



Q9. 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.

Solution:

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Sundry Assets Dr To Sundry Liabilities A/c To S Ltd (Balance figure as Capital) (Being assets and liabilities of S Ltd taken over)		9,00,00,000	70,00,000 8,30,00,000
(ii)	S Ltd Dr To 8% Debenture A/c (Working Note) (Being 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

Working Note

Amount Payable to S, Ltd by M Ltd = ₹ 8,30,00,000

8% Debentures of ₹ 100 each to be issued = $\frac{8,30,00,000}{100}$
= 8,30,000 Debenture

***** END *****