Exercise 3(A) Page No: 29

1. How much money will be required to buy 400, Rs.12.50 shares at a premium of Rs.1?
Solution:

Given,
The number of shares required to be bought = 400
And, Rs 12.50 shares at a premium of Rs 1 means;
Nominal value of the share is Rs. 12.50
And its market value = Rs 12.50 + Rs 1 = Rs 13.50
So, the money required to buy 1 share = Rs 13.50
Thus,
The money required to buy 400 shares = 400 x Rs 13.50 = Rs 5400

2. How much money will be required to buy 250, Rs.15 shares at a discount of Rs.1.50?
Solution:

The number of shares to be bought is 250.
And, Rs 15 shares at a discount of Rs 1.50 means
Nominal value of the share is Rs 15 and
Its market value = Rs 15 – Rs 1.50 = Rs 13.50
Thus,
The money required to buy 250 shares = 250 x Rs 13.50 = Rs 3375

3. A person buys 120 shares at a nominal value of Rs 40 each, which he sells at Rs 42.50 each. Find his profit and profit percent.
Solution:

Given,
The nominal value of each share is Rs 40
So, the nominal value of 120 shares = Rs 40 x 120 = Rs 4,800
And, the market value of 120 shares = Rs 42.50 × 120 = Rs 5,100
Thus, his profit = Rs 5,100 – Rs 4,800 = Rs 300
And the profit percentage is given by,
Profit (%) = 300/4800 x 100 = 6.25 %

4. Find the cost of 85 shares of Rs 60 each when quoted at Rs 63.25.
Solution:

Given,
Market value of 1 share = Rs 63.25
So, the market value of 85 shares = Rs 63.25 x 85 = Rs 5,376.25

5. A man invests Rs800 in buying Rs5 shares and when they are selling at a premium of Rs1.15, he sells all the shares. Find his profit and profit percent.
Solution:

Nominal value of 1 share = Rs 5
Market value 1 share = Rs 5 + Rs 1.15 = Rs6.15
Total money invested = Rs 800
So, the number of shares purchased = 800/5 = 160
And,
Market value of 160 shares = 160 x 6.15= Rs 984
Thus, his profit = Rs 984 – Rs 800 = Rs 184
And the profit percentage is given by
Profit (%) = 184/800 x 100 = 23 %

6. Find the annual income derived from 125, Rs.120 shares paying 5% dividend.
Solution:

Given,
The nominal value of 1 share = Rs 120
So, the nominal value of 125 shares = 125 x Rs 120 = Rs 15,000
Now,
Dividend = 5 % of Rs 15,000
⇒ 5/100 x 15000 = Rs 750
Thus, the annual income is Rs 750

7. A man invests Rs 3,072 in a company paying 5% per annum, when its Rs 10 share can be bought for Rs 16 each. Find:
(i) his annual income
(ii) his percentage income on his investment.
Solution:

Given,
Market value of 1 share = Rs 16
Nominal value of 1 share= Rs 10
And the money invested = Rs3,072
So, the number of shares purchased = 3072/16 = 192
And, the nominal value of 192 shares = Rs 10 x 192 = Rs 1,920
Therefore,
(i) The annual income = 5 % of Rs 1,920
= 5/100 x 1920
= Rs 96
(ii) Income % = 96/3072 x 100 = 3.125% = $3\frac{1}{8}\%$