

a dividend due to E.S Holder need not to consider while calculating net asset

prob (a) On 31-3-2012 The balance sheet of wild world india ltd was as follows

Liabilities	₹	Assets	₹
Share Capital		Land & Build	22000
Authorised & Issued		P&M	95000
5000 E.S of 100 each		Stock	35000
Fully paid	500000	S. Debts	155000
P&L A/c	103000		
BOD	20000		
creditors	74000		
provision for tax	45000		
proposed dividend	75000		
	<u>8,20,000</u>		<u>820000</u>

The net profits of the company after deducting all working charges & providing for dep & taxation were as under.

2007	85000
2008	96000
2009	90000
2010	100000
2011	<u>95000</u>

On 31-3-12 the L&B were valued @ 260000 & P&M @ 150000

In view of nature of business it is considered that 10% is a reasonable return on the tangible capital. For the purpose of valuation of shares, Goodwill is calculated at 5 years purchase of the Super profits based on the average profits of last 5 years "calculate the intrinsic value."

calculation of goodwill