**FINANCIAL MANAGEMENT**

**ASSIGNMENT – 3**

**Net Present Value, Annuity & Perpetuity**

1. Bank gives 15% interest rate as its stated annual interest rate. The bank also compounds fortnightly (twice a month). What will be the value of Rs. 100 after a year?

2. A project produces cash flow of Rs. 43200 in 1st year, Rs. 13700 in 2nd year, and Rs. 79700 in 3rd year. If the cost of capital is 15%, what is the project’s PV?

3. Calculate NPV of following project for discount rates of 5%, 15% & 50%

|  |  |  |
| --- | --- | --- |
| Cash Flows | | |
| C0 | C1 | C2 |
| -6750 | 4500 | 18000 |