

Chapter 10 Outline

Time Value of Money
Capital Budgeting Models
 Payback
 Net Present Value Model
 Internal Rate of Return
 Accounting Rate of Return
Use of Capital Budgeting Models in the
 Club Industry

Competencies

1. Identify types of capital budgeting decisions. (pp. 231–232)
2. Explain the time value of money and, given relevant information, calculate the future value of a present amount and the present value of a future amount. (pp. 232–238)
3. Apply the payback model to capital budgeting decisions. (pp. 238–241)
4. Identify factors addressed by the net present value model for capital budgeting. (p. 241)
5. Identify factors addressed by the internal rate of return model for capital budgeting. (pp. 242–243)
6. Apply the accounting rate of return model to capital budgeting decisions. (pp. 243–245)