Finance chapter assignment



Finance chapter assignment – Paper Example

Ronald just put RMI, OHO in the fixed deposit and intend to leave it there for 10 years. If the bank pays him 16 percent semiannually, compute the total amount will Ronald has at the end of year 10. Ninja a 30th years old wishes to retire at age of 60. He is targeting to have REARM, 000 in his ASP account during his retirement. Calculate how much he need to save at the beginning of each year, if the annual return on ASP investment could earn 9 percent return per year. 4 marks) (c) Your uncle has just announced that he's going to give you RMI, OHO per year t the end of each of the next 5 years. Calculate the value today of this promise, if the relevant interest rate is 7 percent. (2 marks) (d) Ezra borrow ARMS, 000 education loan from Affine Bank. Payments are being made in installment at the end of each year. Ezra borrow for 10 years at an interest rate 5 percent per annum. Calculate the amount that Ezra has to pay for each year. (2 marks) 2. (a) Hafiz Putter has been offered 8 percent coupon payment of Malaysia Treasury Bill (MET B).

The par value of the bill is RMI, 500 and the current price is RMI, 325. The bill matures in 6 months. Compute the yield to maturity and current yield for this MET. (4 marks) (b) The RMI million of callable bonds issued by Venom Bertha. The bond is selling for REARM. 99 with a par value of RMI, 000, a coupon interest rate of 8 percent and a maturity of 10 years. Compute the value of bond if the required rate of return is 6 percent for the bond. (4 marks) 3. (a) Zachary interested in Vidal Season common share and preferred share outstanding which both share paid dividend of ARM last year.

The preferred hare sells for ARM 60 per share while common share sells for ARMS and has projected constant growth rate of 7 percent. Calculate the value of both shares if the required rate of return is 12 percent. (4 marks) (b) YET Bertha is experiencing a period of variable growth model. YET Bertha paid a dividend of ARM. 20 last year. Dividends per share are expected to grow at a rate of 15 percent for first year, 18 percent during the next two years and 6 percent thereafter. If the required rate of return on the share is 10 percent, calculate the current value of YET Beebread's share.