**UNIT-4**

**PART-A**

1. **Time Value of Money**

Money has a time value. The total value of money is final out through

\*Compounding

\*Discounting

**2. Future Value of Money**

On some occasions, it becomes necessary to find out the future value of a secier of payment made of different points time.

**3. Present Value of Time**

The present value are the Reverse of compounding of future values.

**4.Concept of Valuation**

\*Book Value

\*Market Value

\*Going concern value

\*Liquidating value

\*Capitalized value

**5.Liquiating Value**

Breakdown Value of asset + net Fixed assets + Current assets –current Liabilities / Number of Shares.

**6.Capitalize**

Capitalization may also refers to the concept of converting some idea into a business or investment.in finance capitalization is a quantitative assessment of a Firm’s capital structure.

**7.Yeild To Maturity**

Yeild to maturity is also known as a Yeild.

Hold period return = D1+1p/Dt.

**8.Divident of Yeild**

Divident Yeild = Divident per share/Market Price

**9.Earning Yeild**

Earning Yeild is the amount which is adjustable as earning to the share holders of such share in proportion to the market price of share.

**10. Valuation of equity share base**

\*cash dividend

\*stock dividend

\*scrip dividend

\*property dividend

**PART –B (5 Marks)**

**1.Objective time value of money**

\*with this,you can calculate the future value of money

\*If you have future value of money you can calculate present value of money

\*calculating rate of interest

\*solve the problems of loans.

**2.Net Present Value of Formula:**

The following formula maker the meaning of net present value

Net present value= cash inflow present value – total net investment

Further more, there is a chance that there is an additional addition to the investment process.for the same, the formula comes off as:-

Net present value = cash inflow of present value – cash outflow of present value

**Sum:**

What is the present value of Rs.10 and at an interest rate of 10% at the end of two years compounded annually.

**Sollution:-**

An=Rs.10

I=10%=0.1

n=2

Present value = An/(1+i)n

=10(1+0.1)2

=10/1.21=8.264

= Rs.8.264

**3.The importance of not present value**

\*possibilities

\*positive net present value

\*negative net present value

\*Zero net present value

**4.The Advantages of net present value**

\*time value of money

\*decision – making

**5.Disadvantages of net present value**

\*no set guidelines to calculating Required Rates of return

\*cannot be used to compare projects of difference

\*Hidden costs

**PART-C ( 10 Marks)**

**1.The Valuation of stock**

\*Classical theory

\*neo classical theory

\*modern theories

**2.computation of value of money**

S=P(1+i)n

S=Terminal value

I=Interest rate

n=numbers of years

P=initial value

Rs=1000 deposit

Rank @ 7%

Grow to Rs.1070

S=p(1+i)n

I=7%

N=1 year

P=Rs.100

Rs.1000 off

@end of 2 year

S=Rs.1000(17+07)2=Rs.1144.90

@ the end of 3years

S=Rs.1000 (1+07)3=Rs.1225.04

Future value OR SCI

1Year Rs.1000

2Year Rs.2000

3Year Rs.3000

4Year Rs.4000

5Year Rs.5000

Rate of interest is 5%

Time Periods 5 Years

S=p(1+i)n

S=p(1+0.5)4

S=1000(1+0.5)4

S=1000(1.216),, S=Rs.1216

**UNIT-5**

**(Part –A)**

**1.Primary market**

The Primary market issuing houses investment brokers and underwriter take up the responsibility of selling the stock of public

**2.new issue market**

Securities available for the first time are offered through the primary securities

**3.secondary market**

The secondary market also known as the after market is the market where previously issued financial instruments such as bonds and stocks are bought and sold.it is where investors sell to other investors.

**4.fundamental analysis**

Fundamental analysis in accounting and finance is the analysis of a business statement health and competitors and markets.

**5.Economic analysis**

In business economic analysis allows to incorporate element form the economic environment such as inflation intersest rates exchange rates and GDP growth into the corporate planning.

**6.Industry analysis define**

An industry analysis is a business function completed by business owners and other individuals to assets the current business environment.

**7.Company Analysis**

Company analysis is a process carried out by investors to evaluate securities collecting info related to the company profile products and services as well as profitability.

**8.Three new issue market**

\*orgination

\*underwriting

\*distribution

**9.Stock Exchange**

Organizing exchanges are physical market places where the agent of buyer and sellers operate through the action process.

**10.How do you analysis a Company**

\*identify the industry economic characteristics

\*identify company strategies

\*analyze current profitability and risk

\*prepare forecasted statements

\*value the firm

**PART-B (5 Marks)**

**1.The function of primary market**

\*Origination

1.Types of issue

2.Timing of issue

3.Pricing issue

\*Underwriting

1.Pure underwriting

2.out light purchase

3.underwriting conserve

\*Distribution

**2.The Basic function of the secondary market**

\*providing market placing

\*continuous active trading

\*providing liquidity

\*media of asset pricing

\*estimation new financing

\*monitoring activities

\*Provide a risk premium

\*an indicators of the economy,savings investment linkage

**3.The objectives of fundamental analysis**

\*company stock valuation

\*projection on its business performance

\*evaluate management and make internal

\*business decisions

\*calculate a company credit risk

\*make financial forecasts

**4.The Features of company analysis**

\*incorporated association

\*artificial legal person

\*separate legal entity

\*perpetual existence

\*common seal

\*limited liability

**5.components of three industry analysis**

\*customers

\*suppliers

\*competitors

**PART-C (10 Marks)**

**1.Classification of industry analysis**

\*industry rivalry

\*the threat caused by potential entrants

\*bargaining power of suppliers

\*bargaining power of the buyers

\*The threat of substitute serviced products

\*ratio analysis

\*Broad factors analysis

\*SWOT analysis

**2.classification of economic analysis**

\*cost-effectiveness analysis

\*cost benefit analysis

**3.various types of financial analysis**

\*Horizontal analysis

\*vertical analysis

\*short term analysis

\* multi company comparison

\* industry comparison.