Exercise 03

Company XYZ has four debts to settle in the amounts of 5,000, 10,000, 15,000, and 20,000 Euros, with maturities in 1, 2, 3, and 4 years, respectively. It was negotiated with the creditor to replace the 4 previous debts with 2 debts of equal amount, maturing in 2.0 years and 2.5 years.

We intend to calculate the value of these new debts, considering an annual discount rate of 10% and a 30/360 calendar basis.

Solution