

Note: 1) Q-1 and Q-2 are compulsory

2) Attempt Q-3 or Q-4 and Q-5 or Q-6

3) Each question carries 15 marks

Q-1 The following is the Balance Sheet of Shyam Ltd as on 31st March 2012 is as follows.

Liability	Rs.	Assets	Rs.
4,000 Equity shares of Rs. 100 each	4,00,000	Land and Building	2,50,000
General Reserve	1,00,000	Machinery	1,50,000
Profit and loss A/c	50,000	Investment at Cost	90,000
Creditors	90,000	Debtors	1,00,000
Bills Payable	40,000	Stock	75,000
Staff Provident fund	35,000	Cash	50,000
	7,15,000		7,15,000

Adjustments :

1. Land and Building and Machinery is valued @ Rs. 3,50,000 and 1,45,000 respectively.
 2. Goodwill is to be taken at Rs.25,000
 3. Out of total debtors Rs.5,000 were bad.
 4. The Market value of investment is Rs.50,000.
 5. The expected yield per share based on Net Profit is 120 per share.
- Calculate fair value of the company.

Q-2 State whether following statement of True / False.

1. Investment is the employment of funds with the aim of getting return on it.
2. Dividend is the portion of profit distributed to the shareholders by the company.
3. Interest is the income on investment.
4. A public limited company cannot raise the amount of capital by selling its share to the public.
5. A market where the Govt. securities are bought and sold is called Govt. Securities market.

Choose correct alternative

1. _____ means a share in the share capital of a company. [Shares, Debentures, Bonds]
2. National stock exchange of India limited [NSE] was formed in _____ [1990, 1992, 1995]
3. A market which deals in securities that have been already issued by company is called as _____ [Primary market, Secondary market, Consumer market]
4. The company can directly sell securities to the investors in order to raise long term capital in _____ market. [Primary, Secondary, wholeseller]
5. The Goodwill of the company may be defined as an _____ assets. [Intangible, Tangible]
6. A _____ is a document issued by a company as an evidence of a debt. [Share, Debenture, Mutual fund]
7. _____ is a Financial intermediary which collects savings of the people for secured and profitable investment. [mutual fund, Shares, Debentures]
8. _____ means the standards issued by the Institute of chartered accountants of India [ICAI, AS, AAAS]
9. The return as regard investment in shares is _____ [certain, uncertain]

P.T.O.

10. Capital market acts as a connecting link between _____ and _____ [Consumer and retailer, Investors and companies]

Q - 3 Following is the Balance Sheet of Shanti Ltd. As on 31st March 2012

Liability	Rs.	Assets	Rs.
Equity share capital	50,00,000	Goodwill	2,00,000
General Reserve	10,00,000	Land & Building	18,00,000
Creditors	12,00,000	Machinery	10,00,000
Provision for tax	6,00,000	Stock	12,00,000
Profit and loss A/c	2,00,000	Debtors	20,00,000
		Cash at bank	18,00,000
	80,00,000		80,00,000

1. Normal rate of return is 10 %
2. Tax rate is 30 %
3. Company declare dividend in past 3 years.
4. Companies profit before tax are
 - i. 2010 - Rs.20,00,000
 - ii. 2011 - Rs.15,00,000
 - iii. 2012 - Rs. 18,00,000

Calculate Goodwill on 3 years purchase of super profit.

OR

Q - 4 a) A GOI bond of Rs. 1000 each has a coupon rate of 8 % per annum and maturity period is 20 years. If the current market price is Rs.1050. Find YTM ?

b) You are considering an investment in one of following bonds.

	Coupon Rate	Maturity	Price Rs.100 per value
Bond A	12 %	10 Years	Rs. 70
Bond B	10 %	6 Years	Rs. 60

1. Find out YTM of each bond
2. Which bond would you recommend for investment.

Q - 5 What is Bond ? Explain Types of Bonds.

OR

Q - 6 Write Short note (Any 3)

1. Stock Exchange
2. AS 13
3. YTM
4. Tax Saving Bond