



Date: 9 March 2021

**VIRTUAL COACHING CLASSES  
ORGANISED BY BOS, ICAI**

**INTERMEDIATE LEVEL  
PAPER 1: ACCOUNTING**

**Faculty: CA Sanket Shah**

# MEANING

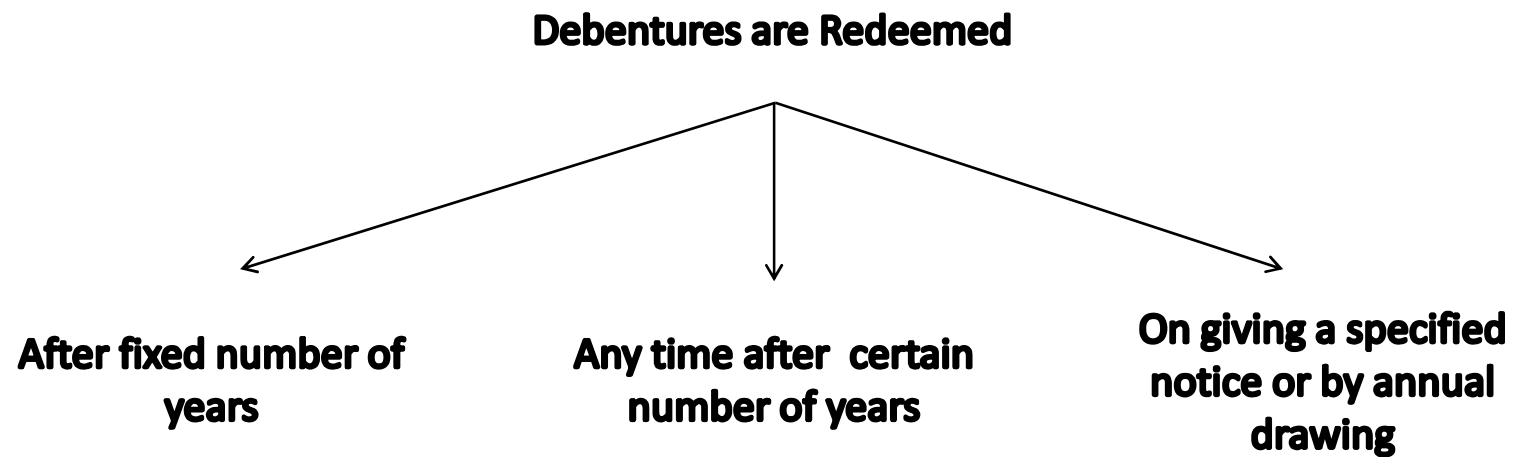
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## **What is Debenture ?**

- => 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

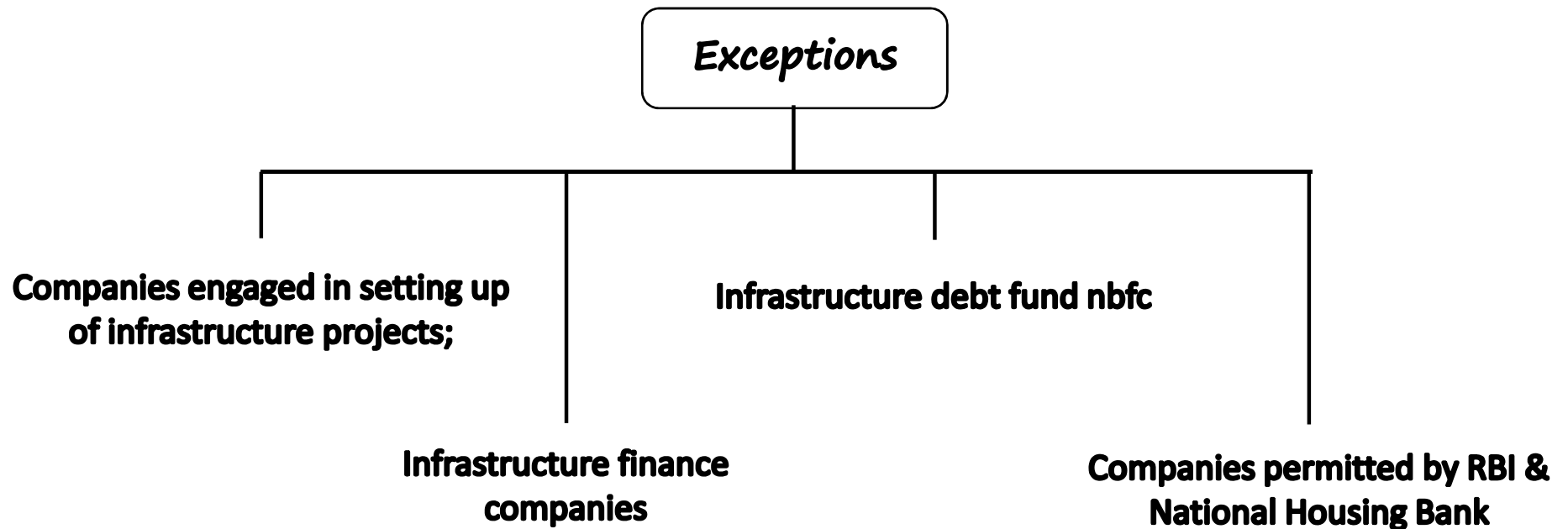
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**Note : Date of redemption shall not exceed 10 years but exceptions**

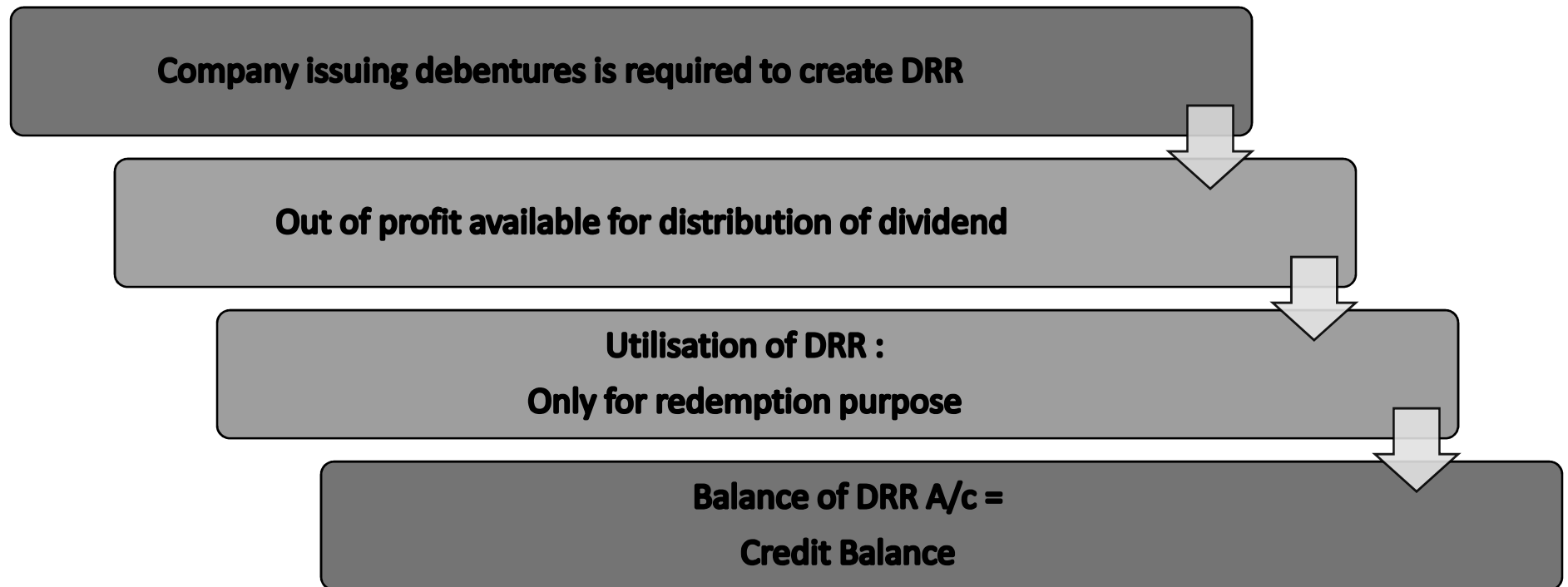
# REDEMPTION OF DEBENTURES

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# DEBENTURE REDEMPTION RESERVE

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# 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

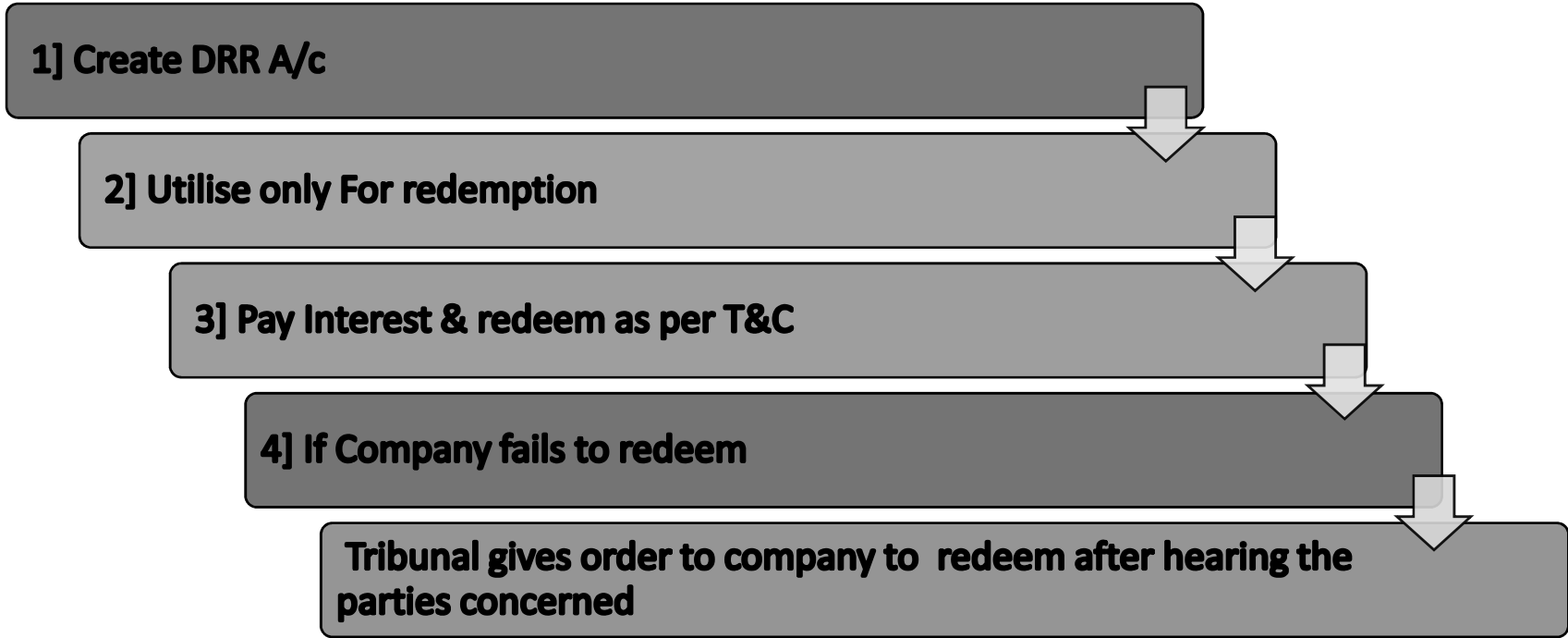
# DEBENTURE REDEMPTION RESERVE

## 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

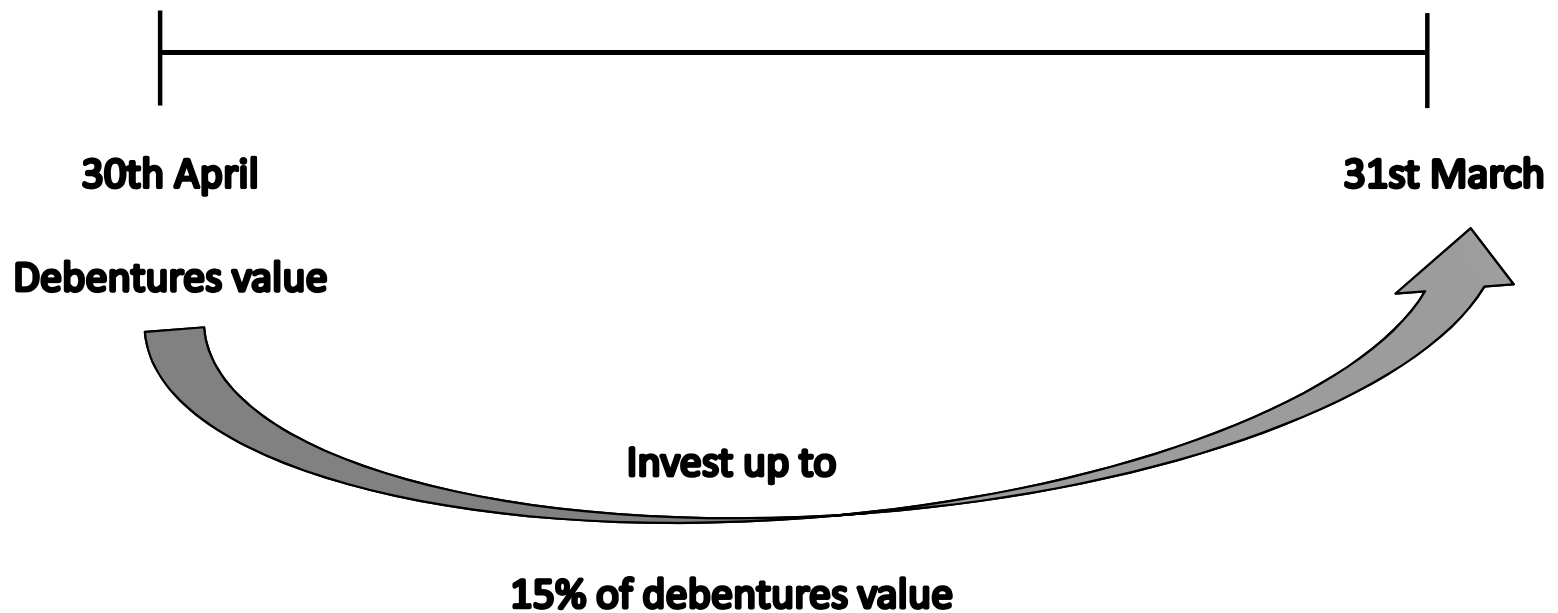
# LIABILITY OF COMPANY TO CREATE DRR

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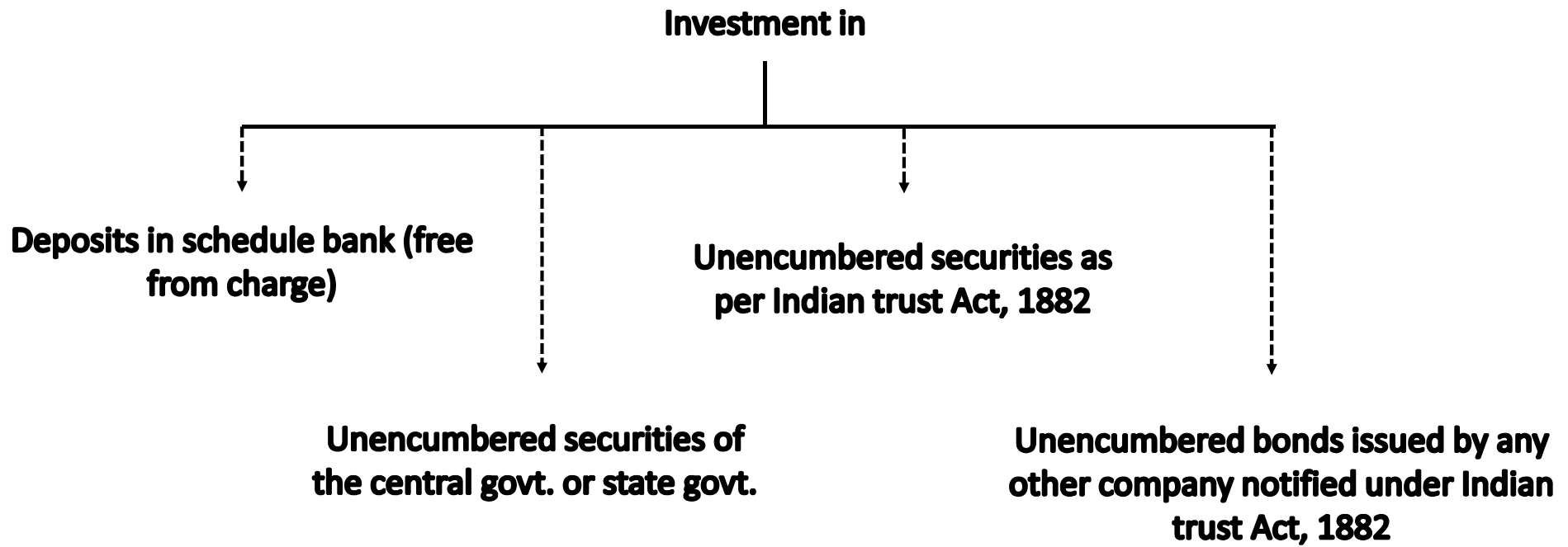


# INVESTMENT OF DRR



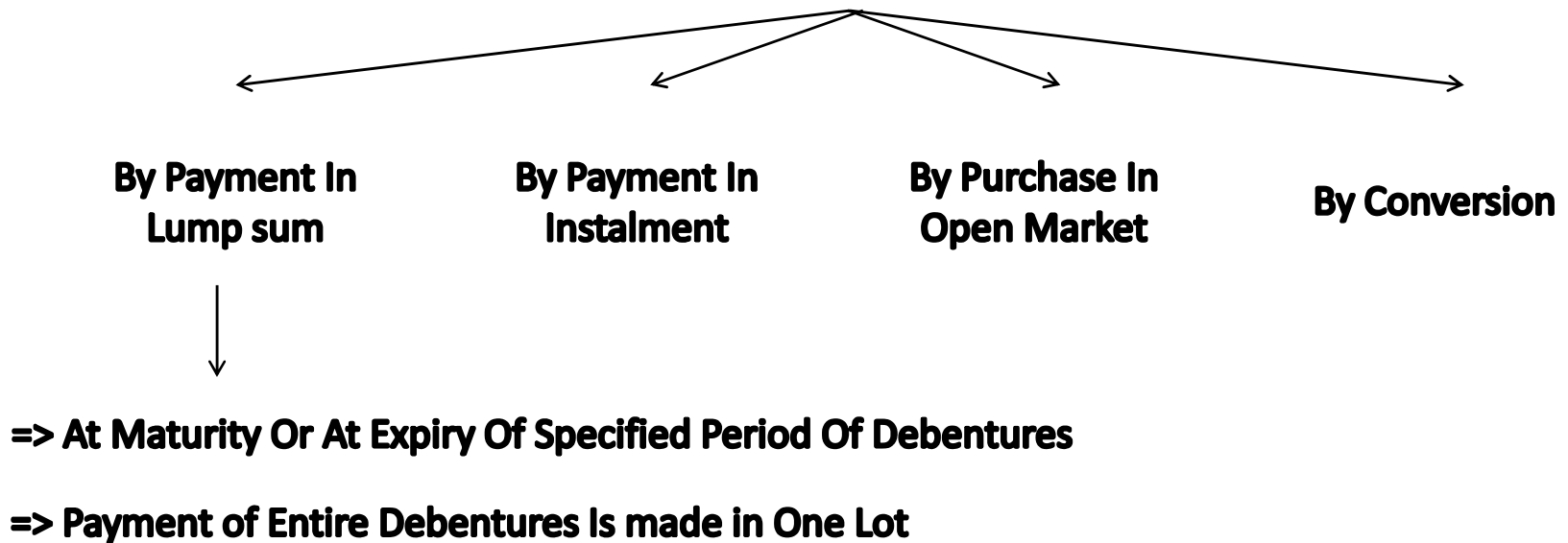
# INVESTMENT OF DRR

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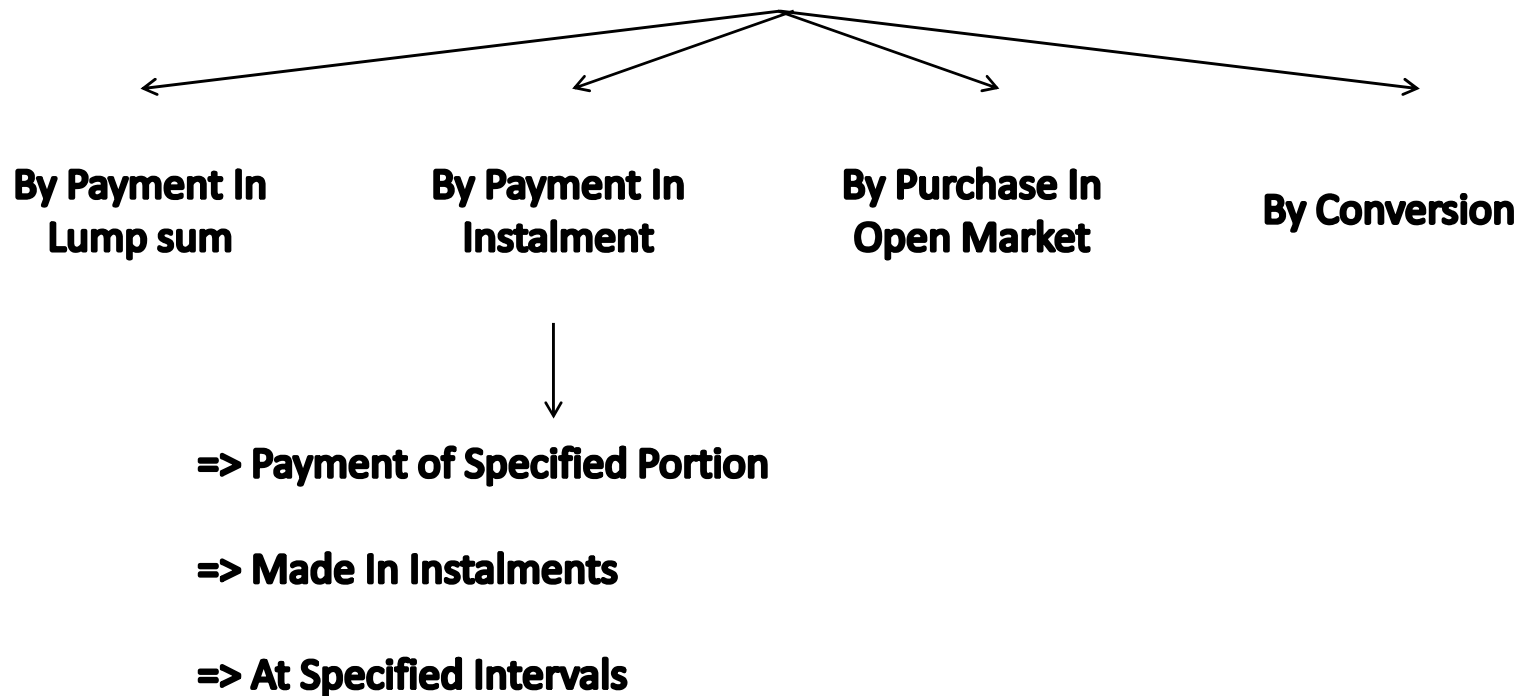
# METHODS OF REDEMPTION OF DEBENTURES

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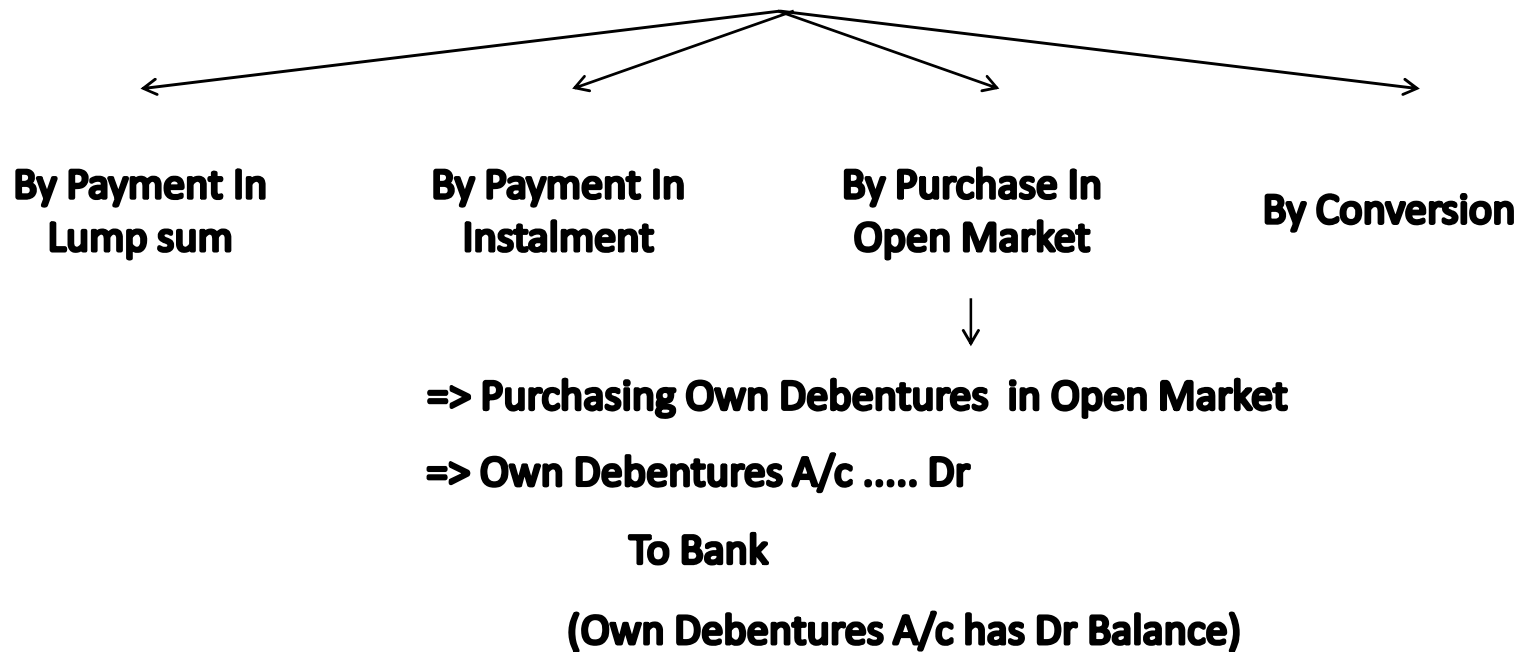
# METHODS OF REDEMPTION OF DEBENTURES

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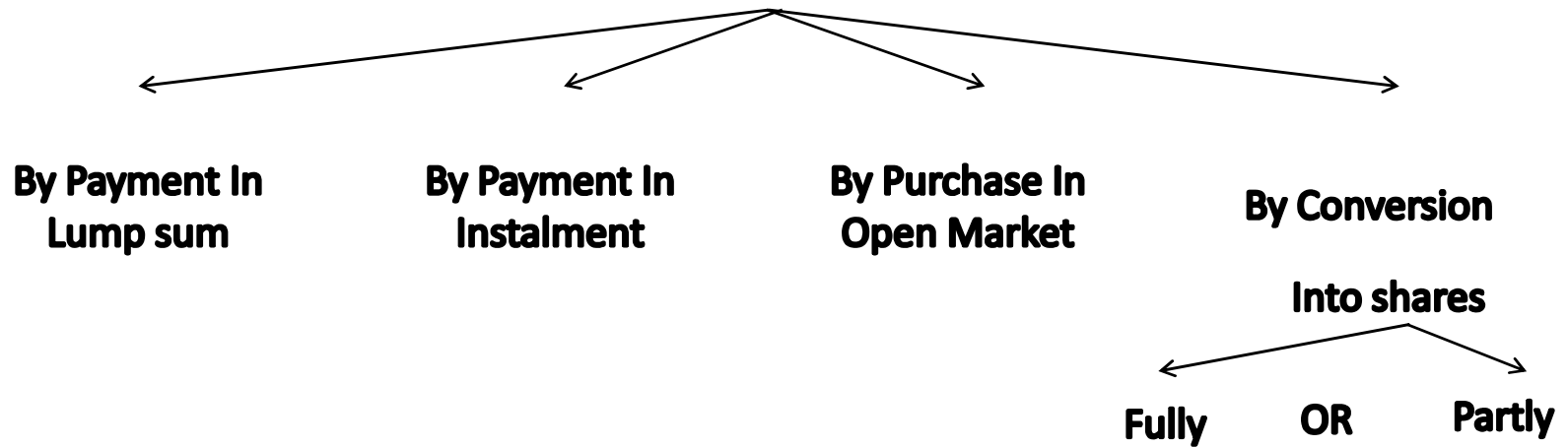
# METHODS OF REDEMPTION OF DEBENTURES

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# METHODS OF REDEMPTION OF DEBENTURES

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# JOURNAL ENTRIES

## After allotment of debentures

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





# JOURNAL ENTRIES

## At the time of redemption of debentures

Sr. No.	Particulars	Dr.	Cr.	
1	<b>For encashment of Debenture Redemption Reserve Investments</b> <b>Bank A/c</b> <span style="float: right;"><b>Dr.</b></span>	<b>XXX</b>		
	<span style="float: right;"><b>To Debenture Redemption Reserve Investment A/c</b></span>			<b>XXX</b>
2	<b>Profit / Loss on Sale of DRR Investment</b> <b>P&amp;L A/c (loss)</b> <span style="float: right;"><b>Dr.</b></span>	<b>XXX</b>		
	<span style="float: right;"><b>To Debenture Redemption Reserve Investment A/c</b></span>			<b>XXX</b>
	<span style="float: right;"><b>To P&amp;L A/c (Profit)</b></span>			<b>XXX</b>
3	<b>For amount due to debenture holders on redemption</b> <b>Debentures A/c</b> <span style="float: right;"><b>Dr.</b></span>	<b>XXX</b>		
	<span style="float: right;"><b>To Debenture holders A/c</b></span>			<b>XXX</b>

# JOURNAL ENTRIES

## At the time of redemption of debentures

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

# JOURNAL ENTRIES

## Own Debentures

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



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**THANK YOU**