



NMIMS Global Access
School for Continuing Education (NGA-SCE)

Course: Corporate Finance

Internal Assignment Applicable for June 2022 Examination

Assignment Marks: 30

Instructions:

- All Questions carry equal marks.
- All Questions are compulsory
- All answers to be explained in not more than 1000 words for question 1 and 2 and for question 3 in not more than 500 words for each subsection. Use relevant examples, illustrations as far as possible.
- All answers to be written individually. Discussion and group work is not advisable.
- Students are free to refer to any books/reference material/website/internet for attempting their assignments, but are not allowed to copy the matter as it is from the source of reference.
- Students should write the assignment in their own words. Copying of assignments from other students is not allowed.
- Students should follow the following parameter for answering the assignment questions.

For Theoretical Answer	
Assessment Parameter	Weightage
Introduction	20%
Concepts and Application related to the question	60%
Conclusion	20%

For Numerical Answer	
Assessment Parameter	Weightage
Understanding and usage of the formula	20%
Procedure / Steps	60%
Correct Answer & Interpretation	20%

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1. Determine the present value of INR 2500 invested today assuming a rate of return of 10%. Define the concept of Present value. Compute- the Present value received one

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year from now, received at the end of 5 years, received at the end of 10 years. Discuss with reason, which of the three value, is the lowest one **(10 Marks)**

2. For a business firm leverage is about the fixed operating cost and the fixed finance costs in the cost structure of the firm. For the given details, identify for which firm the degree of operating leverage and degree of financial leverage are higher and why so: **(10 Marks)**

Firms	Amrit	Baayu
Sales (Rs.)	3,60,000	7,50,000
Variable cost p.u	20	150
Fixed cost (Rs.)	72,000	1,40,000
Output (units)	6,000	1,500
Interest	40,000	80,000

3. Project costs Rs 180,000 and is expected to generate cash inflows as:

Year	Cash inflows(Rs)
1	20,000
2	24,000
3	30,000
4	36,000
5	40,000

- a. Discuss the characteristics of long term capital budgeting decisions

(5 Marks)



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- b.** calculate the Net Present Value of the project if the cost of capital is 12% and conclude. **(5 Marks)**
