



Q9. Kumar Ltd purchases assets of Rs.6,30,000 from Bhanu Oil Ltd. Kumar Ltd. issued equity share of Rs.100 each fully paid in consideration. What journal entries will be made, if the share are issued, (a) at par, (b) at discount of 10 % and (c) at premium of 20%

Solution:

Case (i)

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Sundry Assets A/c Dr To Bhanu Oil Ltd A/c (Being assets purchased from Bhanu Oil Ltd)		6,30,000	6,30,000
(ii)	Bhanu Oil Ltd A/c Dr To Share Capital A/c (6,300 × 100) (Being 6,300 shares issued at par to Bhanu Ltd)		6,30,000	6,30,000

Working Note Case (i) Number of Shares to be issued

$$= \frac{\text{Amount payable}}{\text{Face value per share}}$$

$$= \frac{6,30,000}{100} = 6,300 \text{ shares}$$
Case (ii) $= \frac{6,30,000}{90} = 7,000 \text{ shares}$
Case (iii) $= \frac{6,30,000}{120} = 5,250 \text{ shares}$

Case (ii)

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
	Sundry Assets A/c Dr To Bhanu Oil Ltd A/c (Being assets purchased from Bhanu Oil Ltd)		6,30,000	6,30,000
	Bhanu Oil Ltd A/c Dr Discount on Issue of Share A/c Dr To Share Capital A/c (Being 7,000 shares are issued at 10% discount to Bhanu Ltd in consideration of assets purchased)		6,30,000 70,000	7,00,000

Case (iii)

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
	Sundry Assets A/c Dr To Bhanu Oil Ltd A/c (Being assets purchased from Bhanu Oil Ltd)		6,30,000	6,30,000
	Bhanu Oil Ltd A/c Dr To Share Capital A/c To Securities Premium A/c (Being 5,250 shares are issued at 20% premium to Bhanu Ltd in consideration of assets purchased)		6,30,000	5,25,000 1,05,000

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