

2 ½ HRS

75 Marks

Q.1 A) State whether following statements are True or False. (Any 8) (8 Marks)

1. Business Valuation is a set of procedures used to estimate the economic value of business.
2. Shareholders provide capital to business.
3. Valuation is exact science rather than art.
4. Value are determine only in terms of money.
5. Living plants and animals are biological assets.
6. An increase in value of fixed asset is termed as depreciation.
7. Shares and bonds are floated in capital market.
8. Goodwill is a tangible asset.
9. Investments are non trading assets.
10. Copyrights, patents are intellectual properties.

Q.1 B) Match the Column (any 7) (7 Marks)

A	B
1. Price	a. Tangible
2. Goodwill	b. NAV
3. Shares	c. DCF
4. Asset based approach	d. Intangible
5. Income based approach	e. Exchange value
6. Brand	f. grant of property right
7. Copyright	g. Future Maintainable Profit
8. Patent	h. Price earning ratio
9. FMP	i. Musical
10. P/E ratio	j. Lux

Q.2 A) Discuss various principles of Valuation. (15 Marks)

OR

Q.2 B) Distinguish between Price and Value. (8 Marks)

C) What are the various purposes of business valuation? (7 Marks)

Q.3 A) Explain the three broad approaches of shares valuation. (15 Marks)

OR

Q.3 B) A machine costing Rs. 3,00,000 is expecting to generate following cash inflow. The cost of capital is 12% p.a. Find out Net Present Value. (8 Marks)

YEAR	Cash inflow(Rs.)
1	51,000
2	58,000
3	38,000
4	61,000
5	42,000
6	32,000
7	58,000

C) Mr. Ajay is planning to buy a machine which would generate cash flow as follows. The cost of capital is 10% p.a. Find out Net present value. (7 Marks)

YEAR	Cash flow (Rs.)
0	(25,000)
1	8,000
2	7,000
3	16,000
4	9,000

Q.4 A) Following is the Balance sheet of ABC Ltd. (15 Marks)

Balance sheet as on 31st December, 2016.

Liabilities	Rs.	Assets	Rs.
500,10% Preference shares of Rs. 100 each	50,000	Building	2,20,000
5000 Equity shares of Rs. 10 each	5,00,000	Machinery	2,40,000
Reserves & Surplus	2,00,000	Stock	1,20,000
600, 9% Debentures of Rs. 100 each	60,000	Sundry Debtors	40,000
Sundry Creditors	80,000	Cash in bank	1,50,000
		Cash in hand	50,000
		Investment in 10% Government Securities	70,000
	8,90,000		8,90,000

Additional information.

- On 31/12/16 Goodwill is valued at Rs. 2,10,000
- The average Net profit earned by the company is Rs. 1,15,000.
- Every year an amount equal to 10% of profit is transfer to General reserve.
- N.R.R. is assume to be 10%.

You are require to value the shares of the company on the basis of

- Net Asset Method
- Yield Value Method
- Fair value Method

OR

Q.4 B) Following is the Balance sheet of Amit Ltd.

(15 Marks)

Balance sheet as on 31st December, 2012.

Liabilities	Rs.	Assets	Rs.
1000 Equity shares of Rs.100 each	1,00,000	Land & Building	1,00,000
Capital Reserve	30,000	Debtors	20,000
P/L a/c	13,000	Stock	40,000
Creditors	65,000	Machinery	50,000
Depreciation fund	23,000	Cash	21,000
	2,31,000		2,31,000

- Return on capital employed is 12%
- Average profit of last five years after providing tax @50% amounted to Rs. 47,000.
- Market value of Land & building is Rs. 70,000.
- The other assets are to be taken at book value.
- The company is going to appoint two additional directors for next year at remuneration of Rs.5000 each p.a.

You are require to value the goodwill at 4 years purchase of Super Profit.

Q.5 A) Discuss the various types of intangible assets.

(8 marks)

B) What are the various benefits of patent? Explain briefly.

(7 marks)

OR

Q.5 Shorts Notes (Any 3)

(15 marks)

- Valuation Bias
- Relative Valuation
- Types of Copyrights
- Brand
- Factors of Goodwill Valuation