

12/7/2020

Journal Entries

① For Purchase of Assets :-

Assets A/c ——— Dr (with purchase price)
To Vendors A/c

(Being assets purchased)

August	2018				
Mon	6	13	20	27	
Tue	7	14	21	28	
Wed	1	8	15	22	29
Thu	2	9	16	23	30
Fri	3	10	17	24	31
Sat	4	11	18	25	
Sun	5	12	19	26	

② On Issue of shares at par

Vendors A/c (with face value of shares) ——— Dr
To Share Capital A/c

(Being shares issued for purchase of assets)

③ When shares are issued at Premium

Vendor A/c ——— Dr
To Share Capital A/c (with face value)
To Securities Premium A/c (with share premium)

(Being shares issued at premium for purchase of assets)

④ When shares are Issued at Discount

Vendors A/c (with purchase price) ——— Dr
Discount on issue of shares A/c (with discount) ——— Dr
To Share Capital A/c (with face value)

(Being issue of shares at discount against assets purchased)

⑤ Payment partly in cash & partly in shares

Vendors A/c ——— Dr
To Bank A/c
To Share Capital A/c

(Being payment made to vendors through cash and issue of shares)

July				
Mon	30	2	9	16
Tue	31	3	10	17
Wed		4	11	18
Thu		5	12	19
Fri		6	13	20
Sat		7	14	21
Sun	1	8	15	22

July

⑥ Issue of shares against Underwriting Commission

Underwriting Commission A/c ——— Dr
To Share Capital A/c

(Being issue of share against underwriting commission)

Q:- Z Ltd. offered 1000 shares of ₹ 100 each at a discount of 5% payable at a time in cash on application. The shares were duly subscribed and paid for. The company also issued 1000 shares as a fully paid at par against building purchased. Show journal entries.

Solⁿ

Journal Entries

Date	Particulars	Dr Amount	Credit Amount
	Bank A/c ——— Dr Discount on issue of shares A/c To Share Capital A/c (Being issue of 1000 shares of ₹ 100 each at a discount of 5%)	95,000 5,000	1,00,000
	Building A/c ——— Dr To Share Capital A/c (Being issue of 1000 equity fully paid shares against building)	1,00,000	1,00,000

August

Mon	6	13	20	27	
Tue	7	14	21	28	
Wed	1	8	15	22	29
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Q:- ABC Ltd. purchased assets worth ₹ 4,18,000 from Bihar Industrial Corporation and issued equity shares of ₹ 100 each, fully paid, in satisfaction of the purchase consideration. Show the journal entries in the books of ABC Ltd. assuming that the shares were issued (i) at ~~par~~ par (ii) at premium and (iii) at discount of 5%.

Coth Journal entries

Date	Particulars	(₹)	(₹)
		Amount	Amount
	Assets A/c ————— Dr to Bihar Ind. Cor. A/c	4,18,000	4,18,000
	(for assets purchased)		
	(i) Shares issued at par :-		
29 Sunday	Bihar Ind. Cor. A/c ————— Dr to Share Capital A/c	4,18,000	4,18,000
	(Being issue of 4180 equity shares of ₹ 100 each, fully paid in satisfaction of purchase price)		
	(ii) Shares issued at premium :-		
	Bihar Ind. Cor. A/c ————— Dr To Share Capital A/c To Securities Premium A/c	4,18,000	

July		
Mon	29	16
Tue	30	17
Wed	31	18
Thu	1	19
Fri	2	20
Sat	3	21
Sun	4	22

Date	Particulars	Dr	Amount	Amount
(iii)	When shares issued at discount-			
	Bihar Ind. Cor. A/c _____ Dr		4,18,00	
	Discount on issue of shares A/c _____ Dr		22,00	
	To Share Capital A/c			4,40,00
	(Being issue of 4400 shares of ₹ 100 each at a discount of 5%).			

W.N.

(i) No. of shares issued in case (ii) = $\frac{418000}{100+10}$
= 3800 shares

Premium Amounts = $3800 \times 10 = 38000$
Share Capital = $3800 \times 100 = 380000$
Total = 4,18,000

(ii) No. of shares issued in case (iii) = $\frac{418000}{100-5}$
= 4400 shares

Share Capital = $4400 \times 100 = 4,40,000$
(-) Amount of Discount = $4400 \times 5 = 22,000$
Total = 4,18,000

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