

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

Q.1 A. Following is the Balance Sheet of Josh Ltd., as on 31.12.2012

(10)

Liabilities	Rs.	Assets	Rs.
6000 Eq. Shares of Rs. 100 each	6,00,000	Cash at Bank	50,000
5000 6% Debentures of Rs. 100 each	5,00,000	Sundry Debtors	80,000
General Reserve	70,000	Stock	1,20,000
Profit and Loss A/c	20,000	Investments	1,00,000
Sundry Creditors	30,000	Land & Buildings	4,10,000
Other Liabilities	10,000	Furniture	60,000
		Goodwill	70,000
		Plant & Machinery	3,40,000
	12,30,000		12,30,000

The company earned net profits for the last five years as follows:
Rs. 80,000; Rs. 84,000; Rs. 92,000; Rs. 88,000 and Rs. 96,000

It was decided to set aside 15% of the profits towards General Reserve. This Proportion was considered reasonable in the industry in which the company was engaged and where a fair investment return may be taken at 10%.

Find out the value of equity shares of the company by the
a. Assets valuation method b. Yield Valuation method

- B. The current market price of a debenture of Happy Ltd., is Rs. 820 having a face value of Rs. 1000. The debentures will be redeemed after 5 years. The debenture carries an interest rate of 12% p.a. Calculate YTM on debenture. (5)

OR

- Q.1 A. What are the different types of debentures? (8)
B. Discuss the basic assumptions of Capital Asset Pricing Model. (7)

- Q.2 Aavishkar Investment Co. Ltd., Pune hold 400 12% debentures of Rs. 100 each in Bajaj Auto Ltd. Pune as on 1st April, 2012 at a cost of Rs. 50,000. Interest is payable on 30th June and 31st December every year. (15)
- On 1st June 2012; 200 debentures are purchase cum interest at Rs. 21,400.
On 1st November, 2012; 300 debentures are sold ex - interest at Rs. 28,650.
On 30th November, 2012; 200 debentures are purchased ex - interest at Rs. 19,200
On 31st December, 2012; 300 debentures are sold cum interest for Rs. 32,250.
The debentures were quoted at par i.e. Rs. 100 each on 31st March, 2013.
Prepare Investment Account as on 31st March, 2013.

- Q.2 A.** What are the functions of Capital Market? (8)
- B.** Discuss the investments in insurance and post offices in detail. (7)
- Q.3 A.** The Balance Sheet of Evergreen Ltd., shows the following financial position as on 31st March, 2013. (8)

Liabilities	Rs.	Assets	Rs.
<u>Paid up capital</u>		Goodwill at cost	60,000
60,000 Equity Shares of Rs. 10 each fully paid.	6,00,000	Land and Building at cost	
Capital Reserve	1,20,000	Less : Depreciation	3,50,000
Sundry Creditors	1,42,000	Plant and Machinery At Cost	
Tax Provision for the Year	1,10,000	Less : Depreciation	1,80,000
Profit & Loss A/c	52,000	Stock at Cost	2,30,000
		Book debts	1,96,000
		Less: RDD	6,000
		Cash at Bank	14,000
	10,24,000		10,24,000

You are required to value goodwill of the company at three years purchase of super profit for which purpose the following information is supplied.

- The reasonable return on average capital invested in the class of business run by the company is 10%.
- Adequate provision has been made in accounts for income tax and depreciation.
- The rate of tax may be taken at 50%.

- B.** A Bond of Rs. 1000 face value with a coupon of 7 percent is redeemable after 5 years at a premium of 5 percent. The required rate of return is 8%. The current market price of the bond is Rs. 940. Whether investment at current market price of the bond is advisable? The present value of Re. 1 at 8% discounting rate are 0.9259; 0.8573; 0.7938; 0.7350 and 0.6806. (7)

OR

- Q.3 A.** What is the role of SEBI in investor protection? (8)
- B.** Discuss the procedure of listing for a company with the stock exchange. (7)
- Q.4 A.** What are the various criterias considered by an individual while investing their funds? (8)
- B.** Discuss any two types of money market instruments in India. (7)

OR

- Q.4 Write Short Notes.** (15)
- Preference Shares
 - Secondary Market