

CHAPTER-6

BUY BACK OF SHARES

Basic Problems

Question-1

Vikash Ltd. resolved by a special resolution to buy-back its 5,00,000 equity shares of ₹ 10 each (paid up value ₹ 8) at a premium of ₹ 15 per share. At the time of buy-back the following balances appeared in its books:

Particulars	Amount (₹)
Securities Premium Account	60,00,000
General Reserve Account	50,00,000
Profit and Loss Account (Cr.)	45,00,000

The company utilized the whole of the securities premium for buy-back purpose.

You are required to pass the necessary journal entries in the books of the company.

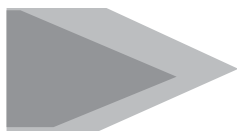
(June-15, 4 Marks)

Solution

In the books of Vikash Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Equity Share Final Call A/c			10,00,000	
	To Equity Share Capital A/c				10,00,000
	(Final call due on 5,00,000 equity shares of ₹ 2 per share)				
	Bank A/c			10,00,000	
	To Equity Share Final Call A/c				10,00,000
	(Call money received)				
	Equity Share Capital A/c	Dr.		50,00,000	
	Securities Premium A/c	Dr.		60,00,000	
	General Reserve A/c	Dr.		15,00,000	
	To Equity Shareholders A/c				1,25,00,000
	(Amount due on buy-back)				
	Equity Shareholders A/c	Dr.		1,25,00,000	



	To Bank A/c				1,25,00,000
	(Payment made to shareholders on account of buy-back)				
	General Reserve A/c	Dr.		35,00,000	
	Profit & Loss A/c			15,00,000	
	To Capital Redemption Reserve A/c				50,00,000
	(Transfer of nominal amount of equity shares Bought back)				

Question-2

The share capital of Beta Co. Ltd consists of 1,00,000 equity shares of ₹ 10 each, and 25,000 preference shares of ₹ 100 each, fully called up. Its securities premium account shows a balance of ₹ 40,000 and general reserve of ₹ 7,00,000. The company decides to buy-back 20,000 equity shares of ₹ 12 each.

Pass the necessary journal entries.

Solution

In the books of Beta Co. Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Equity Share Capital A/c	Dr.		2,00,000	
	Securities Premium A/c	Dr.		40,000	
	To Equity Shareholders A/c				2,40,000
	(Amount due to equity shareholders for buying-back of 20,000 equity shares)				
	Equity Shareholders A/c	Dr.		2,40,000	
	To Bank A/c				2,40,000
	(Payment to shareholders on account of buy-back)				
	General Reserve A/c	Dr.		2,00,000	
	To Capital Redemption Reserve A/c				2,00,000
	(Transfer of nominal amount of equity shares Bought back)				

**Question-3**

The PTC Co. Ltd. has a share capital of ₹ 15,00,000, comprising 1,00,000 equity shares of ₹ 10 each and 50,000 8% preference shares of ₹ 10 each, both of which fully called up and paid up. The company has sufficient general reserve to its credit to enable it to comply with the legal formalities connected with buy-back of shares. It decides to buy-back 20% of its equity share capital at ₹ 9 per share. Record the transactions in the books of the company.

Solution

In the books of PTC Co. Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Equity Share Capital A/c	Dr.		2,00,000	
	To Equity Shareholders A/c				1,80,000
	To Capital Reserve A/c				20,000
	(Amount due to equity shareholders for buy-back of 20,000 shares @ ₹9)				
	Equity Shareholders A/c	Dr.		1,80,000	
	To Bank A/c				1,80,000
	(Payment to shareholders on account of buy-back)				
	General Reserve A/c	Dr.		2,00,000	
	To Capital Redemption Reserve A/c				2,00,000
	(Transfer of nominal amount of equity shares Bought back)				

Question-4

Alpha Co. Ltd. has a paid-up equity share capital of ₹ 20,00,000 in 2,00,000 shares of ₹ 10 each. It resolved to buy-back 50,000 equity shares at ₹ 15 per share. For this purpose, it issued 20,000 12% preference shares of ₹10 each, at par, payable along with application. The company has in its credit ₹ 2,50,000 in securities premium account and ₹ 10,00,000 in the general reserve account. The company utilized the general reserve.

Pass the necessary journal entries.

Solution

In the books of Alpha Co. Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Bank A/c	Dr.		2,00,000	



To Preference Share Application A/c				2,00,000
(Application money on 20,000 preference shares at ₹10 each)				
Preference Share Application A/c	Dr.		2,00,000	
To Preference Share Capital A/c				2,00,000
(Transfer of application money to preference share capital account on shares being allotted)				
Equity Share Capital A/c	Dr.		5,00,000	
Securities Premium A/c	Dr.		2,50,000	
To Equity Shareholders A/c				7,50,000
(Amount due to equity shareholders consequent upon buy- back of 50,000 Shares at ₹15)				
Equity Shareholders A/c	Dr.		7,50,000	
To Bank A/c				7,50,000
(Payment to shareholders on account of buy-back)				
General Reserve A/c	Dr.		3,00,000	
To Capital Redemption Reserve A/c				3,00,000
(Transfer of the nominal value of shares bought Back out of profit)				

Question-5

On 31st March 2015, following was the Balance Sheet of FCS Limited:

Liabilities	(₹ in lakhs)	Assets	(₹ in lakhs)
Equity Share Capital (₹ 10)	2,400	Machinery	3,600
Securities Premium	350	Furniture	452
General Reserve	930	Investments (Face Value ₹ 200 lakhs)	148
Profit and Loss Account	340	Current Assets	2,460
Current Liabilities	2,640		
	6,660		6,660

On 1st April 2015 the company announced the buy-back of 25% of its equity shares @ 15 per share. For this purpose, it sold all of its investments for ₹ 150 Lakhs and issued 2,00,000, 14% Preference Shares of ₹ 100 each at par, the entire amount being payable with



application. The issue was fully subscribed. The company achieved the target of buy-back. Later the company issued one fully paid-up equity share of ₹ 10 by way of bonus shares for every four equity shares held by the equity shareholders.

Required: Show journal entries for all transactions including cash transactions.

(Dec-15, 10 Marks)

Solution

In the books of FCS Ltd.

Journal Entries

(₹ In Lakhs)

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Bank A/c	Dr.		150	
	To Investments A/c				148
	To Profit and Loss A/c				2
	(Being the sale of investments)				
	Bank A/c	Dr.		200	
	To 14% Preference Share Application A/c				200
	(Being the Application money received)				
	14% Preference Share Application A/c	Dr.		200	
	To 14% Preference Share Capital A/c				200
	(Being the Allotment of Shares)				
	Equity Share Capital A/c	Dr.		600	
	Securities Premium A/c	Dr.		300	
	To Equity Shareholders A/c				900
	(Amount due to equity shareholders consequent upon buy- back of 60 Lakh Shares at ₹15)				
	Equity Shareholders A/c	Dr.		900	
	To Bank A/c				900
	(Payment to shareholders on account of buy-back)				
	General Reserve A/c	Dr.		400	
	To Capital Redemption Reserve A/c				400
	(Transfer of the nominal value of shares bought Back out of profit)				



	Capital Redemption Reserve A/c	Dr.		400	
	Securities Premium A/c	Dr.		50	
	To Bonus Issue A/c				450
	(Being the utilisation of capital redemption reserve and securities premium to issue one bonus share for every four shares held)				
	Bonus Issue A/c	Dr.		450	
	To Equity Share Capital A/c				450
	(Being the Issue of one bonus share for every four equity shares)				

Note: Amount of Bonus Issue = 25% of (2400 - 25% of 2400) = 450 lakhs.

Question-6

The following was the Balance Sheet of Fortune Ltd. as on 31st March, 2015:

Particulars	Amount (₹)
Liabilities:	
Issued and paid-up-capital:	
6,00,000 equity shares of ₹ 10 each	60,00,000
General Reserve	2,00,000
Securities Premium	10,000
10% Debentures	28,00,000
Sundry Creditors	31,20,000
	1,21,30,000
Assets:	
Land & Building	12,60,000
Plant & Machinery	47,00,000
Furniture and fittings	7,00,000
Investments	7,40,000
Stock	24,00,000
Sundry Debtors	11,80,000
Cash & Bank	11,50,000
	1,21,30,000

On 1st April, 2015, the Shareholders of the Company have approved the scheme of buy-back of equity shares as under:



- i. 15% of the equity shares would be bought-back at ₹ 11 per share.
- ii. Balance in the General Reserve and Securities Premium Account may be fully utilized.
- iii. Issue 12% redeemable preference shares of ₹ 10 each as per the requirements.

Pass necessary journal entries to record the above transactions.

(Dec-15, 8 Marks)

Solution

In the books of Fortune Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Equity Share Capital A/c	Dr.		9,00,000	
	Securities Premium A/c	Dr.		10,000	
	General Reserve A/c	Dr.		80,000	
	To Equity Shareholders A/c				9,90,000
	(Being the cancellation of equity shares on buy back and transfer of securities premium and balance from general reserve for payment of premium)				
	Bank A/c	Dr.		7,80,000	
	To 12% Preference Share Capital A/c				7,80,000
	(Being the issue of 78,000 12% preference shares of ₹10 each)				
	Equity Shareholders A/c	Dr.		9,90,000	
	To Bank A/c				9,90,000
	(Being the buyback of 90,000 equity shares @ ₹11 each)				
	General Reserve A/c	Dr.		1,20,000	
	To Capital Redemption Reserve A/c				1,20,000
	(Being the amount transferred from general reserves to meet buy-back requirement)				

Question-7

The following was the assets and liabilities of D Ltd. as at 31.03.2017:

Liabilities	(₹in crores)	Assets	(₹in crores)
1 lakh Equity Shares of ₹ 10 each fully paid	10.00	Plant & Machinery	13.50



Securities Premium	3.50	Furniture	2.40
General Reserves	3.10	Investments	1.80
Profit & Loss Account	1.10	Stock	7.20
14% Debentures	7.50	Sundry debtors	2.30
Sundry creditors	5.00	Bank	3.00
	30.20		30.20

On 01.04.2017, the company decided to buy-back 20% of its equity shares at a premium of ₹10 per share. For this purpose, the company sold its entire Investments for ₹ 2.30 lakhs and issued 1,500, 12% Preference shares of ₹100 each at par. The amount payable was ₹ 60 on application and 40 on allotment. The issue was fully subscribed. Thereafter the company issued bonus shares of ₹10 at the rate of one bonus share for every five equity shares. Show Journal entries and Balance Sheet after the above transactions were completed.

Solution

In the books of D Ltd.

Journal Entries**(₹ in Crores)**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2017					
April 1	Bank A/c	Dr.		2.30	
	To Investments A/c				1.80
	To Profit and Loss A/c				.50
	(Being Investments Sold)				
	Bank A/c	Dr.		.90	
	To Preference Share Application A/c				.90
	(Being application money @ 60/- each received on 1,500 Preference Shares)				
	Preference Share application A/c	Dr.		.90	
	12% Preference Share Capital				.90
	(Being allotment made)				
	Preference Share allotment A/c	Dr.		.60	
	12% Preference Share Capital				.60
	(Being allotment money due on 1,500 Preference Shares @ 40/- each)				
	Bank A/c	Dr.		.60	



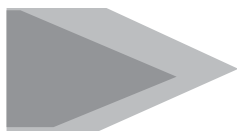
To Preference Share Allotment A/c				.60
(Being allotment money received)				
Equity Share Capital A/c	Dr.		2.00	
Security Premium A/c	Dr.		2.00	
To Equity shareholders A/c				4.00
(Being 20% Eq. Shares bought back at a premium of 10/- each as per board resolution dated...)				
Equity Shareholders A/c	Dr.		4.00	
To Bank A/c				4.00
(Being amount paid to equity shareholders against buy back)				
General Reserve A/c	Dr.		.50	
To Capital Redemption Reserve A/c				.50
(Being amount transferred from General Reserve to CRR A/c) [2 – 1.5]				
Capital Redemption Reserve A/c	Dr.		.50	
Security Premium A/c	Dr.		1.10	
To Bonus to Shareholders A/c				1.60
(Being profits transferred to issue bonus shares in the ratio of 1:5) [8 x 1/5 = 1.6]				
Bonus to Shareholders A/c	Dr.		1.60	
To Equity Share Capital A/c				1.60
(Being Bonus Shares issued in the ratio of 1:5 as per board resolution no.... dated)				

Buy back of Shares and Redemption of Preference Shares

Question-8

The following was the balance sheet of Superstar Ltd. as at 31st March, 2021

	(₹ in lakhs)
Liabilities	
10% Redeemable Preference Shares of ₹ 10 each, fully paid up	2,500
Equity Shares of ₹10 each fully paid up	8,000
Capital Redemption Reserve	1,000



Securities Premium	800
General Reserve	6,000
Profit and Loss Account	300
9% Debentures	5,000
Sundry creditors	2,300
Sundry Provisions	1,000
	26,900
Assets	
Fixed assets	14,000
Investments	3,000
Cash at Bank	1,650
Other Current assets	8,250
	26,900

On 1st April, 2021 the company redeemed all of its preference shares at a premium of 10% and bought back 25% of its equity shares @ ₹15 per share. In order to make cash available, the company sold all the investments for ₹ 3,150 lakh and raised a bank loan amounting to ₹2,000 lakhs on the security of the company's plant.

Pass journal entries for all the above-mentioned transactions including cash transactions and prepare the company's balance sheet immediately thereafter.

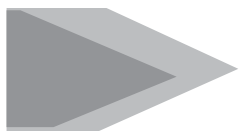
(Dec-13, 8 Marks)

Solution

In the books of Superstar Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Bank A/c	Dr.		3,150	
	To Investments A/c				3,000
	To Profit and Loss A/c				150
	(Being Investments Sold)				
	Bank A/c	Dr.		2,000	
	To Bank Loan A/c				2,000
	(Being loan taken from bank)				
	10% Redeemable Preference Share Capital A/c	Dr.		2,500	
	Premium on Redemption of Pref. Shareholder	Dr.		250	



	A/c				
	To Preference Shareholder A/c				2,750
	(Being redemption of Preference shares)				
	Preference Shareholders A/c	Dr.		2,750	
	To Bank A/c				2,750
	(Being payment of amount due to Preference Shareholders)				
	Securities Premium A/c	Dr.		250	
	To Premium on Redemption of Preference Shares A/c				250
	(Being use of Securities premium to provide premium on red. of preference shares)				
	Equity Share Capital A/c	Dr.		2,000	
	Securities Premium A/c [800 - 250]	Dr.		550	
	General Reserve A/c	Dr.		1,450	
	To Equity Shareholders				4,000
	(Being buy back of Equity Shares) Note: General Reserve Balance (6,000 – 1,450) = 4,550				
	General Reserve A/c	Dr.		4,500	
	To Capital Redemption Reserve A/c				4,500
	(Being creation of capital redemption reserve to the extent of the face value of preference share redeemed and equity shares bought back)				
	Equity Shareholders A/c	Dr.		4,000	
	To Bank A/c				4,000
	(Being payment of amount due to Equity Shareholders)				

Note: Cash at Bank = (1,650 + 3,150 + 2,000 – 2,750 – 4,000) = ₹ 50

**Maximum Permissible Buy Back****Question-9**

The following is the extract of the Trial Balance of Q Ltd. as on 31.03.2022.

Particulars	Amount (₹)
Equity Share capital (₹ 10)	12,00,000
General reserve	18,00,000
Securities premium	6,00,000
14% Debentures	25,00,000
Creditors	11,00,000
Non-current assets	36,00,000
Cash and bank balances	18,00,000
Other current assets	18,00,000

The management of the company is contemplating a buyback plan. Recommend to the company on the maximum no. of equity shares which can be bought back by offering maximum price after complying with all the necessary legal provisions as per Companies Act, 2013.

Provide needful justifications and calculations in support of your answer.

Solution**Statement showing computation of maximum number of equity shares Buy Back and maximum price for Buy-Back****1. Share Outstanding Test**

According to Outstanding Equity Shares Test, maximum number buy-back of equity shares
 = (25% of paid-up Equity Share Capital) / Face value per equity share
 = 25% of 1,20,000 / 10 = 30,000 shares

2. Resource Test

According to Buy-back Resource Test, maximum amount that has to be paid for buy-back
 = 25% of (Paid up capital + Free Reserves and Securities Premium)
 = 25% of ₹ (12,00,000 + 18,00,000 + 6,00,000) = ₹9,00,000
 So, Maximum buy-back price per equity share = ₹ 9,00,000 / 30,000 shares = ₹30 per share.

3. Debt-Equity Ratio Test

Now, it has to be verified that after the buy-back of shares, the post buy-back debt- equity ratio test will not exceed 2:1.

Ascertainment of Post Buyback Debt-Equity Ratio

Here, Debt = 14% Debentures + Creditors = ₹ (25,00,000 + 11,00,000) = ₹36,00,000

Post buy-back Equity:



Post buy-back Share Capital = Existing Share Capital - Face value of shares buy-back

$$= [12,00,000 - (30,000 \times ₹10)] = ₹9,00,000$$

Post buy-back Free Reserves & Securities Premium

= Existing Free Reserves & Securities Premium - Amount utilised for buy-back

$$= [(18,00,000 + 6,00,000) - 9,00,000] = ₹15,00,000$$

$$\text{Post buy-back Equity} = ₹9,00,000 + ₹15,00,000 = ₹24,00,000$$

Post buy-back Debt-equity ratio = Total Debt / Equity

$$= ₹36,00,000 / ₹24,00,000 = 1.5, \text{ which happens to be less than } 2:1$$

So, the above condition of maintaining Debt-Equity ratio gets satisfied. Hence, Q Ltd. may be suggested to buy-back 30,000 shares @ ₹30 each (i.e., at ₹ 20 premium per share).

Question-10

R Ltd. wants to buy back 1,00,000 equity shares of ₹ 10 each at a price of ₹ 20 each on 01.04.2021. The buy back is allowed in its articles of association and the company has obtained necessary approval from the shareholders. The company has sufficient bank balance to make the payment for buy back of shares. The following information is available as on 31.03.2021:

Particulars	Amount (₹)
Equity Share Capital (₹ 10 each fully paid)	50,00,000
General Reserve	60,00,000
Dividend Equalization Reserve	10,00,000
Balance of Profit and Loss (Cr.)	5,00,000
10% Debentures (₹ 100 each)	75,00,000
Bank Loan	40,00,000
Current Liabilities	66,00,000

You have been appointed as a legal expert to supervise the buyback process. Verify whether the buyback plan of the company meets the conditions specified by the Companies Act 2013 as regards to the maximum amount of buyback and Pass Journal Entries.

(2016 Syllabus Dec-17, 9 Marks)

Solution

Determination of maximum buyback permissible as per Companies Act 2013:

1. Shares Outstanding Test: Max. Permissible Limit = 25% of Outstanding Shares

Particulars	
Total number of shares outstanding	5,00,000
25% of the shares outstanding	1,25,000

2. Resource Test: Max. Permissible Limit = 25% of Paid-up Capital plus Free Reserves



Particulars	
Equity Share capital (₹)	50,00,000
Free Reserve (₹) (General Reserve + Dividend Equalisation Reserve + P/L)	75,00,000
Paid up Capital plus Free Reserves (₹)	1,25,00,000
25% of Paid-up Capital plus Free Reserves (₹)	31,25,000
Buy back price per share (₹)	20
No. of shares that can be bought back (31,25,000/20)	1,56,250

3. Debt Equity Ratio Test: Debt after buyback cannot exceed twice the paid-up capital plus free reserves.

Particulars	
Total Debt (₹) (75,00,000 + 40,00,000 + 66,00,000)	1,81,00,000
Minimum Equity to be maintained after buyback in the ratio 2:1 (₹)	90,50,000
Paid up capital plus free reserves before buyback (₹)	1,25,00,000
Future Paid up capital plus free reserves (₹) (see working note: 1) (1,25,00,000 - 11,50,000)	1,13,50,000
Maximum permissible buyback (₹) (1,13,50,000 - 90,50,000)	23,00,000
Buy back price per share (₹)	20
No. of shares that can be bought back	1,15,000

Summary of three test results:

	No. of Shares
Permissible Buyback as per -	
Share Outstanding Test	1,25,000
Resource Test	1,56,250
Debt-Equity Ratio Test	1,15,000
Maximum permissible buyback (least of the three)	1,15,000
Actual buyback plan	1,00,000

Since actual buyback proposed is below the permissible limit, the company can buy back 1,00,000 shares at ₹ 20 each.

Working Note 1:

In case buyback of shares is done out of free reserves and securities premium, a company is required transfer a sum equal to the nominal value of the Shares buyback to Capital Redemption Reserve A/C.

Thus, shareholders' fund after buyback includes Capital Redemption Reserve. Now Capital



Redemption Reserve is not a free reserve. Hence it cannot form part of paid-up capital plus free reserve after buyback.

Let nominal value of shares bought back is X. Then CRR after buyback is X. Moreover, total premium on buyback = X (₹ 10 face value and ₹ 20 buyback price, so premium on buyback ₹ 10).

So total amount to be deducted from shareholders' fund for buyback

= X (capital) + X (premium) = 2X.

Moreover, free reserves to be reduced by X.

Total paid up capital plus free reserves after buyback = 125,00,000 – X (i.e. CRR) – 2X (i.e. buyback proceeds)

Conditionally,

1,25,00,000 - X – 2X = 90,50,000,

or, x = 11,50,000

Nominal value of buyback = 11,50,000 (i.e. Capital Redemption Reserve)

In the books of Superstar Ltd.

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Equity Share Capital A/c	Dr.		10,00,000	
	General Reserve A/c	Dr.		10,00,000	
	To Equity Shareholders A/c				20,00,000
	(Being cancellation of shares bought back and premium on buyback provided out of General Reserve)				
	Equity Shareholders A/c	Dr.		20,00,000	
	To Bank A/c				20,00,000
	(Being buyback of 100000 shares of ₹ 10 each at ₹ 20 per share)				
	General Reserve A/c	Dr.		10,00,000	
	To Capital Redemption Reserve A/c				10,00,000
	(Being creation of capital redemption reserve to the extent of the face value of preference share redeemed and equity shares bought back)				



Multiple Choice Questions [MCQs]

- 1. Which of the following statement is true**
 - a. The shares are bought back to increase the holding of the promoters
 - b. The shares are bought back to improve the financial health of the company
 - c. The shares are bought back to increase the Earning per share
 - d. All of above.
- 2. For Buy back of shares, a company has to open**
 - a. A separate bank account
 - b. An escrow account
 - c. A share capital account
 - d. None of the above
- 3. Which of the following is not a condition of buy-back of securities?**
 - a. Both fully and partly paid-up securities can be bought back
 - b. Buy-back must be authorized by the Articles of Association
 - c. Buy-back must be authorized by passing a special resolution in general meeting
 - d. Buy-back should be completed within 1 year from the date of passing of special resolution.
- 4. Which of the following is/are the advantage/s of buy-back:**
 - a. Free reserves which are utilized for buy-back instead of dividend enhance the value of the company's shares and improve earnings per share;
 - b. Through buy back company may increase promotor's Holding;
 - c. Buy-back may be used as a weapon to frustrate any hostile take-over of the company by undesirable persons;
 - d. All of the above.
- 5. Which of the following is/are test/s to Determination of quantum for buy-back:**
 - a. Share outstanding test
 - b. Resource test
 - c. Debt-Equity Ratio test
 - d. All of the above.
- 6. Transfer to capital redemption reserve account is not allowed from which of these profits?**
 - a. Securities premium account
 - b. Forfeited shares account
 - c. Profit prior to incorporation



- d. All of the above
7. Transfer to capital redemption reserve account is not allowed from which of these profits?
- General Reserve
 - Reserve Fund
 - Dividend Equalization Leavy
 - Forfeited Shares Account
8. Transfer to capital redemption reserve account is allowed from which of these profits?
- Insurance fund
 - Workmen's compensation fund
 - Workmen's accident fund
 - All of the above
9. Given Paid up Share Capital ₹ 10 lakhs & Free Reserves ₹ 2 lakhs what is the maximum amount permissible for buy back of shares_____.
- ₹ 2,00,000
 - ₹ 2,50,000
 - ₹ 2,80,000
 - ₹ 3,00,000
10. For buy-back up to of the company, Board resolution is sufficient
- 10% of paid-up capital
 - 10% of free reserves
 - 10% of paid-up capital and free reserves
 - 10% of paid-up capital or free reserves

Answers

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
d	b	a	d	d	d	d	d	d	c