

	Books of Buyer(A)			Books of Seller(B)		
Date	Particulars	Dr	Cr	Particulars	Dr	Cr
	C+160@10 lot Size 100			C-160@10 lot Size 100		
30-09-2012	Margin Payment					
				Initial Margin(FA)	3000	
	Not Applicable			Bank		3000
				(30*100)		
30-09-2012	Premium-Initial Measurement of Options.					
	Call Option(FA)	1000		Bank	1000	
	Bank		1000	Call Options(FL)		1000
	(10*100)			(10*100)		

28-02-2013	Alternative 1. Share Price is Rs 150					
	1.Remeasurement of Options					
	Value Today=0.Since option is potentially Unfavourable.			Since The exercise price is more than the actual price. the holder will not exercise the option. thus for the writer, no longer any liability exists. thus the earlier recognition 1000 will be treated as gain. and transferred to p&l.		
	Value recognised Earlier=1000					
	Value to be Reversed=1000					
	Loss(p&l)	1000		Call Options(FL)	1000	
	Call Option(FA)		1000	Gain (p&l)		1000

	2.Settlement of options					
	I. Settlement by Delivery of Asset					
	Will not exercise. So No entry			Not Applicable		
	II. Settlement through net Cash.					
	Will not exercise. So No entry			Not Applicable		
28-02-2013	Alternative 2.Share Price is Rs 180					
	1.Remeasurement of Options					
	Value Today(180-160)=20.Since option is potentially favourable He will exercise the option			Since Holder Exercises the Option, for the writer, there arises additional liability by Rs 1000.		
	Value recognised Earlier=1000					

	Value to be					
	Recognised(20×100)-1000=1000					
	Call Option(FA)	1000		loss(p&l)	1000	
	Gain (p&l)		1000	Call Option(FL)		1000
	2.Settlement of options					
	I. Settlement by Delivery of Asset					
	Investments(180×100)	18000		Bank	16000	
	Bank(160×100)		16000	Call Option(FL)	2000	
	Call Option(FA)		2000	Investments/Bank		18000
				(if has investment, he will sell it. otherwise he will buy it from market and then sell)		

	II. Settlement through net Cash.					
	Bank	200 0		Call Option(FL)	200 0	
	Call Option(FA)		200 0	Bank		2000
28-02-2013	Recovery of Initial Margin Paid.					
	Not Applicable			Bank	300 0	
				Initial Margin(FA)		3000