

Redemption of Debentures

Q.1 → Alpha Ltd has 5000, 8% Debentures of ₹100 each due for redemption on 31st March, 2014

Assume that Debenture Redemption Reserve has a balance of ₹190,000 on that date. Record the necessary entries at the time of redemption of Debentures.

In the Books of Alpha Ltd.

Journal Entries.

Dr Cr.

Date	Particulars	₹	Amount	Amount
2014. 31 March	Surplus of Statement of Profit & Loss (250,000 - 190,000) To Debenture Redemption Reserve A/c (For transfer of profit to D.R.R as per SEBI's Guidelines)		60,000	60,000
"	8% Debentures A/c — Dr To Debenture holders A/c (For amount due to debenture holders redemption)		500,000	500,000
"	Debenture holders A/c — Dr To Bank A/c (For payment made to debenture holders on redemption)		500,000	500,000
"	Debenture Redemption Reserve A/c — Dr To General Reserve A/c (For D.R.R transferred to General Reserve)		250,000	250,000

Dr Jagdish Babul Baishantri

Dep H of Commerce

Dr L.K.V.D. College Talpura

Date - 12/10/2020