

Q.6 Suppose company decided to redeem its debentures in the following manner :—

- ◆ At the end of the year 2011 ₹ 20,000
- ◆ At the end of the year 2012 ₹ 30,000

- ◆ At the end of the year 2013 ₹ 10,000
- ◆ At the end of the year 2014 ₹ 20,000
- ◆ At the end of the year 2015 ₹ 20,000

Calculate the amount to be written off at the end of every year.

Solution :

Amortisation :-

Total Debenture →

$$₹ 20,000 + 30,000 + 10,000 + 20,000 + 20,000 \\ = ₹ 1,00,000$$

Amount to be written off each year
[Loss on issue of Debenture]

The loss is written off in the ratio of
debentures outstanding

Year	Debentures Outstanding	Ratio
2011	₹ 1,00,000	10
2012	₹ 80,000	8
2013	₹ 50,000	5
2014	₹ 40,000	4
2015	₹ 20,000	2

$$\text{Total Ratio} = 10 + 8 + 5 + 4 + 2 = 29$$

if the total loss on issue of debenture
 $29 \times 10,000 = 29,000$

$$2011 = 29,000 \times \frac{10}{29} = ₹ 10,000$$

$$2012 = 29,000 \times \frac{8}{29} = 8,000$$



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$$2013 = ₹ 29,000 \times \frac{5}{29} = 5,000$$

$$2014 = ₹ 29,000 \times \frac{4}{29} = 4,000$$

$$2015 = ₹ 29,000 \times \frac{2}{29} = 2,000$$