



LEARNING OBJECTIVES

- Identify how the time value of money is relevant and accounting situations where it is used.
- Distinguish between future value and present value concepts.
- Calculate present values and future values.
- Apply present value and future value measurement to annuities.
- Recognize the reason a firm should determine Net Present Value, and define the cost of capital.

TOPICS COVERED

- Accounting Applications
- Fair Value Measurements
- Time Value Fundamentals
- Time Value Tables
- Calculating Future Values - How Money Grows
- Intra-year Compounding
- The Power of Compounding
- Future Value of an Annuity
- Present Value - How Much Money Is Worth Now
- Present Value of Mixed Streams of Cash Flows
- Present Value of an Annuity
- Perpetuities
- Deferred Annuities
- The Applications of Future Values and Present Values
- Amounts of Periodic Withdrawals
- Determining the Number of Periods Required
- Computing Interest Rate
- Amortized Loans
- Lease Payments
- How to Develop Loan Amortization Schedule
- Annual Percentage Rate (APR)
- Rates of Growth
- Bond Valuation
- Stock Valuation
- Discounted Cash Flow (DCF) Techniques
- Lease versus Purchase Decision
- Expected Cash Flow Model
- Choosing an Appropriate Discount Rate
- How to Compute the Cost of Capital