B.A(H) Business Economics (2023-24)
Semester III

Internal Assessment Assignment
Corporate Finance

Date of Submission : 3/10/2023

Maximum Marks : 20.

* Attempt all of the following questions :-

Q1 XYZ Ltd. is considering 2 mutually exclusive projects both requiring an initial Cash outflow of Rs 10,000 and a life of 5 years The profits before depreciation ~~and~~ are :-

Year	Project 1 (₹)	Project 2 (₹)
1	4000	6000
2	4000	3000
3	4000	2000
4	4000	5000
5	4000	5000

* The projects are depreciated at per Straight Line Method

* The required rate of Return is 10% and rate of tax is 50%.

Calculate for each project :-

(i) Payback Period (ii) Accounting Rate of Return

(iii) Net Present Value (iv) Profitability Index

(v) Internal Rate of Return. (10 marks)

Vahitya

CORPORATE FINANCE

Q2 Find out the present value of the following:

(i) ₹ 5,000 receivable in 10 years at a discount rate of 15%

(ii) An annuity of ₹ 7,000 starting in 7 years time lasting for 7 years at a discount rate of 10%

(iii) An annuity of ₹ 10,000 starting after 1 year from now and lasting for 9 years at a discount rate of 10%

(iv) A perpetuity of ₹ 4,000 starting in year 3 at a discount rate of 18%.

(v) Following cashflows if the discount rate is 10%

Year	1	2	3	4	5	6
Cashflow (₹)	10,000	12,000	15,000	20,000	25,000	30,000

(10 marks)

Vahitya