

taken at 45%. 10% dividend is 2005-2006, 2006-2007 and 15% dividend in 2007-2008 and 2008-2009 has been paid. Market price of this share on 31st March, 2009 is Rs. 125. With effect from 1st April, 2009, the Managing Directors remuneration will be Rs. 20,00,000 instead of Rs. 15,00,000. The company has secured a contract from which it can earn an additional Rs. 10,00,000 per annum for the next five years.

Calculate the value of goodwill at 3 years purchase of super profit. (For calculation of future maintainable profits weighted average is to be taken)

6. (a) From the following information, determine the possible value of brand as per potential earning model :

	Rs. in lakhs
(i) Profit After Tax (PAT)	Rs. 2,500
(ii) Tangible fixed assets	Rs. 10,000
(iii) Identifiable intangible other than brand	Rs. 1,500
(iv) Weighted average cost of capital (%)	14%
(v) Expected normal return on tangible assets weighted average cost (14%) + normal spread 4%	18%
(vi) Appropriate capitalisation factor for intangibles	25%

- (b) Hero Ltd. was registered on 1st April, 2008. It raised its capital as under : 12

(i) Issued 2,00,000 equity shares at Rs. 10 each	Rs. 20,00,000
(ii) 12.5% debenture of Rs. 100 each	Rs. 2,00,000

This money was invested as under :

Equipments Rs. 16,00,000

(Useful life 10 years with nil scrape value)

Goods purchased for resale at Rs. 200 per unit Rs. 6,00,000