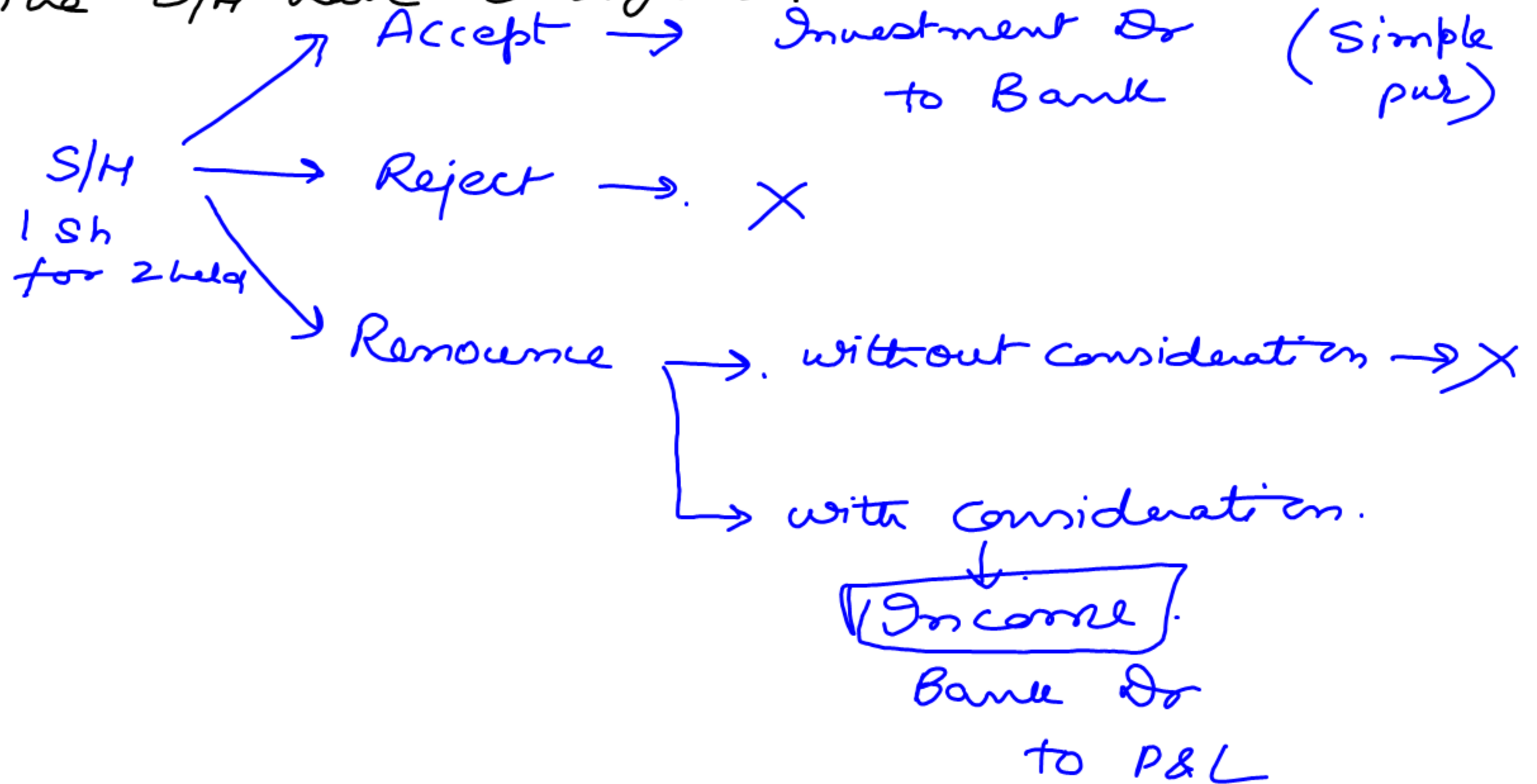


Right Shares (Preemptive right)

If an existing Co. wants to issue new shares, it ~~can~~ have to offer their existing S/H first.

The S/H have 3 rights:



Maximisation of Shareholder Wealth

S/14 $\frac{29}{921}$ Co. growth

Bonus Share $\frac{9}{211}$

Co. Adv

- ① No cash purch.
- ② No CDT. @ 17%
- ③ Earnings are retained in Co. itself for growth

Disadv

① no. of sh ↑ see


$$\downarrow \text{EPS} = \frac{\text{Earning up}}{\text{no. of sh} \uparrow}$$

② No. of sh ↑ supply ↑ demand ↓
Price ↓.

S/H Adv

Ret 150% / 10 = 15

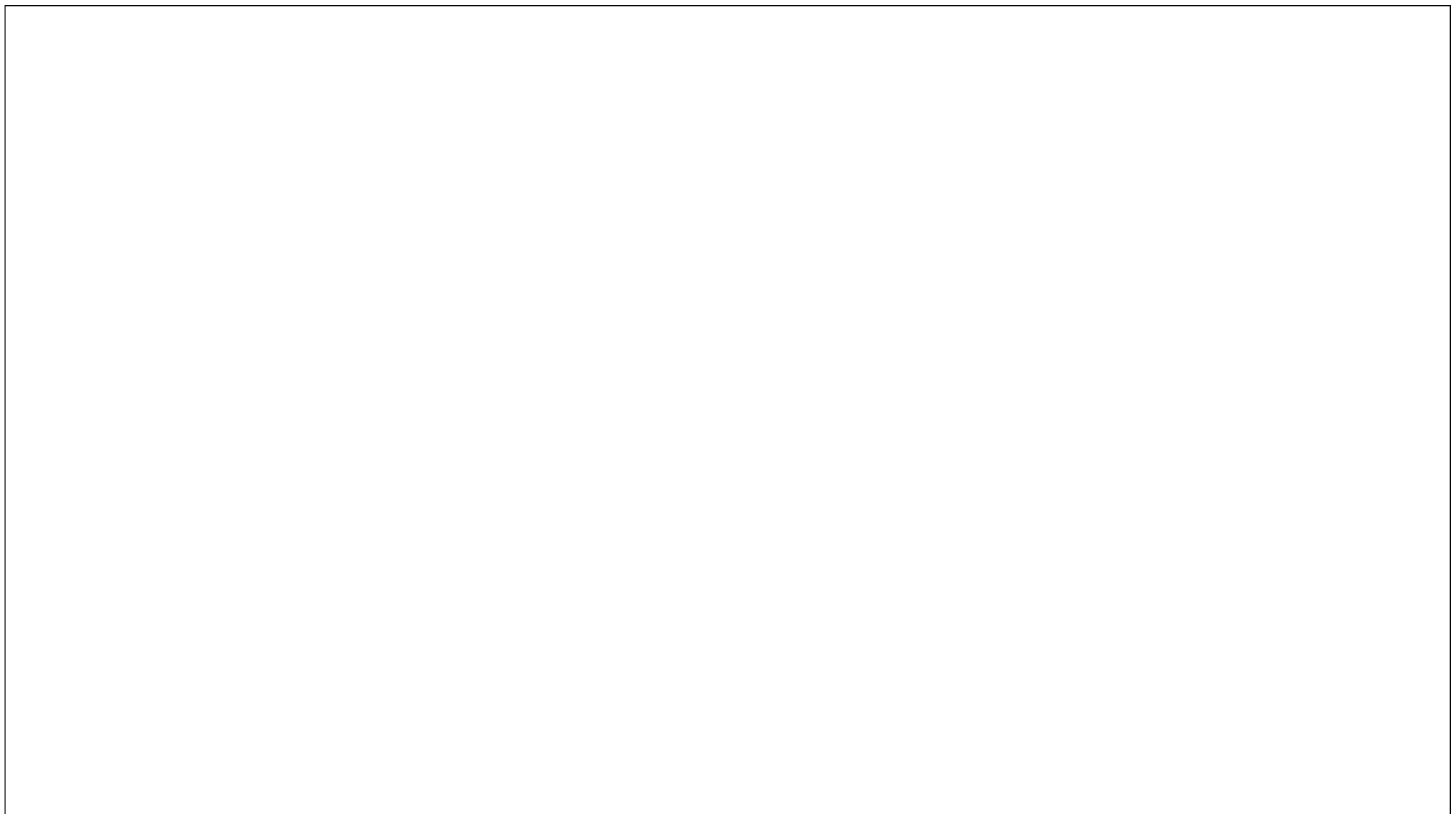
MV = 2200.



$$\text{ROI} = \frac{15}{2200} \times 100 = 0.68\%$$

~~15~~. 1 Share
↳ sold @ 2200.





BOOKS OF MR SINGH

Investment in Equity Shares of X Ltd a/c

Date	Particulars	Face Value	Income	Amount	Date	Particulars	Face Value	Income	Amount
1 ⁴ / ₈₇	To Bal b/d	200000	-	320000 ^①	30 ⁹ / ₈₇	Bank		7500 ^④	
1 ⁶ / ₈₇	To Bank	50000	-	70000 ^②	20 ¹⁰ / ₈₇	Bank ^⑤		30000	7500
2 ⁸ / ₈₇	Bonus Sh.	50000	-	-	1 ¹² / ₈₇	Bank	200000		260000
30 ⁹ / ₈₇	To Bank	50000	-	75000 ^③		P&L			1429 ^⑥
31 ³ / ₈₈	To P&L		37500		31 ³ / ₈₈	Bal c/d	150000		135000
						P&L			6107 ^⑦

⑦ Cost = bal fig = 196071

MV = ~~15000~~ × 9 = 135000

less → } less. 61071

lesses →

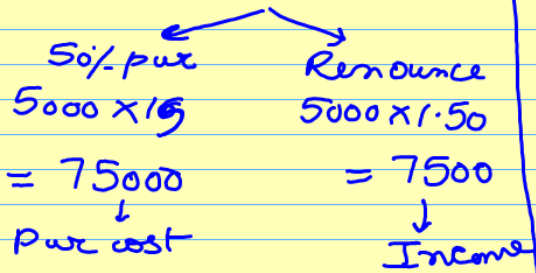
Working Notes

(1) $20000 \times 16 = 320000$

(2) $5000 \times 14 = 70000$

(3) Bonus = $250000 \times \frac{1}{5} = 50000$

(4) Right offer = $300000 \times \frac{1}{3}$
 $= 10000 \times 10$



(5) Normal Dividend
 $= 20000 \times 15\% = 30000$

Preacquisition dividend
 $= 50000 \times 15\% = 7500$

(6) Sale = $20000 \times 13 = 260000$

Cost = $320000 + 70000 + 0$
 $+ 75000 - 7500$ $\times 200000$
350000 $= 261429$

Loss 1429

→ Bank Dr
to P&L

→ Bank Dr
to Investment

BOOKS OF KRISHNAMURTY

Investment in Equity shares of TELCO Ltd a/c

Date	Particulars	FV	Income	Amt	Date	Particulars	FV	Inc	Amt.
14/02	To Bank	100000	—	123000	31/3	Bank	50000	—	44/00
31/1	Bonus	50000	—	—					
31/3	P&L	—	—	3100		Balcd	100000	—	82000

$$\begin{aligned}
 (1) \quad & 1000 \times 120 = 120000 \\
 & + 2\% \cdot 120000 = 2400 \\
 & + \frac{0.5}{100} \times 120000 = 600 \\
 \hline
 & \qquad \qquad \qquad 123000 \\
 \hline
 \end{aligned}$$

$$\begin{aligned}
 (2) \quad \text{Bonus} &= 1000 \times 100 \times \frac{1}{2} \\
 &= 50000
 \end{aligned}$$

$$\begin{aligned}
 (3) \quad SP &= 500 \times 90 = 45000 \\
 - 2\% \cdot 45000 &= 900 \\
 \hline
 \text{NSP} & \qquad \qquad 44100 \\
 \hline
 \end{aligned}$$

$$\begin{aligned}
 (4) \quad \text{Cost} &= \frac{123000 + 0}{150000} \times 50000 \\
 &= 41000
 \end{aligned}$$

$$\begin{aligned}
 (5) \quad P &= SP - C \\
 &= 44100 - 41000 \\
 &= 3100
 \end{aligned}$$

$$\begin{aligned}
 (6) \quad C &= b/f = 82000 \\
 MV &= 1000 \times 90 = 90000
 \end{aligned}$$

FIXED BEARING INVESTMENT

- Purchase
 - Sale
-] same as earlier Except Int pt.
- Interest \rightarrow AS-9 \rightarrow on periodic Basis .
 - Conversion

Ex Interest / Cum Interest

X Ltd \rightarrow 12% debⁿ of Rs 100 Intl date 31/3, 30/9

31/8 Dishant is purchasing 500 debⁿ of X Ltd from Keashv @ 110. ex Intt \rightarrow Price is excluding Intt.

Dishant will pay for debⁿ $500 \times 110 = 55000$

for Intt: $500 \times 100 \times 12\% \times \frac{5}{12} = 2500$

Ex Interest / Cum Interest

X Ltd \rightarrow 12% debⁿ of Rs 100 Int'l date 31/3, 30/9

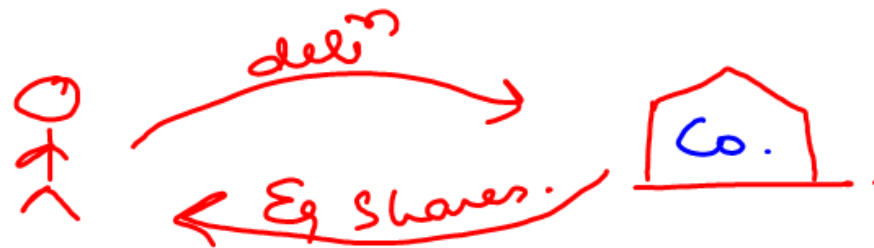
31/8 Dishant is purchasing 500 debⁿ of X Ltd from Keashv @ 110. Cum Intt. \rightarrow Price is including Intt.

Dishant will pay for debⁿ $500 \times 110 = 55000$

Intt 2500

Debⁿ 52500

If debⁿ are converted in Eq shares.



Then the cost of Eq Shares
acquired = Cost of debⁿ
given up.

PTK

- ① Exp/Brokerage is % of Deal price,
no matter it is ex Intt/ cum Intt.
- ② On the date of Interest, we first do Intt Entry
for 6 months/yr, thereafter we will
any sale/purchase on that date.
- ③ If nothing is specified, we assume transaction
to be "ex Interest"