

Chapter 5

The Time Value of Money

Chapter Objectives

- Understand and calculate compound interest
- Understand the relationship between compounding and bringing money back to the present
- Annuity and future value
- Annuity Due
- Future value and present value of a sum with non-annual compounding
- Determine the present value of an uneven stream of payments
- Perpetuity
- Understand how the international setting complicates time value of money