



Q10. Bansal Heavy machine Ltd purchased machine worth Rs.3,20,000 from Handa Trader. Payment was made as Rs.50,000 cash and remaining amount by issue of equity share of the face value of Rs. 100 each fully paid at an issue price of Rs.90 each. Give journal entries to record the above transaction.

Answer

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Machinery A/c Dr To Cash A/c To Handa Traders A/c (Being machine purchased from Handa Traders paid ₹ 50,000 in cash immediately)		3,20,000	50,000 2,70,000
(ii)	Handa Traders Dr Discount on Issue of Shares A/c (3,000 × 10) Dr To Share Capital A/c (3,000 × 100) (Being 3,000 share issued at ₹ 90 face value of ₹100 each to Handa Traders in consideration of amount due to him for machinery purchased)		2,70,000 30,000	3,00,000

Working Note

Number of equity shares to be issued

$$= \frac{\text{Amount payable}}{\text{Face value (per share)}} = \frac{2,70,000}{90} = 3,000 \text{ shares}$$

***** END *****