**DBB2104 Financial Management**

**Assignment Set – 1**

1a. A company expects to receive Rs 120,000 annually for the next 10 years. If the discount rate is 15%, what is the present value of this annuity?

b. Describe different sources of long-term financing available to a company.

2a. ABC Corporation forecasts an annual EBIT of $300,000. With $800,000 in 8% bonds and a 10% cost of equity capital, along with a corporate tax rate of 25%, determine the firm's value.

b. Discuss the advantage of the wealth maximization objective of financial management over profit maximization.

3. PQR Ltd is evaluating a $250,000 investment project that is anticipated to produce $60,000 annually for the next four years. With a discount rate of 18%, compute the NPV and provide a recommendation on the project’s financial viability.

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**Assignment Set – 2**

4. Calculate the cost of equity for X Ltd, which issued Rs 100 equity shares at a 10% premium. The expected dividend at year-end is 15%, growing annually at 8%. Also, find the cost of equity if dividends do not grow.

5. For X Company, which earns Rs 5 per share, capitalized at 10%, and has an 18% return on investment:

a. Calculate the share price at a 25% dividend payout ratio using Walter’s model.

b. Determine if this is the optimal payout ratio per Walter’s theory.

6. Differentiate between:

a. Gross Working Capital and Net Working Capital.

b. Permanent Working Capital and Temporary Working Capital.

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