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Assets	4000000
Less - Liabilities	700000
Net Assets (A)	3300000
 Purchase Consideration (B)	 3240000
 Capital Reserve (A - B)	 60000

Working Note :**Calculation of No of Debentures Issued (At Discount)**

Total consideration to be paid	3240000	
Nominal Value of Debenture	100	
Discount Per Debenture	10	
Issue Price per Debenture	90	36000
 No of Debentures to be Issued	 36000	

Journal of Green Ltd

Date	Particulars	Dr Amt	Cr Amt
	Sundry Assets A/c Dr..	4000000	

	To Sundry Liabilities A/c		700000		
	To Capital Reserve A/c		60000		
	To Strong Ltd A/c		3240000		
	(Being Assets purchased and liabilities taken over purchased from Strong Ltd)				
	At Discount				
	Strong Ltd A/c Dr..	3240000			
	Discount on issue of Debentures A/c Dr..	360000			10
	To Debentures A/c		3600000	36000	100
	(Being Debentures issued to Strong Ltd for consideration other than cash)				

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Assets	980000
Less - Liabilities	40000
Net Assets (A)	940000
 Purchase Consideration (B)	 900000
 Capital Reserve (A - B)	 40000

Working Note :

Calculation of No of Debentures Issued (At Premium)

Total consideration to be paid	900000
Nominal Value of Debenture	100
Premium Per Debenture	20
Issue Price per Debenture	120
No of Debentures to be Issued	7500

Journal of Wellbeing Ltd

Date	Particulars	Dr Amt	Cr Amt		
	Sundry Assets A/c Dr..	980000			
	To Sundry Liabilities A/c		40000		
	To HDR Ltd A/c		900000		
	To Capital Reserve A/c		40000		
	(Being Assets purchased and liabilities taken over purchased from HDR Ltd)				
	At Premium				
	HDR Ltd A/c Dr..	900000			
	To 9% Debentures A/c		750000	7500	100
	To Securities Premium Reserve A/c		150000		20
	(Being Debentures issued to HDR Ltd for consideration other than cash)				

Here we will consider only the agreed values as this is price which has been agreed for purchase

Building	3500000
Plant and Machinery	800000
Stock	400000
Trade Receivables	400000
Total Assets	5100000
Less -	
Creditors	300000
Outstanding Expenses	100000
Total Liabilities	400000
 Net Assets (A)	 4700000
 Purchase Consideration (B)	
Bank	700000
Debentures (200000 Debentures X (20*1.25) per Debenture	5000000
Total Purchase Consideration (B)	5700000
 Goodwill (B - A)	 1000000

Working Note :

Calculation of No of Debentures Issued (At Premium)

Total consideration to be paid	5000000
Nominal Value of Debenture	20
Premium Per Debenture	5
Issue Price per Debenture	25

No of Debentures to be Issued 200000

Journal of Neeraj Ltd

Date	Particulars	Dr Amt	Cr Amt		
	Building A/c Dr..	3500000			
	Plant and Machinery A/c Dr..	800000			
	Stock A/c Dr..	400000			
	Trade Receivables A/c Dr..	400000			
	Goodwill A/c Dr..	1000000			
	To Creditors A/c		300000		
	To Outstanding Expenses A/c		100000		
	To Ajay Enterprises A/c		5700000		
	(Being Assets purchased and liabilities taken over purchased from Ajay Enterprises)				
	At Premium				
	Ajay Enterprises A/c Dr..	5700000			
	To 9% Debentures A/c		4000000	200000	20
	To Securities Premium Reserve A/c		1000000		5
	To Bank A/c		700000		
	(Being Debentures issued to Ajay Enterprises for consideration other than cash)				

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Journal of Grown Ltd

Date	Particulars	Dr Amt	Cr Amt		
	Incorporation Expenses/Preliminary Exp A/c Dr..	500000			
	To Promoters A/c		500000	500	1000
	(Incorporation Expenses Payable)				
	Promoters A/c Dr..	500000			
	To 10% Debentures A/c		500000		
	(Being 10% Debentures issued to promoters)				
	Underwriting Commission A/c Dr..	100000			
	To Underwriters' A/c		100000	100	1000
	(Being Underwriting commission payable)				
	Underwriters' A/c Dr..	100000			
	To 10% Debentures A/c		100000		
	(Being 10% Debentures issued to underwriters)				

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Assets

660000

Less - Liabilities	80000
Net Assets (A)	580000
 Purchase Consideration (B)	 600000
 Goodwill (B - A)	 20000

Working Note :

Calculation of No of Debentures Issued (At Par)

Total consideration to be paid	600000
Less - paid in cash	60000
Balance payable through Debentures	540000
Nominal Value of Debenture	100
 No of Debentures Issued	 5400

Calculation of No of Debentures Issued (At Premium)

Total consideration to be paid	600000
Less - paid in cash	60000
Balance payable through Debentures	540000
Nominal Value of Debenture	100
Premium Per Debenture	20
Issue Price per Debenture	120

No of Debentures to be Issued 4500

Calculation of No of Debentures Issued (At Discount)

Total consideration to be paid 600000
 Less - paid in cash 60000
 Balance payable through Debentures 540000
 Nominal Value of Debenture 100
 Discount Per Debenture 10
 Issue Price per Debenture 90

No of Debentures to be Issued 6000

Journal of Star Ltd

Date	Particulars	Dr Amt	Cr Amt		
	Sundry Assets A/c Dr..	660000			
	Goodwill A/c Dr..	20000			
	To Sundry Liabilities A/c		80000		
	To Moon Ltd A/c		600000		
	(Being Assets purchased and liabilities taken over purchased from Moon Ltd)				
	At Par				
	Moon Ltd A/c Dr..	600000			
	To 12% Debentures A/c		540000	5400	100
	To Cash A/c		60000		

(Being Debentures issued to Moon Ltd for consideration other than cash)					
At Premium					
Moon Ltd A/c	Dr..	600000			
	To 12% Debentures A/c		450000	4500	100
	To Securities Premium Reserve A/c		90000		20
	To Cash A/c		60000		
(Being Debentures issued to Moon Ltd for consideration other than cash)					
At Discount					
Star Ltd A/c	Dr..	600000			
Discount on issue of Debentures A/c	Dr..	60000			10
	To Debentures A/c		600000	6000	100
	To Cash A/c		60000		
(Being Debentures issued to Star Ltd for consideration other than cash)					

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Assets	660000
Less - Liabilities	80000
Net Assets (A)	580000
Purchase Consideration (B)	600000

Goodwill (B - A)	20000
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Working Note :

Calculation of No of Debentures Issued (At Par)

Total consideration to be paid	600000
Less - paid in cash	60000
Balance payable through Debentures	540000
Nominal Value of Debenture	100
 No of Debentures Issued	 5400

Calculation of No of Debentures Issued (At Premium)

Total consideration to be paid	600000
Less - paid in cash	60000
Balance payable through Debentures	540000
Nominal Value of Debenture	100
Premium Per Debenture	20
Issue Price per Debenture	120
 No of Debentures to be Issued	 4500

Journal of Star Ltd

Date	Particulars	Dr Amt	Cr Amt
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Sundry Assets A/c	Dr..	660000			
Goodwill A/c	Dr..	20000			
	To Sundry Liabilities A/c		80000		
	To Moon Ltd A/c		600000		
(Being Assets purchased and liabilities taken over purchased from Moon Ltd)					
At Par					
Moon Ltd A/c	Dr..	600000			
	To 12% Debentures A/c		540000	5400	100
	To Cash A/c		60000		
(Being Debentures issued to Moon Ltd for consideration other than cash)					
At Premium					
Moon Ltd A/c	Dr..	600000			
	To 12% Debentures A/c		450000	4500	100
	To Securities Premium Reserve A/c		90000		20
	To Cash A/c		60000		
(Being Debentures issued to Moon Ltd for consideration other than cash)					

27 Method 1 When no journal entry is passed

An extract of Balance Sheet of

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	400000

Notes to Accounts		
1. Long Term Borrowings		
Loan from Bandhan Bank Ltd		400000
(Secured by issue of 8% Debentures as Collateral Security)		

Method 2 When journal entry is passed

Journal of

Date	Particulars	Dr Amt	Cr Amt
	Debentures Suspense A/c Dr..	400000	
	To 8% Debentures A/c		400000
	(Being issue of 8% Debentures as Collateral Security for a loan taken from Bandhan Bank)		

An extract of Balance Sheet of

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	400000

Notes to Accounts		
1. Long Term Borrowings		
Loan from Bandhan Bank Ltd		400000
8% Debentures issued as Collateral Security	400000	
Less : Debentures Suspense A/c	400000	0
		<u>400000</u>

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Method 1 : When no journal entry is passed

An extract of Balance Sheet of Best Barcode Ltd

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	500000

Notes to Accounts		
1. Long Term Borrowings		
Loan from Bank		500000
(Secured by issue of Rs 600000 9% Debentures as Collateral Security)		

Method 2 : When journal entry is passed

Journal of

Date	Particulars	Dr Amt	Cr Amt
	Debentures Suspense A/c Dr.. To 8% Debentures A/c (Being issue of 9% Debentures as Collateral Security for a loan taken from Bank)	600000	600000

An extract of Balance Sheet of Best Barcode Ltd

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	500000

Notes to Accounts		
1. Long Term Borrowings		
Loan from Bank		500000
9% Debentures issued as Collateral Security	600000	
Less : Debentures Suspense A/c	600000	0
		<u>500000</u>

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	300000

Notes to Accounts	
1. Long Term Borrowings	
Loan from IDBI Bank	300000
(Secured by issue of 4000 9% Debentures of Rs 100 each as Collateral Security)	

Method 2 : When journal entry is passed

Journal of

Date	Particulars	Dr Amt	Cr Amt
	Debentures Suspense A/c Dr.. To 8% Debentures A/c (Being issue of 4000 9% Debentures of Rs 100 each as Collateral Security for a loan taken from IDBI Bank)	400000	400000

An extract of Balance Sheet of Best Barcode Ltd

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		

Long Term Borrowings	1	300000
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Notes to Accounts		
1. Long Term Borrowings		
Loan from Bank		300000
4000 9% Debentures of Rs 100 each issued as Collateral Security	400000	
Less : Debentures Suspense A/c	400000	0
		<u>300000</u>

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Method 1 : When no journal entry is passed

An extract of Balance Sheet of S. Singh Ltd

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	500000

Notes to Accounts		
1. Long Term Borrowings		
Loan from State Bank of India		500000
(Secured by issue of 7500 10% Debentures of Rs 100 each as Collateral Security)		

Method 2 : When journal entry is passed

Journal of S. Singh Ltd

Date	Particulars	Dr Amt	Cr Amt
	Debentures Suspense A/c Dr.. To 10% Debentures A/c (Being issue of 7500 10% Debentures of Rs 100 each as Collateral Security for a loan taken from State Bank of India)	400000	400000

An extract of Balance Sheet of Best Barcode Ltd

As at.....

Particulars	Note No	Amount
I. Equity and Liabilities		
Non-Current Liabilities		
Long Term Borrowings	1	300000

Notes to Accounts		
1. Long Term Borrowings		
Loan from Bank		300000
4000 9% Debentures of Rs 100 each issued as Collateral Security	400000	
Less : Debentures Suspense A/c	400000	0
		<u>300000</u>

At premium

Moon Ltd

To Debentures A/c
To Premium on issue of debentu

Rimmi purchased a car	1000000	If rimmi does not pay loan
Took a loan from bank	1000000	and

Car is kept as a security

Car sell value rs 800000

bank cannot recover loan even b

Additional security - Collateral security

then debenture are required

Debentures issued as collateral security

by selling the car