1	Pege No. Date / /
1	Investment Decision Rule
1	
1	NPV = - cost t C
	NPER = 3 = 12
1	pV = 10000,000 $pmT = -500,000$
	(C)
	According to IRR,
	JPF- 23.38-1-
	we should accept the project,
1	According to NPV,
	NPV = - cost + C
	= 1000,000 - 500,000 - S00,000
	- 500 000
	-500,000
7 7	
7-00	= - RS - 243,426
	NPV is nogative so we should reject
	NPV is negative, so we should reject the Project.
	A

Page No. Date
-> Poolitability Index,
Resource consumed (NPV)  Resource consumed  Canitical Investment
9 180 enigneess
Papjert PI
Router $15/50 = 0.300$ Project A $22.7/47 = 0.482$ Project B $8.1/49 = 0.184$ Project C $14/40 = 0.350$ Project E $20.6/58 = 0.355$ Project F $12.9/32 = 0.403$
Project F 50/32 \$ 827 < 180 Project C 137 + 40 = 177 \( \) 180 Project B
So we can Accept A,F,C,E project.

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\* Bond Valuation + (x) Yield to maturity = 81. = 81.0/1000 face value = 1000 100 1000 n=10 years, Bond value = Py((o upon pay ments) + PV (face ramount) > PV (coopon Paymonts) = C (1-1) = \$536.81 > PV ( face amount) = FV CITANO = 1000 (1+0.08)10 = K4 6319 Bond value = 636,81 + 463,19 = 1000 dere Bond value - face value to relationity

Pg 12 - A year how gone Yield to maturity= \$\phi' 101. Coupon rate = 8 %. ) Boomd value = PV(Coupers payment) + PUC face amount = 80 (1-1) + 1000  $= (1.10)^{9} + 1000$ = 460.72 + 424.10 = 884.82 PS discount Board Because Bord value < 8 Face value. This is because yield to maturity
Because is greater than coupon Paly A year has gone, yield to motunity = 6.1. 0= 9 years Coupon vate = 8-1--> Bornd value = PV (cooper payment)
-> PU (face amount)  $= \frac{80}{0.06} \left( \frac{1-1}{(1.06)^9} \right) + \frac{1000}{(1.06)^9}$ = 544.14 + 391.90

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Premium Bond Because Yield to Materity is 1000 than (00000 sate. Bond Value, face Value, 2) Yield to mutarity for Zego-coupors Yield to make make to coupers Burnd 1 is field to maturity Where

By trico And erros we can also observe that all Rord value < IV, yield must be > coupon whe - Current yield = 80 955 14

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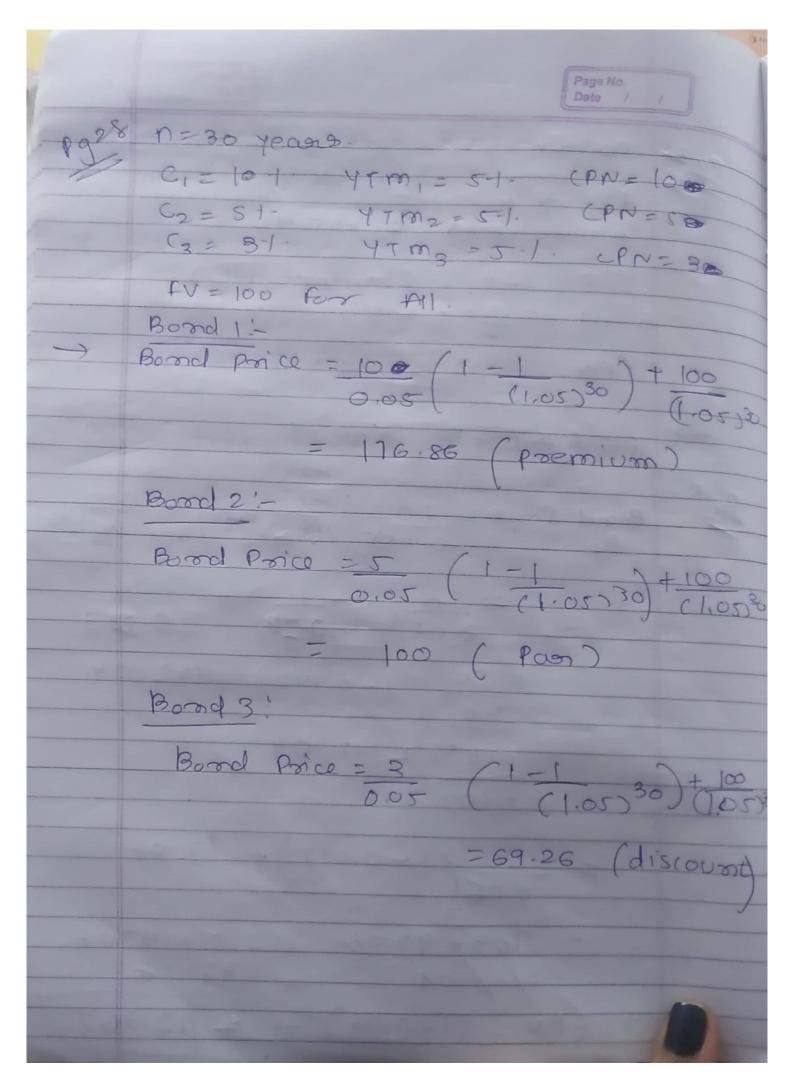
Yield to maturity = 6,301 (APR) Bond value = PV (coopon payment) +PV ( Faco value) Pulseyment) Coupon Paymonts = 5-1. × 1000 = 25 RS Bond Value = 25 (1-= 944.98

24 Coupon rate = 141 serniannually Yield to maturalty = 16 (semiconvoley) n= 7 years = 7x2=14 paymonds Bond price = ? FAR = ? Faco value = 1000 got we can see that, YIm's coupon rate Board por a will be tress than face value Bond Price = 70 = 1917.56 > Effective Annual Pate = (1+ 1700) = 16.64 +

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Coupon rote = 101 (semiannually) FV= 1000 n = 20 years = 20x2 = 40 CPN= 5×1000 = 50 F8. Bond Price = 50 = 1000004 50 (1-0.097) + 97.08 7 EAR = (1+0.06)2-1

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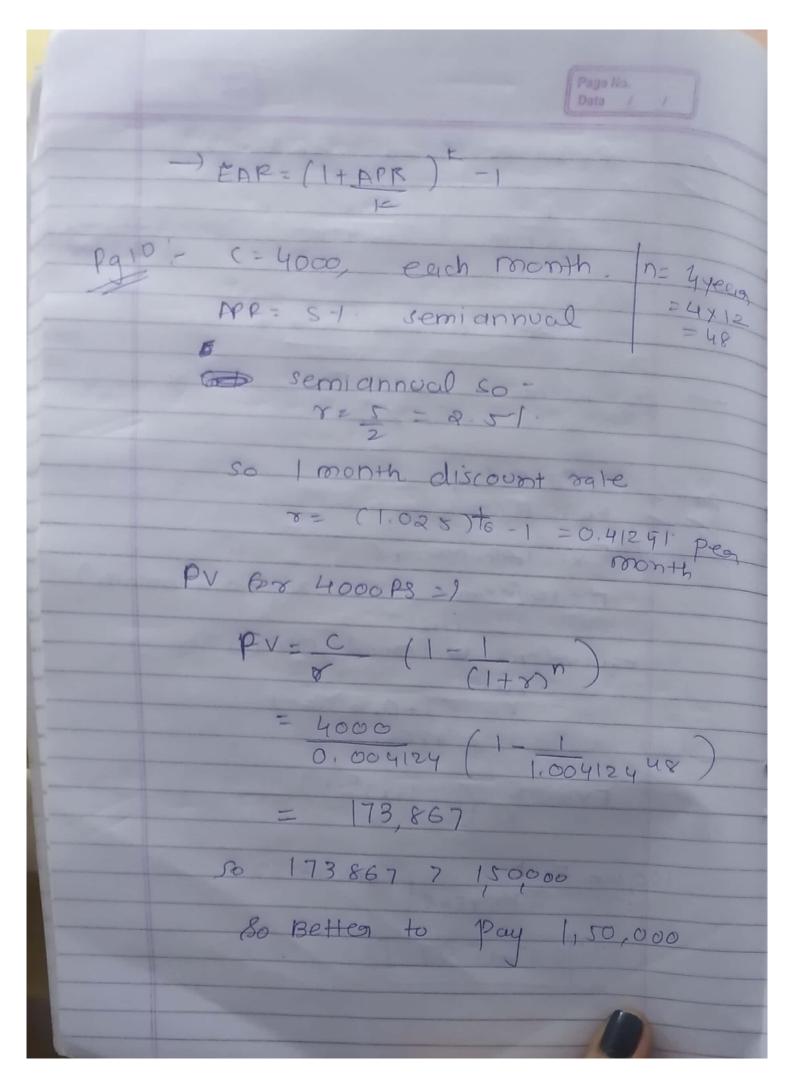
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12 = 30 years (2 = 10 + . 2) CPN= 10 4 mew = 61. ) Lego coupon Bond's 4Tm=51. Bond Price = 100 = 48-10 47m=61-Board Price = 100 = 41.73 5) (oupon Bond 47m=51. Bond Price = 10 = 176,86 Bord Price = 10 (1-10630) 7,0630 2155,06

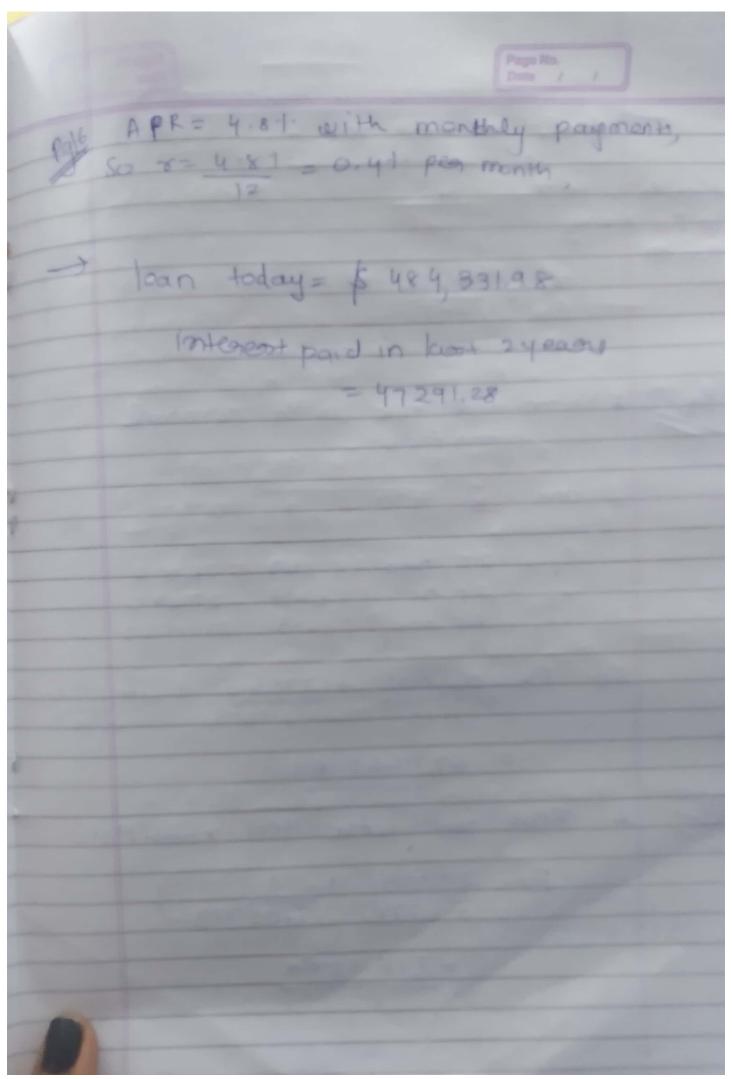
Page No. Date / /
- pero coupon bondi-
41.73 - 48/10= -13/2-1.
-) Coupon bond :
155.06-176.86 =-12.31.
P946; 7ero Coupon bornd face Value (ost  1 4eaa 1000 96.62 2 4eaa 100 92.45 B 4eaa 1100 11462.60
= 963,93 = 115300
3-4eag 80 Coupon Bond must be trade at 1153

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PV = PV (Bond cash Plaw) CPN + CPN 1+ +Tm2+ ... \* Interest rate \* Equivalent n- Peniod Discount rate = (1+p)^n-1 GAP=6-1. Each Month son= FV= 1,00,000 , C=7 12 n = 104e con = 10x12= 120 (each month) Equivalent Degriod Discount 8= (1+0.6) 12-1 = 0.48681. FV= C ((I+Y)n-1 100,000 = C (1.004868) 20-1 : C= 615.47 1



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-	Real interest rule:
Growth	1+ mg = 1+3 husing 1+i The state of the stat
Pg 19	* Nominal rate with nominal
	25000, $8 = 4-1$ . $8 = 10-1$ . $8 = 25,000$ (104) = 26,000
	$(3 = 25,000) (1.04)^{2} = 27040$ $(3 = 25,000) (1.04)^{3} = 28121.60$ $80  PV = 26,000 + 27040 + 28,121.60$ $1.10                                   $
Paro	= 67,111.65 Rs * Real rash flow
	PV=25000 (1-1 0.5777 (1.05773)
	267,111.65P3

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Egpivalent after -texinterest rate PV= (1 + (2 + + (n))) pg2) n=5 year, c=1000, PV = 1000 + 1000 + 1000  $1.0091 (1.0098)^2 (1.0126)^3$ 1.016974 (1.0201)5 Pg29 8,=1-1. 8p=?  $\rightarrow (1+8)^2 = (1.01)*(1.02)*1$ = 1.0302 )  $(1+83)^{3}=(1.01) \times (1.02) \times (1.04)$ 1. 03 = (1.0714) 3 -173 Z2. 326-1. vield worke increase

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\* Financial Steptermen Assets = liabilities + Stockholden's Equity ! + Double - declining Balance methods Peniodic Depreciation Expense Begining book value line method\* - salvaage value life spon manket value of Equity = Share outstanding # Manket price penshare magnifet to Book Patio. (Price to book = manket value of Equity Book value of Equity

enter prise value = market value of Equity + Debt - comby & PS ( Elaeining Pen shows) No of shore ours to mine Petaloned Eagrang = Net income - Dividend operating mangin = openating Income Sales gross mangin = Soles EBIT Mangin = Soles Net Profit mongin = net Incom Sales \* Liquidity ratio\* (urgent ratio = current consets Coopertliability quick ratio = Short term investment to current tightlites · cash ratio = count Current liabilities

\* uboking Capital ratio \* - Account Receivable days = Acround Recorvable Average Daily sales Account Payable days Account Payable

Average Daily cost of sales > Inventory days = Inventory \* Tuennoven ratio \* - Inventory funnovens Armual co - Account receivable = Annual sales tuentoves CICCOUNT receivable -> Account payable = annual cost of tuenone soles account payable

of interest (overing & ration -) EBITPA = EBIT + depose ciotion
And Amortization \* levenage sation ) Debt to Equity rottice = Total Debt - Total Egpidy - Debt to Capital sotio - Total Debt Total Equity + Total Dehl , Net pebt = Total pebt Excess Caon & short ton so investments. Dept to Entemprise value rato = NEY DOD+ Entempriso value 09 Net Debt known ket value of Early + Net bent

