

1) P.P. Code - 53599

Paper - 5 (Equity) ...

1. A) F 2) F 3) T 4) F 5) F 6) F 7) T 8) F 9) T 10) T.

B) 1-c, 2-d, 3-a, 4-f, 5-g, 6-b, 7-e, 8-j, 9-i, 10-h.

2] B]

Yr	A	PV	PV
1	100000	0.9259	
2	220000	0.8573	
3	233000	0.7938	
4	240000	0.7350	
5	57350	0.6806	
6	<u>12300</u>	0.6302	
	<u>862600</u>		<u>689,301.24</u>

Q 3.

Yr	A	X	PV	PV of A	PV of X	Cum A	Cum X
1	50000	30000	0.9091			50000	30000
2	100000	75000	0.8264			150000	105000
3	50000	85000	0.7513			<u>200000</u>	190000
4	<u>50000</u>	30000	0.6830			250000	<u>220000</u>
5	50000	80000	0.6209			<u>230855</u>	<u>223276</u>

$$NPV = 230855 - 220000 = 10855$$

$$= 13276$$

$$PB = 3 + \frac{220000 - 200000}{50000} = 4 \text{ yrs}$$

$$= 3.4 \text{ yrs}$$

$$PI = \frac{230855}{220000} = 1.049$$

$$\frac{223276}{220000} < 1.015$$

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OR

$$O_3 \cdot C.I = \frac{18,50,000}{(12,00,000)}$$

$$\frac{6,50,000}{325,000}$$

$$\frac{325,000 \text{ PAT}}{12,00,000}$$

$$\frac{152,50,000}{152,50,000}$$

$$PB = \frac{84,00,000}{15,25,000}$$

$$= 5.5125$$

$$PB \text{ Recd} = \frac{1}{5.51} \times 100 = 18.14\%$$

$$PB \text{ profit} = 15.25 \times 7 - 84 = 22,25,000$$

$$ARR = \frac{325,000}{84,00,000} = 3.87\%$$

Q4a) Part.	Amt	K	T.C
E	50	16%	
RE	20	15.5%	
P	20	12%	
Deb	10	8%	
	<u>100</u>		<u>143,00,000</u>

$$WACC = \frac{1430,000}{100,00,000} \times 100 = 14.3\%$$

$$b = 0.30$$

$$B) P = 70 + (100 - 70) \frac{0.13}{0.11}$$

$$\frac{0.11}{0.11} \times 9.59$$

$$\frac{70}{0.11 - 0.13 \times 0.30}$$

$$= \frac{70}{0.11 - 0.039}$$

$$= \frac{70}{0.071} = 985$$

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Q4] Waller
$$P = \frac{D + (E - D) \times \frac{r}{k}}{k}$$

a) \$ 10
$$= \frac{4 + (10 - 4) \times \frac{0.12}{0.10}}{0.10}$$

$$= \boxed{\$ 112}$$

b) \$ 12
$$= \frac{4.8 + (12 - 4.8) \times \frac{0.12}{0.10}}{0.10}$$

$$= \boxed{\$ 134.4}$$

(c) 6 + (15 - 6) × $\frac{0.12}{0.10}$
$$= \frac{6 + (15 - 6) \times \frac{0.12}{0.10}}{0.10}$$

$$= \boxed{\$ 168}$$

Gordon
$$P = \frac{D}{k - br}$$

a)
$$\frac{4}{0.10 - 0.12 \times 0.6}$$

$$= \boxed{\$ 143}$$

$$= \frac{4.8}{0.10 - 0.12 \times 0.6}$$

$$= \boxed{\$ 171.43}$$

$$= \frac{6}{0.10 - 0.12 \times 0.6}$$

$$= \boxed{\$ 214.29}$$

For theory questions examiners may allot marks according to their own discretion

