

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 10.01.2021

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## Issue and Redemption of Debentures (H.W)

Question 9:

M.Ltd. took over assets of Rs 9,00,00,000 and liabilities of Rs 70,00,000 of S.Ltd. and issued 8% Debenture of Rs 100 each. Record necessary entries in the books of M. Ltd.

ANSWER:

### Books of M. Ltd.

#### Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Sundry Assets Dr. To Sundry Liabilities A/c To S.Ltd. (Assets and liabilities of S. Ltd. taken over)		9,00,00,000	70,00,000 8,30,00,000
	S. Ltd. Dr. To 8% Debenture A/c (8,30,000 8% debentures @ 100 each issued to S Ltd. in consideration of assets and liabilities)		8,30,00,000	8,30,00,000

Question 10:

B.Ltd. purchased assets of the book value of Rs 4,00,000 and took over the liability of Rs 50,000 from Mohan Bros. It was agreed that the purchase consideration, settled at Rs,3,80,000, be paid by issuing debentures of Rs 100 each.

What Journal entries will be made in the following three cases, if debentures are issued: (a) at par; (b) at discount; (c) at premium of 10%? It was agreed that any fraction of debentures be paid in cash.

**ANSWER:**

**Case (a)**

**Book of B. Ltd.**

**Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Mohan Bros. (Assets and liabilities of Mohan Bros. taken over)		4,00,000 30,000	50,000 3,80,000
	Mohan Bros. Dr. To Debenture A/c (3,800 debentures of 100 each issued to Mohan Bros. in consideration of assets and liabilities)		3,80,000	3,80,000

**Case (b)**

	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Mohan Bros. (Assets and liabilities of Mohan Bros. taken over)		4,00,000 30,000	50,000 3,80,000
	Mohan Bros. Dr. Discount on Issue of Debenture A/c Dr. To Debenture A/c To Bank A/c (Issued 4,222 debentures of Rs 100 each at 10% discount and balance paid in cash)		3,80,000 42,222	4,22,200 22

**Case (c)**

Sundry Assets A/c	Dr.	4,00,000	
Goodwill A/c	Dr.	30,000	
To Sundry Liabilities A/c			50,000
To Mohan Bros.			3,80,000
(Assets and liabilities of Mohan Bros. taken over)			
Mohan Bros	Dr.	3,80,000	
To Debentures A/c			3,45,400
To Securities Premium A/c			34,540
To Bank A/c			60
(Issued of 3,454 debentures at 10% premium and balance paid in cash)			

*Question 11:*

X.Ltd. purchased a Machinery from Y for an agreed purchase consideration of Rs 4,40,000 to be satisfied by the issue of 12% debentures of Rs 100 each at a premium of Rs 10 per debenture. Journalise the transactions.

**ANSWER:**

**Books of X. Ltd.****Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Machinery A/c	Dr.	4,40,000	
	To Y			4,40,000
	(Machinery purchased from Y)			
	Y	Dr.	4,40,000	
	To 12% Debentures A/c			4,00,000
	To Securities Premium A/c			40,000

(Allotted 4,000 debentures of Rs 100 each at a premium of Rs 10 per debenture in consideration of Machinery purchased)			
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