

Financial Account  
T.D.C. Part I  
B. One Hour

By Dr. S.N. Gattar  
Dept of RNE  
Commerce —  
Hyderabad

8. Agrow Limited made following  
Issue of share

(i) To a vendor who supply Medical costing  
Rs. 4,40,000, 4000 equity shares of Rs 100 each  
at a premium of 10%.

(ii) 1000, 10% Preference share of Rs 500  
each at a premium of 5%, and

(iii) 2000 equity shares of 100 each at par.  
The issue was fully subscribed

and all amounts were received. Pass  
the necessary Journal entries in the books  
of company.

Solution -

Journal entry

(1)

Date	Particulars	L.F	Dr Amount	Cr Amount
	Machinery A/c Dr TO Vendor A/c - (Being Machine Purchased)		4,40,000	4,40,000

	Vendor A/c Dr TO Equity Share Capital A/c " Securities Premium A/c (Being 4000 equity shares issued at 10% Premium as <del>at</del> a purchase consideration to vendor.)			
--	---	--	--	--

(11)

	Bank A/c Dr TO 10% Preference Share Capital " Securities Premium (Being 10% Preference Share issued at a 5% Premium)		5,25,000	5,00,000 25,000
--	---	--	----------	--------------------

(111)

	Bank A/c Dr TO Equity Share Capital (Being 2000 equity shares issued at par.)		2,00,000	2,00,000
--	---	--	----------	----------