

# Assignment1

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## ICSE 2018 5(B)

variable	symbol	formula	value
Total investment	T	-	₹22500
cost of each share	CP	-	₹50
Discount	d	-	10%
Market Price	MP	CP - d	?
No.of shares	n	$\frac{T}{MP}$	?
Dividend per share	$d_1$	-	12%
Total dividend	D	$d_1 \times n$	?
Rate of return	r	$\frac{D}{T}$	?

' ? '  $\Rightarrow$  To be calculated  
' - '  $\Rightarrow$  Primary variables

Given

Total investment( $T$ ) = ₹22,500.

cost of each share ( $CP$ ) = ₹50

Discount on each share ( $d$ ) = 10%

$$\begin{aligned}\Rightarrow d &= \frac{10}{100} \times 50 \\ \Rightarrow d &= 5\end{aligned}$$

$\therefore$  discount = ₹5 on each share

$\therefore$  The Market price of each share( $MP$ )

$$\begin{aligned}MP &= CP - d \\ \Rightarrow MP &= 50 - 5\end{aligned}$$

$\therefore$  Market Price ( $MP$ ) = ₹45 .

1) Total number of shares purchased ( $n$ )

$$\begin{aligned}n &= \frac{CP}{MP} \\ \Rightarrow n &= \frac{22500}{45} \\ \Rightarrow n &= 500\end{aligned}$$

$\therefore$  On total 500 shares were purchased.

2) Given

Dividend paid by the company ( $D$ ) = 12%

Dividend on each share ( $d_1$ )

$$\begin{aligned}d_1 &= 12\% \text{ of } CP \\ \Rightarrow d_1 &= \frac{12}{100} \times 50 \\ \Rightarrow d_1 &= 6.\end{aligned}$$

$\therefore$  Dividend on each share ( $d_1$ ) = ₹6.

$$\begin{aligned}\text{Total dividend}(D) &= d_1 \times n \\ \Rightarrow D &= 6 \times 500 \\ \Rightarrow D &= 3000.\end{aligned}$$

$\therefore$  Total dividend paid by the company ( $D$ ) = ₹3000.

3) Rate of return he gets on investment

$$\begin{aligned}(r) &= \frac{D}{T} \times 100 \\ \Rightarrow r &= \frac{3000}{22500} \times 100 \\ \Rightarrow r &= 13.33\% \\ \Rightarrow r &\approx 13\%\end{aligned}$$

$\therefore$  He gets 13% return on his investment.