

Assignment1

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ICSE 2018 Problem 5(b)

Given

Total investment = ₹22,500.

The value of each share = ₹50

Discount on each share = 10%

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

∴ discount = ₹5 on each share

∴ The Market price of each share = value of each share - discount = ₹50 - ₹5 = ₹45

1. Total number of shares purchased =

$$\begin{aligned} &\frac{\text{Total Investment}}{\text{M.P of each share}} \\ &= \frac{22500}{45} \\ &= 500 \end{aligned}$$

∴ On total 500 shares were purchased.

2. Given

Dividend paid by the company = 12%

Dividend on each share = 12% of share value

$$\begin{aligned} &= \frac{12}{100} \times 50 \\ &= 6 \end{aligned}$$

∴ Dividend on each share = ₹6

Total dividend = Dividend on each share × Total no. of shares

$$= 6 \times 500 = 3000.$$

∴ Total dividend paid by the company = ₹3000.

3. Rate of return he gets on investment =

$$\frac{\text{Total dividend}}{\text{Total investment}} \times 100$$

$$\begin{aligned}
&= \frac{3000}{22500} \times 100 \\
&= 13.33\% \\
&\approx 13\%
\end{aligned}$$

\therefore He gets 13% return on his investment.