COURSE OUTLINE

The time value of money is a basic concept in finance theory as it affects financial decisions. The concept is based on the fact that purchasing power of money varies with time. The worth of a given amount of money at present time is more than the same amount in a near future due to its earning potential. In this module the student will learn how to use the concept of Time Value of Money which includes the compounding and discounting of a given money with time and interest rate, Different types of interest rates applied in money transactions, simple and compound interests, computation of annuities including loan payments, amortization, perpetuities, different cash flow patterns and its evaluation in terms of total payments made. Valuation of bonds and shares

COURSE CONTENT

Week	Topic
1.	Introduction, interest rate, simple interest, compounding techniques-I&II
2.	Discrete annually compounding I&II, continuous compounding, Comparison of compounding methods, Present value-I
3.	Present value-II & Future value, annuities I&II, amortization, perpetuities
4.	Multiple cash flow-I&II, evaluation of bonds-I&II and shares