

Universal Swap's cashflows caught my eye in the 14 sub parts given in the case study. Each of the cashflows were assigned a separate sheet to avoid confusion and doubt.

1-The research and development cost were \$15,00,00,000 which was only paid on Time 0.

2-Introductory costs have been depreciated by the Straight-line method as mentioned in the question. The annual depreciation was derived using the formula:

$$(\text{Current Value}-\text{Depreciated value})/\text{Number of years}$$

4-The price of the pool is \$100 globally and the costs incurred is \$36, \$48 for US & Russia and International participants. From the data collaborated in market potential, we will be able to get the number of units annually.

5-New participants on Alternium are a facility that is specific to the international participants. The 5000000 which have increased over the years. The prices have also been inflated as per the assumption.

6-The general and administrative costs to the new pool are categorised into administrative costs and general as the name suggests. They are increased at 5% and 10% respectively. The total is calculated for convenience.

7-Advertising expenses without the calculated at the first place inflating them at 5%. Then the with pool expenses are calculating, which is 15% greater than the expenses without it.

8- Server facility:

30 million users use 65% of the server. Hence the new server will be bought in  $(30 \text{ million} \times 1/65\%)$

i.e., 46153846.15 customers. Also, the cost of server in each year is given in the excel sheet.

Since the question states that the tax is charged on Revenue instead of profit, the Total Revenue that was calculated earlier is deducted by 10%.

Note: Ignore working capital until total revenue and total expenses are calculated.

9-Side benefits can be described as subsidies in this case study as I interpret it. They reduce the burden of cost on the owner of the business.

10-A separate sheet has jotted the equity and debt proportion of the company.

For the question 1,

The cashflows are as per the formula

$$\text{Revenue after tax}-\text{Expenses}$$

Note: This is because tax is deducted on revenue and not on profit as per the case study.

Once the data is cumulated the task is a piece of cake. The Revenue after tax is 90% of the total revenue. The present value if then calculated using the discounting factor.

For the question 2,

IRR has been calculated by putting NPV as 0.

This concludes the first 2 parts.

The 3<sup>rd</sup> question demands reasonable assumptions.

My point of view towards is quite pessimistic. My assumption for the given case study are quite sophisticated. I assume that crypto currency isn't going to sustain in the private market for long as it poses threat to the government and administrators across the globe.

Hence, I assume this liquidity pool will flourish for only 5 more years after the 10 years with the average growth rate.

Now this concludes the entire project.