

Review of 4-7

Not inclusive—I can't do everything in an hour...



Time Value of Money

- Money has different value at different times
- Three main tools (and many interpretations)
 - PV/FV
 - Annuity
 - Perpetuity



Interest

- Need to match period with interest rate
- SAIR/EAIR
- Infrequent annuities



Stocks and Bonds

- Bonds
 - Know terms, how to price. Annuity formula
- Stocks and how to price them
 - Cash Cow
 - Growing
 - NPVGO



Alternative Investment Criterion



- Three/Four Criterion
 - Payback Period/Discounted PBP
 - Profitability Index
 - Internal Rate of Return



Capital Budgeting

- Know what is a cash flow
- EAC

Random Comments

- Test Format
 - Mostly as in the exams on line.
 - Some quick answer/Multiple choice.
- Rounding Issues
- You will need to bring:
 - Writing instrument(s)
 - Calculator