

SYAF

FC II

Oct; 12

MN10AAK

Q.1 a) The following is the Balance sheet of Lucky Ltd. as on 31/03/12

[8]

Liabilities	Rs .	Assets	Rs .
Share Capital	6,56,000	Fixed Assets	3,60,000
Reserves & Surplus	1,60,000	Current Assets	4,88,000
Current Liabilities	1,52,000	Investment in shares	1,20,000
	9,68,000		9,68,000

The following net profits were earned which included a fixed income on investment of Rs. 12,000 per annum.

Year	Profit (Rs.)
2012	1,80,000
2011	1,72,000
2010	1,44,000
2009	1,28,000

Standard rate of returns on capital employed in such type of business is 8%. Compute the amount of goodwill using sliding scale valuation method as under.

Rs. $\frac{1}{4}$ of super profit at 4 years purchase

Rs. $\frac{1}{4}$ of super profit at 3 years purchase

Rs. $\frac{1}{4}$ of super profit at 2 years purchase

Rs. $\frac{1}{4}$ of super profit at 1 year purchase

b) Discuss the functions of capital market .

[7]

P.T.O.

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

[12]

1. Equity shares are fixed income earning securities.
2. PPF is an investment with high liquidity.
3. Stock Exchange is a Place of buying and selling of goods
4. Brokerage paid on purchase of investment should be deducted from the cost.
5. Intrinsic value depends on FMP.
6. Investors do not expect regular income.

b) Match the following :-

[3]

A		B	
1. PPF		a) Preference shares	
2. Fixed dividends		b) Equity shres	
3. Appreciation in value		c) SBI	

Q.3 a) Discuss the role of SEBI in investor protection.

[8]

b) Discuss the advantages of listing of securities.

[7]

OR

Q.4 a) From the following information given below and the Balance sheet of Kid Craft Ltd. on 31-12-2012; find the value of it's equity shares by intrinsic value method and yield method.

[10]

- a) Company's prospects for 2013 are good.
- b) Buildings are now worth Rs. 2,50,000 and goodwill is indefinitely valued at Rs. 1,00,000.
- c) Profits for the last three years have shown an annual increase of Rs. 50,000, the annual transfer to reserves is 25% of net profit;
- d) Preferential shares are preferential as to capital and dividend; and
- e) Normal rate of return expected is 15%
- f) Ignore taxation;

Balance Sheet

Liabilities	Rs.	Assets	Rs.
1000 8% Preference shares of Rs. 100 each fully paid.	1,00,000	Building	70,000
		Furniture	3,000
		Stock (Market value)	4,50,000
		Investment (at Cost)	
		(F.V. : Rs. 4,00,000)	3,35,000
4,000 Equity shares of Rs. 100 each fully paid	4,00,000	Debtors	2,80,000
Reserves	1,50,000	Bank	60,000
Profit and Loss A/c. :		Preliminary Expenses	10,000
Balance on 1-1-2012			
80,000			
(+) Profit for 2012			
4,30,000	5,10,000		
(before appropriation)			
Creditors	48,000		
	12,08,000		12,08,000

- b) A bond of Rs. 1000 each has a coupon rate of 8 percent per annum and maturity period is 20 years. If the current market price is Rs. 1,050, Find YTM. [5]

Q.5 Mr. Investor furnishes the following details relating to his holding in 16% debentures (Rs. 100 each) of Y Ltd. [15]

2012

- January 1 Opening balance - Face value Rs. 60,000 cost Rs. 59,000
- March 1 100 debentures purchased ex-interest at Rs. 98.
- July 1 Sold 200 debentures ex-interest at Rs. 100.
- October 1 Purchased 50 debentures at Rs. 98 cum-interest.
- November 1 Sold 200 debentures ex-interest at Rs. 99.

Interest dates are 30th September and 31st March.

Mr. Investor closes his books on 31st December.

Show Investment Account in the books of Mr. Investor.

