 & TDS charged @ 10%.)			
Mar 31	TDS Payable A/c	Dr.	2,100	
	To Bank A/c			2,100
	(TDS on Interest due on debentures deposited.)			
Mar 31	Debentureholders A/c	Dr.	18,900	
	To Bank A/c			18,900
	(Interest on Debentures paid after TDS.)			
Mar 31	Statement of Profit & Loss	Dr.	21,000	
	To Debenture Interest A/c			21,000
	(Interest on Debentures written off.)			

Year 2 (2017-18) – End of 2nd Year

Journal Entries for Debenture Interest				
Interest on Debentures - Due, Payment & Writing off				
2018	Debenture Interest A/c	Dr.	21,000	
Mar 31	To TDS Payable A/c			2,100
	To Debentureholders A/c			18,900
	(Interest due on debentures @7% on 3,00,000 & TDS charged @ 10%.)			
Mar 31	TDS Payable A/c	Dr.	2,100	
	To Bank A/c			2,100
	(TDS on Interest due on debentures deposited.)			
Mar 31	Debentureholders A/c	Dr.	18,900	
	To Bank A/c			18,900
	(Interest on Debentures paid after TDS.)			
Mar 31	Statement of Profit & Loss	Dr.	21,000	
	To Debenture Interest A/c			21,000
	(Interest on Debentures written off.)			
Creation of DRR				

2018	General Reserve A/c	Dr.	-	
Mar 31	Surplus i.e. Balance in Statement of P & L	Dr.	30,000	
	To Debenture Redemption Reserve (DRR) A/c			30,000
	(Reserves/profits equal to 10% of nominal value of outstanding debentures transferred to DRR.) [10% of 3,00,000 = 30,000]			

Year 3 (2018-19) - Year of Redemption of 1st Instalment

Journal Entries – Related to DRR & DRI for Redemption				
Purchase of Specified Securities or Deposits to fulfil the condition of DRI				
2018	Debenture Redemption Investment A/c	Dr.	15,000	
Apr 1	To Bank A/c			15,000
	(Investment made in specified securities equal to 15% of nominal value of Debentures due for redemption in financial year.) [15% of 1,00,000]			
Sale of Securities or Deposits to fulfil the condition of DRI				
2019	Bank A/c	Dr.	15,000	
Mar 31	To Debenture Redemption Investment A/c			15,000
	(Specified securities sold or deposits realized for redemption.)			

Year 3 (2018-19) – End of 3rd Year

Journal Entries – Related to Debenture Interest				
Interest on Debentures - Due, Payment & Writing off				
2019	Debenture Interest A/c	Dr.	21,000	
Mar 31	To TDS Payable A/c			2,100
	To Debentureholders A/c			18,900
	(Interest due on debentures @7% on 3,00,000 & TDS charged @ 10%.)			
Mar 31	TDS Payable A/c	Dr.	2,100	
	To Bank A/c			2,100
	(TDS on Interest due on debentures deposited.)			
Mar 31	Debentureholders A/c	Dr.	18,900	

	To Bank A/c (Interest on Debentures paid after TDS.)			18,900
Mar 31	Statement of Profit & Loss To Debenture Interest A/c (Interest on Debentures written off.)	Dr.		21,000 21,000

Year 3 (2018-19) – End of 3rd Year

Journal Entries for Redemption of Debentures – 1 st Installment				
Make Redemption Due				
2019	% Debentures A/c	Dr.		1,00,000
Mar 31	Premium on Redemption of Debenture A/c To Debentureholders A/c (1,000 7% Debentures of ₹100 each due for redemption at 20% premium.)	Dr.		20,000 1,10,000
Make Payment to Debentureholders				
2019	Debentureholders A/c	Dr.		1,20,000
Mar 31	To Bank A/c (Payment made to debentureholders.)			1,20,000
Transfer Back Proportionate DRR A/c to General Reserve A/c				
2019	Debenture Redemption Reserve A/c	Dr.		10,000
Mar 31	To General Reserve A/c (Proportionate DRR i.e. 10% of nominal value of debentures redeemed transferred to General Reserve.)			10,000

Year 4 (2019-20) - Year of Redemption of 2nd Instalment

Journal Entries related to DRI				
Purchase of Securities or Deposits to fulfil the condition of DRI				
2019	Debenture Redemption Investment A/c	Dr.		15,000
Apr 1	To Bank A/c			15,000

	(Investment made in specified securities equal to 15% of nominal value of Debentures due for redemption in financial year.) [15% of 1,00,000]			
Sale of Securities or Deposits to fulfil the condition of DRI				
2020	Bank A/c	Dr.	15,000	
Mar 31	To Debenture Redemption Investment A/c			15,000
	(Specified securities sold or deposits realized for redemption.)			

Year 4 (2019-20) – End of 4th Year

Journal Entries – Related to Debenture Interest				
Interest on Debentures - Due, Payment & Writing off				
2020	Debenture Interest A/c	Dr.	14,000	
Mar 31	To TDS Payable A/c			1,400
	To Debentureholders A/c			12,600
	(Interest due on debentures @7% on 2,00,000 & TDS charged @ 10%.)			
Mar 31	TDS Payable A/c	Dr.	1,400	
	To Bank A/c			1,400
	(TDS on Interest due on debentures deposited.)			
Mar 31	Debentureholders A/c	Dr.	12,600	
	To Bank A/c			12,600
	(Interest on Debentures paid after TDS.)			
Mar 31	Statement of Profit & Loss	Dr.	14,000	
	To Debenture Interest A/c			14,000
	(Interest on Debentures written off.)			

Year 4 (2018-19) – End of 4th Year

Journal Entries related to Redemption of Debentures – 2nd Installment				
Make Redemption Due				
2020	% Debentures A/c	Dr.	1,00,000	
Mar 31	Premium on Redemption of Debenture A/c	Dr.	20,000	
	To Debentureholders A/c			1,10,000

	(1,000 7% Debentures of ₹100 each due for redemption at 20% premium.)			
Make Payment to Debentureholders				
2020 Mar 31	Debentureholders A/c To Bank A/c	Dr.	1,20,000	1,20,000
	(Payment made to debentureholders.)			
Transfer Back Proportionate DRR A/c to General Reserve A/c				
2020 Mar 31	Debenture Redemption Reserve A/c To General Reserve A/c	Dr.	10,000	10,000
	(Proportionate DRR i.e. 10% of nominal value of debentures redeemed transferred to General Reserve.)			

Year 5 (2020-21) Year of Redemption of 3rd Instalment

Journal Entries related to DRI				
Purchase of Securities or Deposits to fulfil the condition of DRI				
2020 Apr 1	Debenture Redemption Investment A/c To Bank A/c	Dr.	15,000	15,000
	(Investment made in specified securities equal to 15% of nominal value of Debentures due for redemption in financial year.) [15% of 1,00,000]			
Sale of Securities or Deposits to fulfil the condition of DRI				
2021 Mar 31	Bank A/c To Debenture Redemption Investment A/c	Dr.	15,000	15,000
	(Specified securities sold or deposits realized for redemption.)			

Year 5 (2020-21) – End of 5th Year

Journal Entries – Related to Debenture Interest				
Interest on Debentures - Due, Payment & Writing off				
2021 Mar 31	Debenture Interest A/c To TDS Payable A/c	Dr.	7,000	700

	To Debentureholders A/c (Interest due on debentures @7% on 1,00,000 & TDS charged @ 10%.)			6,300
Mar 31	TDS Payable A/c To Bank A/c (TDS on Interest due on debentures deposited.)	Dr.		700
Mar 31	Debentureholders A/c To Bank A/c (Interest on Debentures paid after TDS.)	Dr.		6,300
Mar 31	Statement of Profit & Loss To Debenture Interest A/c (Interest on Debentures written off.)	Dr.		7,000

Year 5 (2020-21) – End of 5th Year

Journal Entries related to Redemption of Debentures – 3 rd Installment				
Make Redemption Due				
2021	% Debentures A/c	Dr.		1,00,000
Mar 31	Premium on Redemption of Debenture A/c To Debentureholders A/c (1,000 7% Debentures of ₹100 each due for redemption at 20% premium.)	Dr.		20,000
				1,10,000
Make Payment to Debentureholders				
2021	Debentureholders A/c	Dr.		1,20,000
Mar 31	To Bank A/c (Payment made to debentureholders.)			1,20,000
Transfer Proportionate DRR A/c to General Reserve A/c				
2021	Debenture Redemption Reserve A/c	Dr.		10,000
Mar 31	To General Reserve A/c (Balance of DRR A/c transferred to General Reserve.)			10,000

Note: 1. Size of Lots i.e. Debentures Redeemed every year may not be always equal.

2. In this example, process of purchase & sale of Securities to fulfil the condition of 15% DRI has been repeated thrice. The other option is to buy Securities before first draw of lot & sell them

after the last draw. The important thing to be taken care of is that DRI shouldn't be less than 15% of nominal value of debentures due for redemption in any financial year.

Illustration 1- HFDC Ltd., a listed company, issued 6,000, 12% Debentures of 50 each at a premium of 5% on April 1, 2014. Interest on these debentures is payable annually on 31st March each year. The debentures are **redeemable at par in four equal installments** at the end of third, fourth, fifth and sixth year.

The company invested in specified securities as investment for the redemption of debentures. You are required to pass journal entries at the time of issue and redemption of debentures in the books of the company. (Ignore entries of Interest on Debentures)

Solution:

Books of HFDC Ltd.

JOURNAL

DATE	PARTICULARS	LF	DR. Amt. in ₹	CR. Amt. in ₹
2014 Apr 01	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received for 6,000 debentures)		3,15,000	3,15,000
Apr 01	Debenture Application and Allotment A/c Dr. To 12% Debentures A/c To Securities Premium Reserve A/c (Debenture Application money transferred to debentures and securities premium reserve)		3,15,000	3,00,000 15,000
2016 Apr 30	Debenture Redemption Investment A/c Dr. To Bank A/c (Amount invested in specific securities) [15% of 75,000]		11,250	11,250
2017 Mar 31	12% Debentures A/c. Dr. To Debentureholders A/c (6000 × ¼ = 1,500 debentures due for redemption)		75,000	75,000
Mar 31	Debentureholders A/c Dr.		75,000	75,000

	To Bank A/c			
	(Amount paid to debentureholders)			
2018	12% Debentures A/c	Dr.	75,000	
Mar 31	To Debentureholders A/c			75,000
	(6000 × ¼ = 1,500 debentures due for redemption.)			
Mar 31	Debentureholders A/c	Dr.	75,000	
	To Bank A/c			75,000
	(Amount paid to debentureholders.)			
2019	12% Debentures A/c	Dr.	75,000	
Mar 31	To Debentureholders A/c			75,000
	(6000 × ¼ = 1,500 debentures due for redemption)			
Mar 31	Debentureholders A/c	Dr.	75,000	
	To Bank A/c			75,000
	(Amount paid to be debentureholders.)			
2020	Bank A/c	Dr.	11,250	
Mar 31	To Debenture Redemption Investment A/c			11,250
	(DRI Securities realised.)			
2020	12% Debentures A/c	Dr.	75,000	
Mar 31	To Debentureholders A/c			75,000
	(6000 × ¼ = 1,500 debentures due for redemption)			
Mar 31	Debentureholders A/c	Dr.	75,000	
	To Bank A/c			75,000
	(Amount paid to debentureholders)			

Note: Listed Companies are not required to create Debenture Redemption Reserve but other than those registered with RBI or National Housing Bank are required to make investment in Specified Securities.



Accounting of Purchase & Sale of Securities (DRI):

[Detailed Discussion of Special Situations in Case of Draw of Lots]

In case, debentures are redeemed in lump sum, a company will invest 15% of the Nominal Value of debentures before redemption & realise it on redemption.

- ⇒ However, if debentures are to be redeemed in installment, over a period, investment may not be realized or sold. Rather it can be carried forward to meet the requirement of debenture Redemption Investment for the next redemption.
- ⇒ It must be at least 15% of the value of the debentures due for redemption in that financial year.
- ⇒ If existing Debenture Redemption Investment is more than the required in future i.e.15% of the value of debentures to be redeemed in the next financial year, excess shall be realized by selling DRI.
- ⇒ However, if existing Debenture Redemption Investment is less than required i.e. 15% of the nominal value of debentures to be redeemed in the next financial year, amount equal to shortage shall be invested to fulfil the legal requirement.

Example, Kshitij India Ltd. has 10,000, 6% debentures of ₹100 each to be redeemed as follows:

On March 31, 2017	2,000 Debentures	March 31, 2019	2,500 Debentures
March 31, 2018	3,000 Debentures	March 31, 2020	2,500 Debentures

The amount will be invested in or realised from DRI Securities during the above 4 years as under:

<p style="text-align: center;">Year 1</p> <p style="text-align: center;">2016-17</p> <p>★ Decision of Sale of depends upon the requirement of DRI in next year.</p>	<p>Kshitij India Ltd. will invest 15% of ₹2,00,000 i.e. ₹30,000 on or before April 30, 2016 for redemption of 2,000 debentures on March 31, 2017.</p> <p>★ <i>In the next year company requires DRI worth ₹45,000 so, instead of selling Securities, these can be carried forward to fulfil the legal requirement of second instalment.</i></p>
<p style="text-align: center;">Year 2</p> <p style="text-align: center;">2017-18</p>	<p>For second instalment of redemption, required DRI is 15% of ₹3,00,000 i.e. ₹45,000.</p> <p>DRI worth ₹30,000 is already there so, the company will have to invest additional ₹15,000 on or before April 30, 2017 for debentures to be redeemed on March 31, 2018.</p> <p>★ <i>In the next year company requires DRI worth ₹37,500. Available DRI is ₹45,000. So, Securities worth ₹7,500 will be sold and balance can be carried forward to fulfil the legal requirement of third instalment.</i></p>

Year 3 2018-19	Investment in debenture redemption as on April 30, 2018 should be 15% of 2,50,000 i.e. 37,500. DRI A/c already has sufficient balance. ★ <i>In the last year company requires DRI worth ₹37,500. Available DRI is ₹37,500. So, Securities worth ₹7,500 will be sold and balance can be carried forward to fulfil the legal requirement of third instalment.</i>
Year 4 2019-20	On 31 st March, 2019 company has a balance of ₹37,500 and it is just sufficient for the last Installment. At the time of redemption of last 2,500 debentures on March 31, 2020, All the investments will be sold/realised.

3. Redemption of Debentures by Draw of Lots

HALF YEARLY INSTALMENTS - Redemption twice in a year by draw of lots

Even in case of half yearly instalments, at each redemption, journal entries for making redemption due and payment to debentureholders are same.

Besides above the requirements related to 'Debenture Redemption Reserve' and Investment in Securities/Bonds/Deposits are also same.

Just like previous cases, here also companies bound to fulfil the conditions of DRR and DRI have to transfer divisible profits atleast 10% of the nominal value of debentures outstanding to Debenture Redemption Reserve A/c

Example, An unlisted manufacturing company issues 4,000 7% Debentures of ₹100 each redeemable in four equal half yearly instalments starting from 30th Sep., 2019. Pass Journal Entries for redemption of debentures.

Creation of DRR				
2019 Mar 31	Surplus i.e. Balance in Statement of P & L	Dr.	40,000	
	To Debenture Redemption Reserve (DRR) A/c			40,000
	(Reserves/profits equal to 10% of nominal value of outstanding debentures transferred to DRR.) [10% of 4,00,000 = 40,000]			

Note:

10% of total Outstanding debentures i.e.10% of ₹ 4,00,000 will be transferred from Surplus or General Reserve A/c to Debenture Redemption Reserve A/c before starting the redemption. (Preferably on 31st March of preceding year)

Year (2019-20) – Redemption of 1st & 2nd Instalment

Purchase of Securities or Deposits to fulfil the condition of DRI				
2019 Apr 30	Debenture Redemption Investment A/c To Bank A/c (Investment made in specified securities equal to 15% of nominal value of Debentures due for redemption in financial year.) [15% of 2,00,000*] * Two instalments of ₹1,00,000 each are to be redeemed in each year. [15% of 1,00,000 x 2] * Investment required for both the instalment of the same year has been purchased together. But it will be sold in two parts.	Dr.	30,000	30,000
Sale of Securities or Realise Deposits to fulfil the condition of DRI				
2019 Sep 30	Bank A/c To Debenture Redemption Investment A/c (Half of specified securities sold or deposits realized for redemption.) [15% of 1,00,000]	Dr.	15,000	15,000
Make 1st Redemption Due				
2019 Sep 30	7% Debentures A/c To Debentureholders A/c (1,000 7% Debentures of ₹100 each due for redemption.)	Dr.	1,00,000	1,00,000
Make Payment to Debentureholders				
2019 Sep 30	Debentureholders A/c To Bank A/c (Payment made to debentureholders.)	Dr.	1,00,000	1,00,000
Sale of Securities or Realise Deposits to fulfil the condition of DRI				
2020 Mar 31	Bank A/c To Debenture Redemption Investment A/c (Half of specified securities sold or deposits realized for redemption.) [15% of 1,00,000]	Dr.	15,000	15,000

Make 2 nd Redemption Due				
2020	7% Debentures A/c	Dr.		1,00,000
Mar 31	To Debentureholders A/c			1,00,000
	(1,000 7% Debentures of ₹100 each due for redemption.)			
Make Payment to Debentureholders				
2020	Debentureholders A/c	Dr.		1,00,000
Mar 31	To Bank A/c			1,00,000
	(Payment made to debentureholders.)			
Transfer Proportionate DRR A/c to General Reserve A/c				
2020	Debenture Redemption Reserve A/c	Dr.		20,000
Mar 31	To General Reserve A/c			20,000
	(Proportionate DRR i.e. 10% of nominal value of debentures redeemed transferred to General Reserve.) [10% of 2,00,000]			

Year (2020-21) – Redemption of 3rd & 4th Instalment

Purchase of Securities or Deposits to fulfil the condition of DRI				
2020	Debenture Redemption Investment A/c	Dr.		30,000
Apr 30	To Bank A/c			30,000
	(Investment made in specified securities equal to 15% of nominal value of Debentures due for redemption in financial year.) [15% of 2,00,000*] * Two instalments of ₹1,00,000 each are to be redeemed in each year. [15% of 1,00,000 x 2] * Investment required for both the instalment of the same year has been purchased together. But it will be sold in two parts.			
Sale of Securities or Realise Deposits to fulfil the condition of DRI				
2020	Bank A/c	Dr.		15,000
Sep 30	To Debenture Redemption Investment A/c			15,000
	(Half of specified securities sold or deposits realized for redemption.) [15% of 1,00,000]			

Make 3 rd Redemption Due				
2020 Sep 30	7% Debentures A/c To Debentureholders A/c (1,000 7% Debentures of ₹100 each due for redemption.)	Dr.	1,00,000	1,00,000
Make Payment to Debentureholders				
2020 Sep 30	Debentureholders A/c To Bank A/c (Payment made to debentureholders.)	Dr.	1,00,000	1,00,000
Sale of Securities or Realise Deposits to fulfil the condition of DRI				
2021 Mar 31	Bank A/c To Debenture Redemption Investment A/c (Remaining half of specified securities sold or deposits realized for redemption.) [15% of 1,00,000]	Dr.	15,000	15,000
Make 4 th Redemption Due				
2021 Mar 31	7% Debentures A/c To Debentureholders A/c (1,000 7% Debentures of ₹100 each due for redemption.)	Dr.	1,00,000	1,00,000
Make Payment to Debentureholders				
2021 Mar 31	Debentureholders A/c To Bank A/c (Payment made to debentureholders.)	Dr.	1,00,000	1,00,000
Transfer Proportionate DRR A/c to General Reserve A/c				
2021 Mar 31	Debenture Redemption Reserve A/c To General Reserve A/c (Balance of DRR A/c transferred to General Reserve.)	Dr.	20,000	20,000

Illustration 2, Dhan Lakshmi Bank Ltd. issued 2,000, 9% debentures of ₹100 each on April 01, 2016 at a discount of 5% redeemable at a premium of 10%.

Give journal entries relating to issue and redemption of debentures if these are redeemed in four half yearly instalments as under:

On 30 th September, 2019	20% Debentures
On 31 st March, 2020	30% Debentures
On 30 th September, 2020	20% Debentures
On 31 st March, 2021	Balance

Solution:

Books of Dhan Lakshmi Bank Ltd.

JOURNAL

DATE	PARTICULARS	LF	DR. Amt. in ₹	CR. Amt. in ₹
2016 Apr 01	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received on debentures)		1,90,000	1,90,000
Apr 01	Debenture Application and Allotment A/c Dr. Discount on Issue of Debentures A/c Dr. Loss on Issue of Debentures A/c Dr. To 12% Debentures A/c To Premium on Redemption of Debentures A/c (2,000 9% Debentures allotted and money adjusted.)		1,90,000 10,000 20,000	2,00,000 20,000
2019 Sep 30	12% Debenture A/c Dr. Premium on Redemption A/c Dr. To Debentureholders A/c (400 debentures are due for redemption at 10% premium.)		40,000 4,000	44,000
2020 Mar 31	12% Debenture A/c Dr. Premium on Redemption A/c Dr. To Debentureholders A/c (600 debentures are due for redemption at 10% premium.)		60,000 6,000	66,000
Mar 31	Debentureholders A/c Dr. To Bank A/c (Amount paid to debentureholders)		66,000	66,000
2020 Sep 30	12% Debenture A/c Dr. Premium on Redemption A/c Dr. To Debentureholders A/c		40,000 4,000	44,000
Sep 30	12% Debenture A/c Dr. Premium on Redemption A/c Dr. To Debentureholders A/c		44,000	44,000

2021	(400 debentures are due for redemption at 10% premium.)			
Mar 31			60,000	
	Debentureholders A/c	Dr.	6,000	
	To Bank A/c			66,000
	(Amount paid to debentureholders)			
Mar 31	12% Debenture A/c	Dr.	66,000	
	Premium on Redemption A/c	Dr.		66,000
	To Debentureholders A/c			
	(600 debentures are due for redemption at 10% premium.)			
	Debentureholders A/c	Dr.		
	To Bank A/c			
	(Amount paid to debentureholders)			

Note:

All India Financial Institutions, Banks and other financial institutions governed by RBI are exempted from fulfilling the condition of Debenture Redemption Reserve (DRR) and Debenture Redemption Investments (DRI).