

P_y = Present value of Cash inflows at y
 I = Initial Investment

Corporate financial management :- Corporate

finance is the area of finance that deals with source of funding, the capital structure of corporations, the actions that managers take to increase the value of the firm to the shareholders, and the tools and analysis used to allocate financial resources.

Scope of corporate financial management

Traditional school of thought

Modern school of thought

Time value of money :- TVM is the value of certain amount of money today is more valuable than its value tomorrow. The difference between the value of money at 'present' and its

value 'at a future date' is referred to as the 'time value of money'.

