**MGT5015 Formula sheet**

1) Perpetuity:

PV of cash flow = cash flow divided by discount rate

2) Annuity:

PV of annuity = C multiplied by ( (1 divided by r) minus (1 divided by r(1+r)times  t)

C = annual payment, t = number of periods of life of the annuity

3) Real and nominal rates

1 + real rate = (1 + nominal rate) divided by (1 +inflation rate)


4) Price of equity

where d=dividend, r=expected return and g=dividend growth rate