

01/02/2020

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FM Assignment - 1

CMPN - A / BE

Roll no - 18

PID-182027.

Q1]

$$PV = 10,000$$

$$r_1 = 20\%$$

$$\therefore FV' = 10000 (1.2)$$

$$= 12000$$

$$\therefore FV = 12000 (1.04)$$

$$FV = 12480 \text{ Rs.}$$

Q2]

$$PV = \$ 10,000$$

$$n = 10 \text{ years}$$

$$FV = \$ 17910$$

$$\therefore V = PV (1+r)^n$$

$$17910 = 10000 (1+r)^{10}$$

$$\frac{17910}{10000} = (1+r)^{10}$$

$$1+r = 1.0600$$

$$r = 0.0600$$

$$r = 6\%$$

Q3]

$$r = 8\%$$

$$FV = 10,000 \$$$

$$\text{if } n = 1 \text{ years}$$

$$PV = \frac{10000}{(1+0.08)}$$

$$PV = \$ 9259.259$$

$$\text{if } n = 2 \text{ years}$$

$$PV = \frac{10000}{(1+0.08)^2}$$

$$PV = \$ 8573.38.1$$

$$\text{if } n = 5 \text{ years}$$

$$PV = \frac{10000}{(1+0.08)^5}$$

$$PV = \$ 6805.831$$

$$\text{if } n = 10 \text{ years}$$

$$PV = \frac{10000}{(1+0.08)^{10}}$$

$$PV = \$ 4631.93$$

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Q4] $FV = \text{Rs. } 140000$
 $n = 13 \text{ years}$
 $r = 14\%$

$$\therefore PV = \frac{140000}{(1 + 0.14)^{13}} = 25489.714$$

$$\therefore PV = \text{Rs } 25489.714$$

Q5] $PV = \text{Rs } 16000$
 $n = 12 \text{ years}$
 $r = 14\%$

$$\therefore F.V.A = 16000 \left(\frac{(1 + 0.14)^{12} - 1}{0.14} \right)$$

$$= \text{Rs } 436331.97$$

$$\therefore P = 389000 \left[\frac{(1 + 0.14)^{25} - 1}{0.14} \right]$$

$$P = \$ 56598.88$$

P.T.O

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Q7]

Ordinary Annuity

① The inflow or outflow of cash fall due for payment at the end of each period is ordinary annuity

② Payment belongs to the period preceding its date

③ Appropriate for payments

④ eg:- Housing loans, payment of mortgage etc.

Annuity due

① Annuity due is described as the series of cash flow occurring at the beginning of each period.

② Belongs to the period following its date.

③ Appropriate for receipts.

④ eg:- Rental lease payments, life insurance premiums.

Q8]

① Equity shares are long term financing sources for any company. These shares are issued to the general public and are non redeemable in nature.

② Investors in such shares hold the right to vote, share profits and claim assets of a company.

③ There are no fixed charges attached to ordinary equity shares

④ Equity shares have no maturity date and thus there is no obligation to redeem.

⑤ The firm with the longer equity base will have greater ability to raise debt finance on favourable terms.