

Date: 9 March 2021

VIRTUAL COACHING CLASSES ORGANISED BY BOS, ICAI

INTERMEDIATE LEVEL PAPER 1: ACCOUNTING

Faculty: CA Sanket Shah

MEANING

What is Debenture?

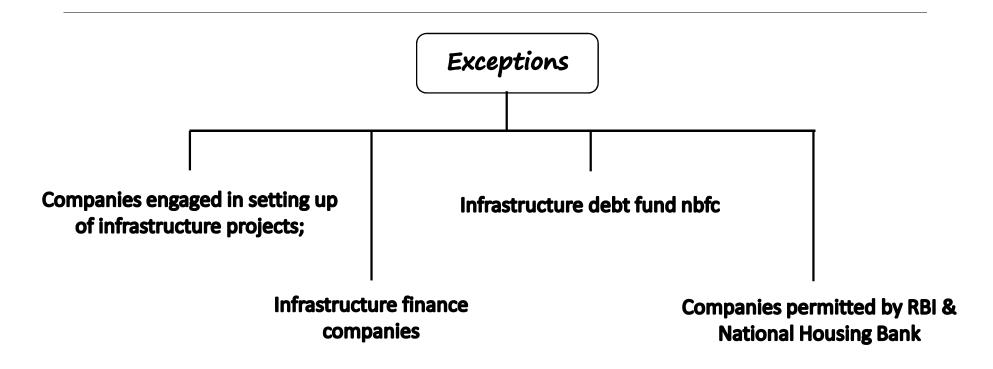
- => Debenture is a bond issued by company
- => Under seal, acknowledging a debt
- => Containing provisions for repayment of principal & interest
- => Company cannot issue debentures with voting rights

REDEMPTION OF DEBENTURES

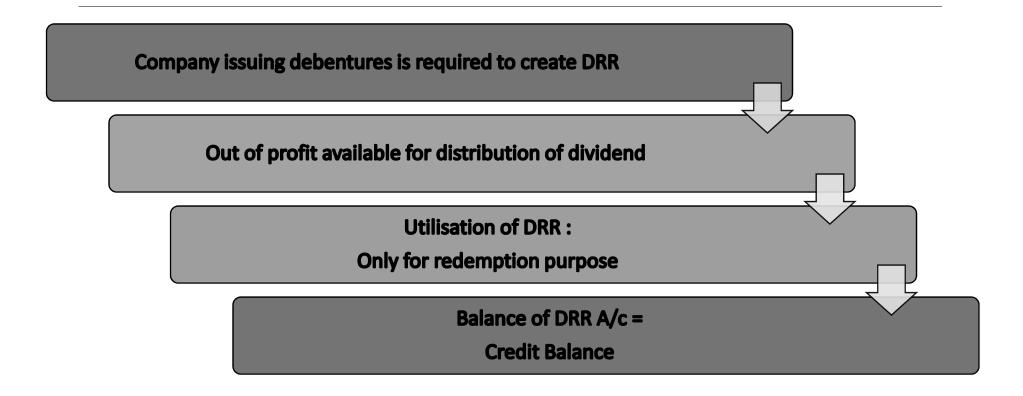
After fixed number of years Any time after certain number of years On giving a specified notice or by annual drawing

Note: Date of redemption shall not exceed 10 years but exceptions

REDEMPTION OF DEBENTURES



DEBENTURE REDEMPTION RESERVE



DEBENTURE REDEMPTION RESERVE

Adequacy Of DRR Made By MCA

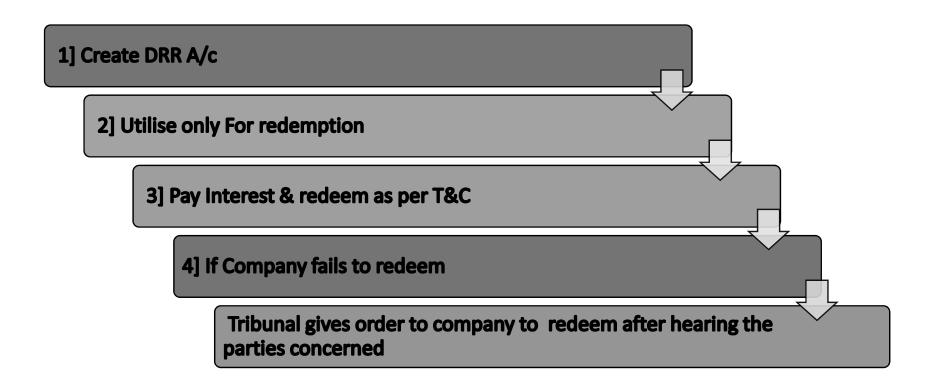
Sr. No.	Debentures Issued By	Placement of Debentures	Adequacy Of DRR
i)	All india financial institution regulated by rbi & banking companies	Private & Public	No DRR
ii)	Other financial institution	Private & Public	No DRR
iii)	NBFCs registered with RBI	Private	No DRR

DEBENTURE REDEMPTION RESERVE

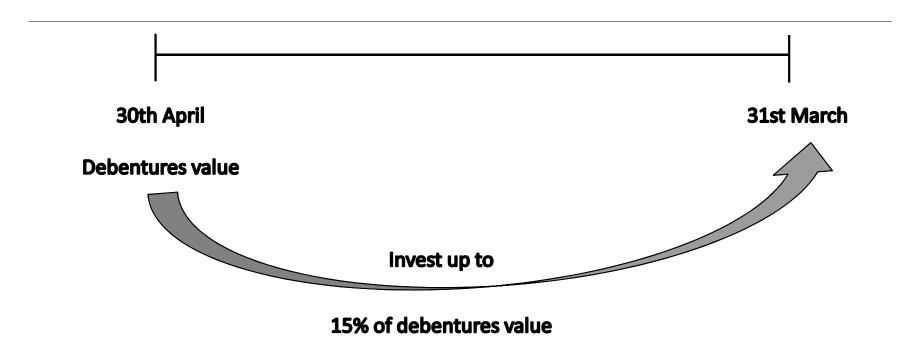
Adequacy Of DRR Made By MCA

Sr. No.	Debentures Issued By	Placement of Debentures	Adequacy Of DRR
iv)	Unlisted hfc (housing finance companies)	Private	No DRR
v)	Other listed companies	Private	No DRR
vi)	Other unlisted companies	Private	10% * Debentures

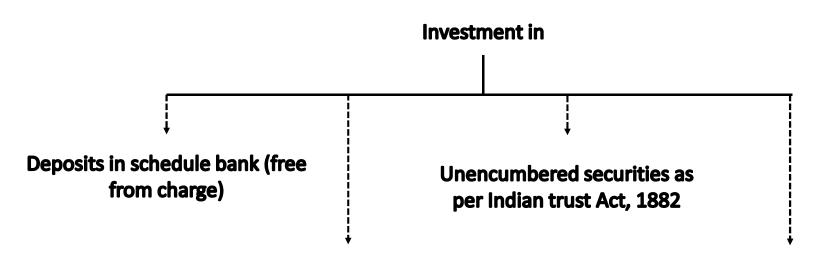
LIABILITY OF COMPANY TO CREATE DRR



INVESTMENT OF DRR

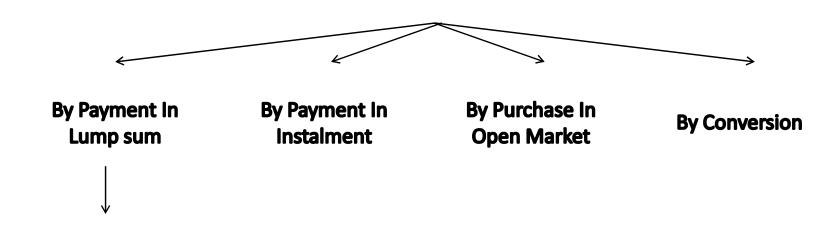


INVESTMENT OF DRR

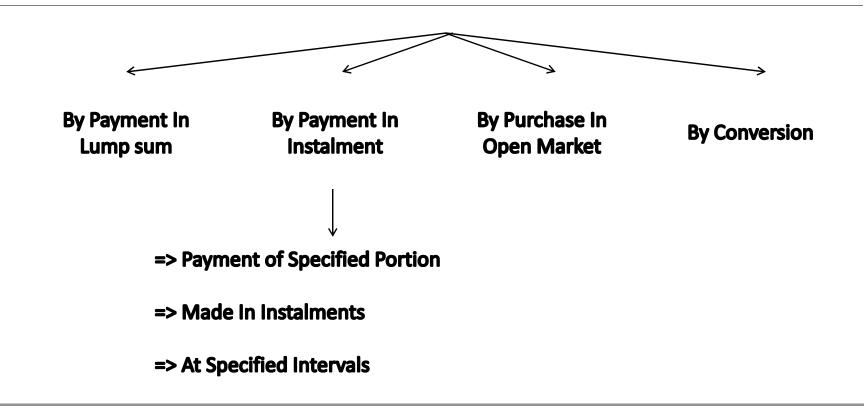


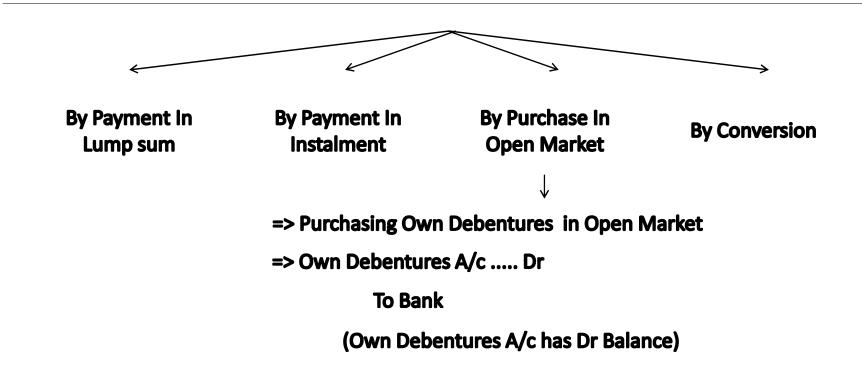
Unencumbered securities of the central govt. or state govt.

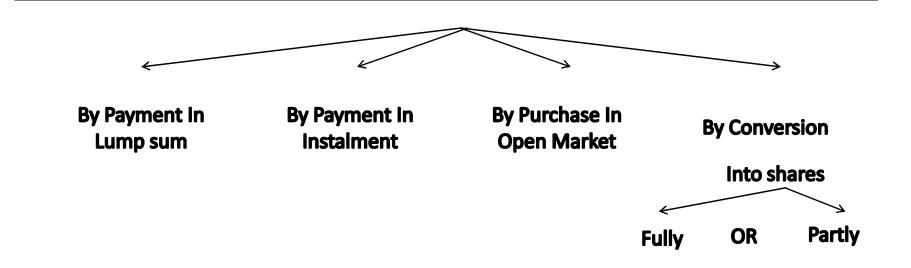
Unencumbered bonds issued by any other company notified under Indian trust Act, 1882



- => At Maturity Or At Expiry Of Specified Period Of Debentures
- => Payment of Entire Debentures Is made in One Lot







After allotment of debentures

Sr. No.	Particulars	Dr.	Cr.
1	For setting aside the fixed amount of profit for redemption		
	Profit and Loss A/c Dr.	XXX	
	To Debenture Redemption Reserve A/c		XXX
2	For investing the amount set aside for redemption		
	Debenture Redemption Reserve Investment A/c Dr.	XXX	
	To Bank A/c		XXX

After allotment of debentures

Sr. No.	Particulars	Dr.	Cr.
3	For receipt of interest on Debenture Redemption Reserve Investments (DRRI)		
	Bank A/c Dr.	XXX	
	To Interest on Debenture Redemption Reserve Investment A/c		xxx
4	For transfer of interest on Debenture Redemption Reserve Investments (DRRI)		
	Interest on Debenture Redemption Reserve Investment A/c Dr.	XXX	
	To Profit and loss A/c *		xxx

At the time of redemption of debentures

Sr. No.	Particulars		Dr.	Cr.
1	For encashment of Do	ebenture Redemption Reserve Investments		
	Bank A/c	Dr.	XXX	
	To Debenture Ro	edemption Reserve Investment A/c		XXX
2	Profit / Loss on Sale o	of DRR Investment		
	P&L A/c (loss)	Dr.	XXX	
	To Debenture Ro	edemption Reserve Investment A/c		XXX
	To P&L A/c (Prof	it)		XXX
3	For amount due to de	ebenture holders on redemption		
	Debentures A/c	Dr.	XXX	
	To Debenture he			XXX
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At the time of redemption of debentures

Sr. No.	Particulars	Dr.	Cr.
4	For payment to debenture holders		
	Debenture holders A/c Dr.	XXX	
	To Bank A/c		XXX
5	After redemption of debentures, Debenture Redemption Reserve A/c should be transferred to general reserve		
	Debenture Redemption Reserve A/c Dr.	XXX	
	To General Reserve		xxx

Own Debentures

Particulars Particulars	On Face Value
Own Debentures A/c Dr.	(Ex-interest basis)
Interest Account (at Face value) Dr.	(Expense)
To Bank Account	(Cum-interest)



THANK YOU