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BE CMPNA

Q3] A]

Cash flows:-

$$CF_1 = \text{Rs } 12,000$$

$$CF_2 = \text{Rs } 14,000$$

$$CF_3 = \text{Rs } 17,000$$

$$CF_4 = \text{Rs } 19,000$$

$$CF_5 = \text{Rs } 23,000$$

$$CF_6 = \text{Rs } 29,000$$

Discount Rate = 11.00% i.e. 0.11

Using the formula on each cash flow,

$$PV = FV / (1+i)^n$$

$$CF_1 = 12000 / 1.11 = 10,810.81$$

$$CF_2 = 14000 / 1.11^2 = 11,3862.71$$

$$CF_3 = 17000 / 1.11^3 = 12,430.25$$

$$CF_4 = 19000 / 1.11^4 = 12,515.89$$

$$CF_5 = 23000 / 1.11^5 = 13,649.38$$

$$CF_6 = 29000 / 1.11^6 = 155004.58$$

Hence the total present value = ~~Rs 76,309.62~~

is Rs 76,273.62