

If I want to get Rs 1, I invest 0.1638

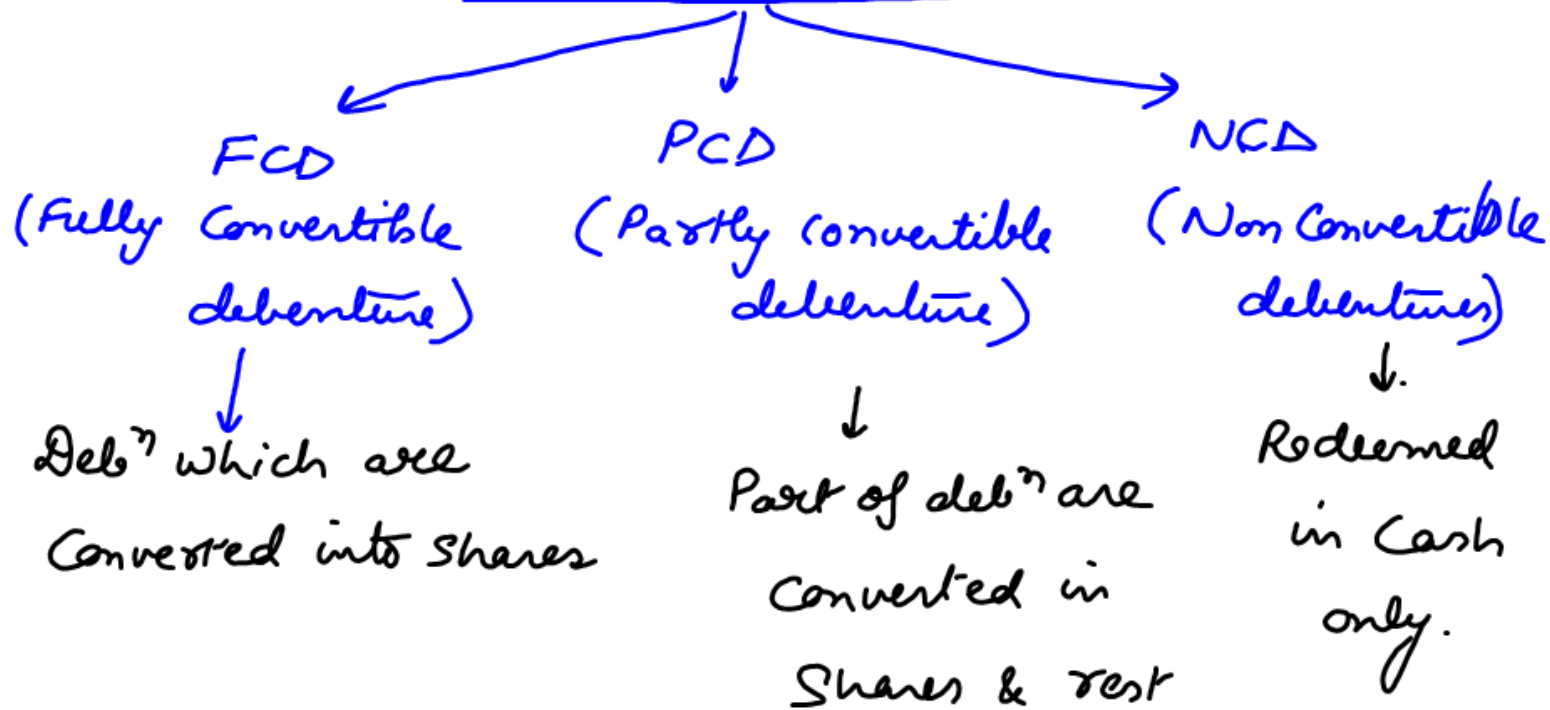
If I want 220000, I invest $\frac{0.1638}{1} \times 220000$

$$= 36036$$

	31.3.95	31.3.96	31.3.97
Bank Dr to Intt on SFI		4500 4500	9000 9000
Intt on SFI Dr to SF		- 4500 4500	9000 9000
P&L acc Dr to Sinking fund	36036 36036	36036 36036	36036 36036
Sinking Fund Intt Dr to Bank	36000 36000	40500 40500	45000 45000

	31.3.95	31.3.96	31.3.97
Money Available Mr	36036. 80	40536 90	45036 100
No. of Units	$\frac{36036}{80} = 450.45$	$\frac{40536}{90} = 450.44$	$\frac{45036}{100} = 450.36$
Money paid	$450 \times 80 = 36000$	$450 \times 90 = 40500$	$450 \times 100 = 45000$
Interest on face value	$450 \times 100 \times 10\%$ $= 4500$	$(450 + 450) \times 100 \times 10\%$ $= 9000$	$(450 + 450 + 450)$ $\times 100 \times 10\%$ $= 13500$

Redemption by Conversion



Debts Dr 100
 to Ep sh. capital 80
 to security premium 20

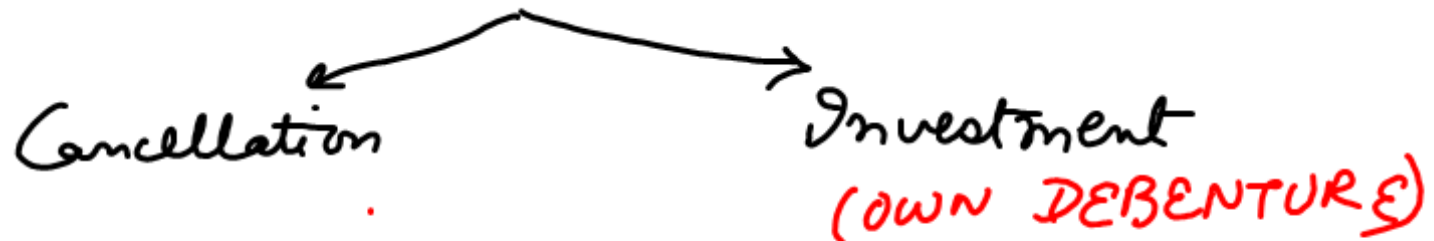
Debts Dr 100
 to Ep sh. cap 80
 to Cash 15
 to sec prem 5

Redemption by Cancellation

Advantages of Purchasing debⁿ of own Co.

- 1) Intt is saved from date of purchase.
- 2) Premium on redemption is saved
- 3) Advantage of lower prices
- 4) Investment is safe

These debⁿ can be purchased
for 2 purpose

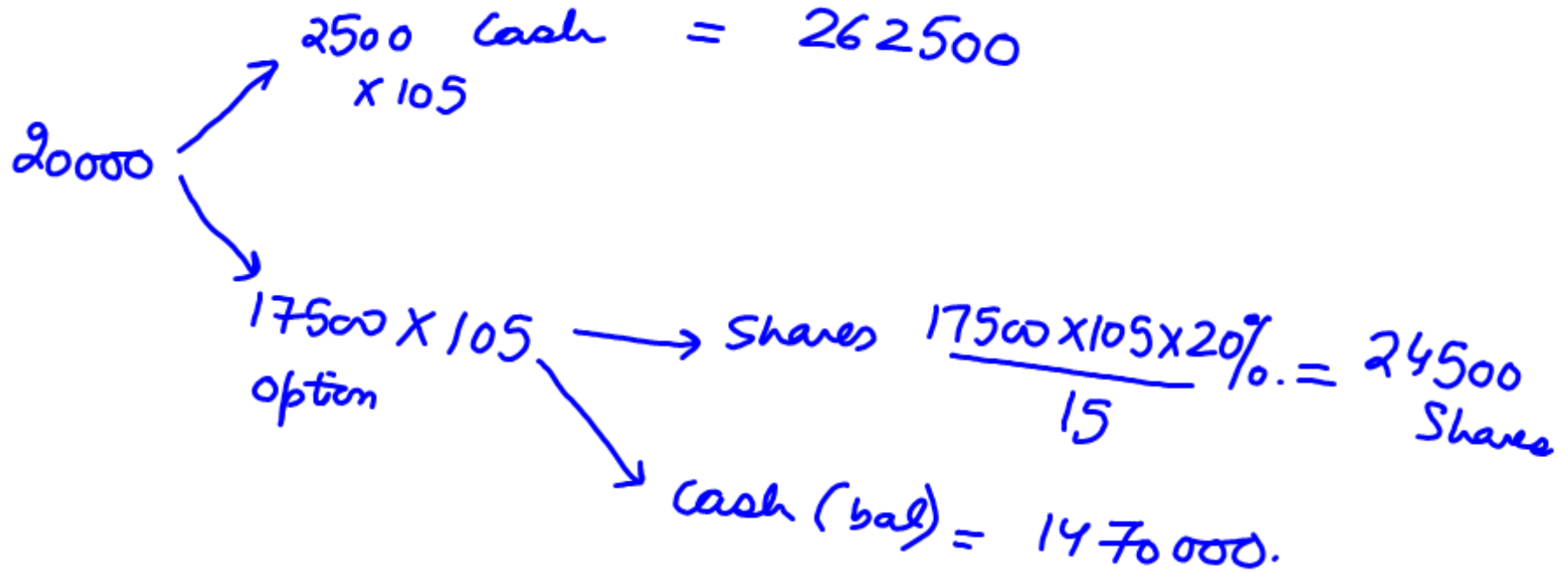


	Cancellation	Own deb ⁿ (Investment)												
Purchase @ 98	Debenture Dr 100 to Bank 98 to SF/CR 2	Own deb ⁿ Dr 98 to Bank 98.												
B/S	<table style="margin-left: auto; margin-right: auto;"> <tr><td colspan="2" style="text-align: center;">B/S</td></tr> <tr><td colspan="2" style="text-align: center;">-----</td></tr> <tr><td style="width: 50%;">10% debⁿ 90000</td><td style="width: 50%;"></td></tr> </table>	B/S		-----		10% deb ⁿ 90000		<table style="margin-left: auto; margin-right: auto;"> <tr><td colspan="2" style="text-align: center;">B/S</td></tr> <tr><td colspan="2" style="text-align: center;">-----</td></tr> <tr><td style="width: 50%;">10% debⁿ 100000</td><td style="width: 50%;">own debⁿ 98000 (FV 100000)</td></tr> </table>	B/S		-----		10% deb ⁿ 100000	own deb ⁿ 98000 (FV 100000)
B/S														

10% deb ⁿ 90000														
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10% deb ⁿ 100000	own deb ⁿ 98000 (FV 100000)													
Intt Entry	Deb ⁿ Intt Dr 90000 to Bank 90000	Deb ⁿ Intt Dr 100000 to Bank 90000 to Intt on own deb ⁿ 10000												
Resell @ 99		Bank Dr 99000 to own deb ⁿ 98000 to SF/CR 1000												
Cancelled		<table style="margin-left: auto; margin-right: auto;"> <tr><td colspan="2" style="text-align: center;">-----</td></tr> <tr><td style="width: 50%;">Debⁿ Dr 100000</td><td style="width: 50%;"></td></tr> <tr><td style="width: 50%;">to own debⁿ 98000</td><td style="width: 50%;"></td></tr> <tr><td style="width: 50%;">to SF/CR 2000</td><td style="width: 50%;"></td></tr> </table>	-----		Deb ⁿ Dr 100000		to own deb ⁿ 98000		to SF/CR 2000					

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to own deb ⁿ 98000														
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Q7.

Shares Alloted = 24500 Sh. of Rs 10 each

Cash = 262500 + 1470000 = Rs 1732500

Q8 . Debⁿ Redemption Fund

pre on red	2200	bal b/d	117490
		Bank	300*
CR	2960	Deb ⁿ	200*
		Bank	2460*
GR	<u>122240</u>	Int on DRFI	6950

Debⁿ red fund Investment

bal b/d	117490	Bank	9750
		Bank	107746
			<u> </u>

8% Debenture a/c

1/1		bal b/d	120000
Bank	9800		
DRF	200		
30/6	Bank	110000	
			<u> </u>

31¹²/₉₃ Debⁿ Intt Dr 4800
to Bank 4800

$$120000 \times 8\% \times \frac{6}{12} = 4800$$

1¹/₉₄ Bank Dr 10050
to DRF Intt 9750
to DRF 300

1¹/₉₄ Debⁿ Dr 10000
to Bank 9800
to DRF 200

29⁶/₉₄ Bank Dr 110200.
to DRF Intt 107740
to DRF 2460

Bank Dr 6950
to Intt on DRF Intt 6950

Intt on DRFI Dr 6950
to DRF 6950

Debⁿ Intt Dr 4400
to Bank 4400

$$110000 \times 8\% \times \frac{6}{12} = 4400$$

Debⁿ Dr 110000

Prem on sed Dr 2200

to Bank 112200

DRF Dr 2200

to prem on sed 2200

DRF Dr

to CR

to GR

Sinking Fund a/c.

SFI (3% stk) 3200	bal 749000
	Int on
	own deb ⁿ 5000 ✓
	3% stk 19800 ✓
	P&L 28400 ✓
	5% deb ⁿ 1000*
GR (800000)	

SFI (own debⁿ) a/c

	FV	G		FV	C
bal	100000	99000	Deb ⁿ	100000	99000

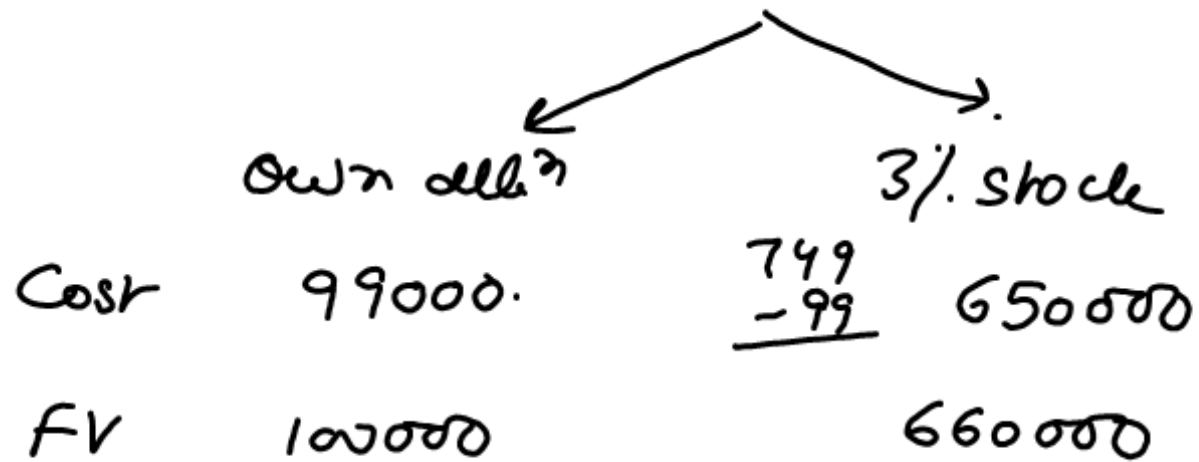
SFI (3% stock) a/c

bal	660000	650000	Bank	660000	646800
			SF		3200

5% debentures a/c

own deb ⁿ 99000	bal b/c 800000
SF 1000	
Bank 700000	

$$SF = 749000 = SFI.$$



P&L Dr	28400
to SF	28400

Deb ⁿ Int Dr	40000
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~~80000~~ × 5%

to Intt on own deb ⁿ	5000
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10000 × 5%

to Bank	35000
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Intt on own deb ⁿ Dr	5000
to SF	5000

$$660000 \times 3\% = 19800$$

Bank Dr	19800
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to Return on 3% Stk	19800
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Return on 3% Stock Dr	19800
to SF	19800

Bank Dr	$6600 \times 98 = 646800$
SF Dr	3200.

to SFI (3% Stock)	650000
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Deb ⁿ Dr	100000
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to own deb ⁿ	99000
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to SF	1000
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Debⁿ Dr 70000

to Bank 70000

SF Dr

to GR

FH Property Dr. 150000
 to Revaluation Reserve 150000

$$250000 \times \frac{1}{5} = 50000.$$

GR Dr 50000
 to Eq sh. Capital 50000

Debⁿ Dr 50000
 Prem on red Dr 1000
 to Bank 51000

P&L Dr 1000
 to prem on red 1000

Reval Res Dr 25000
 to Res for repl. 25000
