

**Solution:**

	<b>Rs.</b>	<b>Rs.</b>
Cash account	750,000	
Share capital: Common stock		500,000
Additional paid-in Capital: Common stock		250,000

**(Issued share to the investors at premium)**

Preliminary expenses	14,000	
Share capital: Common stock		10,000
Additional paid-in Capital: Common stock		4,000

**(Issued shares in exchange of services provided by Mr. Ali for incorporation)**

Cash account	300,000	
10% cumulative preferred stock		300,000

**(Issued preferred share)**

Machinery account	150,000	
Share capital: Common stock		100,000
Additional paid-in Capital: Common stock		50,000

**(Issued common share in exchange of machinery)**

Dividend account	30,000	
Cash account		30,000

Profit and loss appropriation account	30,000	
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Dividend account	30,000	
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**(Dividend paid on preferred share)**

**Printing solutions ( PVT) Ltd.**  
**Partial balance sheet ( equity section)**  
**As on 31<sup>st</sup> of December 2010**

Shareholder's equity:		
Authorized share capital		
100,000 common share @ 10 each		10,00,000
50,000, 10% cumulative preferred share @ 100 each		<u>50,00,000</u>
		<b><u>60,00,000</u></b>
Issued and paid up capital:		
Common share		6,10,000
10% cumulative preferred share		3,00,000
Additional paid in capital		<u>3,04,000</u>
Total paid in capital		<b><u>12,14,000</u></b>
Retained Earnings		<u>90,000</u>
Total share holders equity		<b><u>13,04,000</u></b>

**Retained earnings:**

Opening balance	-----
Add: income earned during the year	120,000
Less: dividend paid	<u>(30,000)</u>
Retained earning closing	<b><u>90,000</u></b>