Unit 10 - Week 9

Assignment 9

The due date for submitting this assignment has passed.
As per our records you have not submitted this assignment.

Due on 2020-04-01, 23:59 IST.

1) Sonu purchases 200 shares of stock in a local firm at Rs. 45.00 per share. He expects to get a dividend of Rs. 2.00 per share at the end of the year. He also expects to sell his shares at Rs. 50.00 each. His expected rate of return (*r*) is *1 point*

- 6.66%
- 15.55%
- 10.55%
- 12.55%

No, the answer is incorrect.
Score: 0
Accepted Answers:
15.55%

2) A company is selling its stock at Rs. 17.95 per share and expecting it to grow by 5%. It usually distributes 50% of its earnings per share as dividends. The value of this stock if the earning per share is Rs. 2.15 and if an investor would like to earn a 9% yield is *1 point*

- Rs. 28.21
- Rs. 32.21
- Rs. 25.21
- Rs. 22.21

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 28.21

3) If the required rate of return is 9% and the dividend for preferred stock is Rs. 6.50, the value of this preferred stock would be *1 point*

- Rs. 82.22
- Rs. 72.22
- Rs. 62.22
- Rs. 68.22

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 72.22

4) If company pays out 8% of its stock par value of Rs. 112 as a dividend for preferred stock given that the cost to issue and sell the stock is Rs. 6.00, the cost of the stock is *1 point*

- 9.45%
- 8.45%
- 8%
- 7.45%

No, the answer is incorrect.
Score: 0
Accepted Answers:
8.45%

5) What is the purchase price of a Rs. 1,000 bond that is maturing in 20 years at 12% interest if the required rate of return is 15%? *1 point*

- Rs. 751.12
- Rs. 55.42
- Rs. 811.08
- Rs. 755.66

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 811.08

6) An investor who wants to yield of 8% would like to invest in Rs. 1000 bond maturing in 15 years at a coupon rate of 10.5%. The bond's current value is *1 point*

- Rs. 1216.15
- Rs. 907.83
- Rs. 308.32
- Rs. 1312.16

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 1216.15

7) A company decides to sell a new issue of its original stock of Rs. 100 per share by lowering the price by 15%. Assume that the stock grows by 5.5%. If the dividend is Rs. 2.15, and the flotation cost is Rs. 0.60, the cost of the new stock is *1 point*

- 14.27%
- 10.37%
- 12.5%
- 8.05%

No, the answer is incorrect.
Score: 0
Accepted Answers:
8.05%

8) Jack puchased 1000 shares of a local business stock selling for Rs. 16.25 a share and pays Rs. 90 plus 0.004 on this investment but later sold half of his shares at Rs. 17.50. The investment rate of return and capital gain is *1 point*

- 4.15%, Rs. 8625
- 5.15%, Rs. 422.5
- 4.15%, Rs. 422.5
- 5.15%, Rs. 8625

No, the answer is incorrect.
Score: 0
Accepted Answers:
5.15%, Rs. 422.5

9) If required yield was larger than the bond rate, Then *1 point*

- the value or purchase price was lower than the face value of the bond.
- the value or purchase price was higher than the face value of the bond.
- the value or purchase price was equal to the face value of the bond.
- cannot be determined without more information.

No, the answer is incorrect.
Score: 0
Accepted Answers:
the value or purchase price was lower than the face value of the bond.

10) If company stock pays Rs. 10.4 dividend per share and it is expected to be constant indefinitely, the value of this stock if the required return is 13% would be *1 point*

- Rs. 75
- Rs. 60
- Rs. 70
- Rs. 80

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 80