

Note :

- 1) Attempt all questions.
- 2) Figures to the right indicate marks.

Q. 1 The Summarized Balance sheet of "Happy Ltd" is given below : (15)

Balance sheet as on 31/3/2009

Liabilities	(Rs.)	Assets	(Rs.)
Equity share Capital	5,00,000	Machinery	2,40,000
(Rs 10 each)		Building	1,60,000
Securities premium	1,00,000	Furniture	1,00,000
General Reserve	2,40,000	Stocks	6,00,000
Profit and loss a/c	1,60,000	Debtors	4,00,000
Creditors	4,00,000	Cash and Bank	1,00,000
Provision for Tax	2,00,000		
	16,00,000		16,00,000

The company transfers 20% of its profits (after tax) to General Reserve The net profits before tax for the last 3 years were as follows :

Year	Profit (Rs.)
31/03/2007	4,40,000
31/03/2008	3,95,000
31/03/2009	6,65,000

Machinery is Valued at Rs. 3,20,000 Average yield in this type of business is 15%. The rate of tax is 30% Calculate the value of equity shares on the basis of:

- a) Intrinsic Value.
- b) Yield Value.

Q. 2 A) State with reasons whether the following statements are TRUE or FALSE :- (6)

- 1) Debenture is a variable income bearing securities.
- 2) Brokers are one of the financial intermediaries.
- 3) Listing of securities does not offer protection to the investors.

B) Explain the following :- (6)

- 1) Super profit
- 2) Primary market
- 3) Convertible debentures.

C) Match the following :- (3)

A	B
1) Secondary market	1) Regulatory powers
2) Cum - Interest	2) Stock exchange
3) SEBI	3) Including interest

Q. 3 a) Discuss the functions of SEBI. (8)

b) What are the benefits of listing of securities ? (7)

OR

Q. 3 Mr. Success furnishes the following details relating to his holding in 6% Government bond :- (15)

Opening balance	Nominal value Rs. 60,000, cost Rs. 59,000
1-3-2003	100 units purchased ex-interest Rs. 98.
1-7-2003	Sold 200 ex-interest at Rs. 100.
1-10-2003	Purchased 50 units at Rs. 98 cum-interest.
1-11-2003	Sold 200 units ex-interest at Rs. 99.

Interest dates are 30th September and 31st March. Mr. Success closes his books every 31st December show the investment account as it would appear in his books.

Q. 4 Discuss any five types of investments in detail. (15)

OR

Q. 4 a) The following information is relating to "Everfresh Ltd." (8)

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- 1) Profits for the last 5 years.

Year	Profit (Rs.)
2004-05	3,80,000
2005-06	4,30,000
2006-07	2,00,000
2007-08	4,60,000
2008-09	5,30,000

- 2) Normal return on capital employed is 16%
- 3) Average capital employed Rs. 20,00,000.
- 4) Expected time horizon for ability to maintain super profit is 5 years.
- 5) Annuity of Re. 1 for 5 years at 16% compound interest is 3.275.

You are required to calculate value of goodwill on the basis of :

- a) Capitalisation of super profit method
- b) Annuity method.
- b) Discuss the functions of capital market.

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