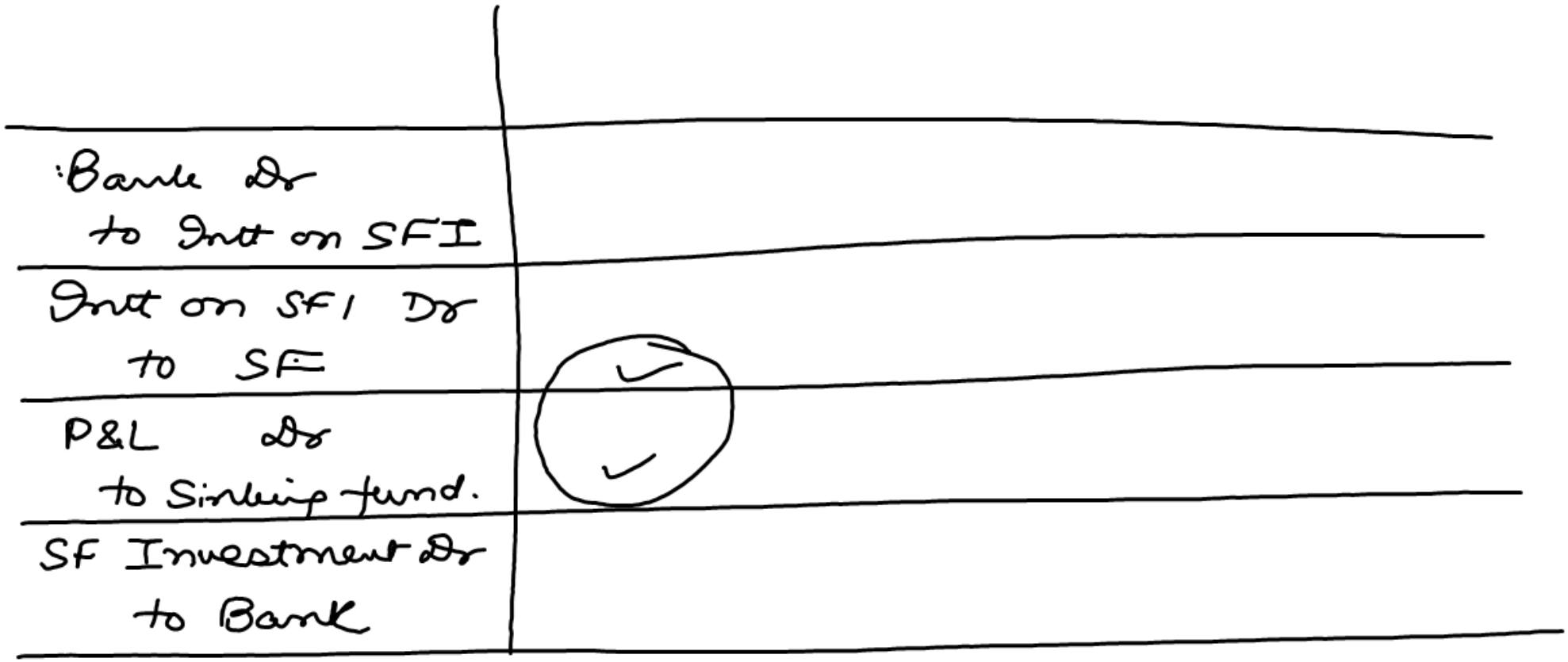
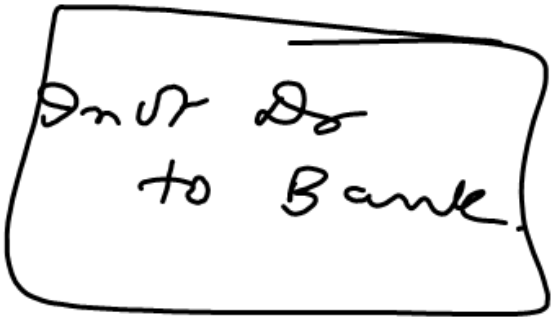

:Bank Dr
to Int on SFI
Int on SFI Dr
to SF
P&L Dr
to Sinking fund.
SF Investment Dr
to Bank

Bill Dr
to Unit.



Prem on red of debⁿ can. be written off from

1. Prem on red reserve
2. Sinking fund.
3. Security premium
4. General Res
5. P&L

(2) In the last year of SF, Investment is not done rather old Invt are disposed off

(3) Any P/L on Sale of SF Investment is trf to SF. Any net Profit is trf to Capital Reserve

(4) The SF Investment is always done at MKt value. If MKt value is not given, then we assume it to be Face Value

(5) Interest is always on face Value

(6) SF bal in the end is tof to General Reserve.

(7) Intt is always on Debentures

If You want to get Rs 1, invest 0.1638.

If I want to get 220000, 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 Dr to Sinking fund	36036 36036	36036 36036	36036 36036
SF Investment Dr to Bank	36000 36000	40500 40500	45000 45000.

	31.3.95	31.3.96	31.3.97.
Money Available	36036	40536	45036
MKt Price	80	90	100
Units Purchased	$\frac{36036}{80} = 450.45$	$\frac{40536}{90} = 450.4$	$\frac{45036}{100} = 450.36$
Money Invested	$450 \times 80 = 36000$	$450 \times 90 = 40500$	$450 \times 100 = 45000.$
Int on Inst next yr	$450 \times 100 \times 10\% = 4500$	$(450+450) 100 \times 10\% = 9000$	

Q7.

Total debⁿ 20000 × 100.

Red. value 20000 × 105

Convert.
17500 × 105

Bal in cash.
2500 × 105

Cash
17500 × 105 × 80%

Shares
$\frac{17500 \times 105 \times 20\%}{15}$

= 24500 shares of Rs 10 valued at 15.

Cash paid = 17500 × 105 × 80%
+ 2500 × 105 × 100%
17,32,500

Redemption by Cancellation

This means purchasing deb of own Co. and destroying (cancelling) it.

Adv of Cancelling debn of own Co.

1) Saving of Intt from date of purchase.
2) Saving of promised premium on red.
3) We can take better adv of low mkt price
4) Money Invested is Safer

Total 10,000 of 100 @ 97 Per 1000 of 100 @ 97	Cancellation	Investment (own deb^{n})
Purchase @ 97	Debenture Dr 100 to Bank 97 to SF/CR 3	own deb^{n} Dr 97 to Bank 97.
	B/S deb^{n} 90000	B/S deb^{n} 1000000 | own deb^{n} 97000 (FV 100000)
Intt on deb^{n}	Intt on deb^{n} Dr 90000 to Bank 90000	Intt on deb^{n} Dr 100000 to Bank 90000 to Intt on own deb^{n} 10000
Resold @ 99.	—	Bank Dr 99000 to own deb^{n} 97000 to SF/CR 2000
Cancelled later on		Deb^{n} Dr 100000 to own deb^{n} 97000 to SF/CR 3000

Q8.

8% debenture a/c

1/4/94 To BK	9800	1/7/93 bal	120000
DRF	200		
30/6 Bank	110000		

Debⁿ red fund Investment

1/7/93 bal b/d	117490	1/4/94 Bank	9750
		30/6/94 Bank	107740

Debⁿ Red fund a/c.

30/6 prem on red	2200	1/7/93 bal b/d	117490
CR	2960	1/4/94 Bank*	300
		8% Debⁿ*	200
GR	122240	30/6 Bank*	2460
		Int on DRFI	6950

31 12/93. Intt on debn Dr 4800
to Bank 4800
(120000 × 8% × 6/12 = 4800)

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1 4/94 Bank Dr 10050
to DRFI 9750
to DRF 300

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1 4/94 Debenture Dr 10000
to Bank 9800
to DRF 200

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29 6/94 Bank Dr 110200
to DRFI 107740
to DRF 2460

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30 6/94. Bank Dr 6950
to Intt on DRFI 6950

Intt on DRFI Dr 6950
to DRF 6950

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30 6/94 Intt on debn Dr 4400
to Bank 4400
(110000 × 8% × 6/12 = 4400)

30 6/94 Debn Dr 110000
Prem on red Dr 2200
to Bank 112200

DRF Dr 2200
to prem on red 2200

~~DRF Dr~~
to CR
to GR.