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2.6 Summary and Concluding Remarks Appendix A; A2.1 Calculating the PV with Cash Flow in Perpetuity (Without Growth); A2.2 WACC in an M & M World with Taxes; A2.5 Free Cash Flow in Perpetuity with Growth; A2.6 Cash Flow to Equity; Appendix B; B2.1 Using the CAPM to Find the Cost of Capital; B2.2 Discount Rate for the Tax Shield is the Return to Unlevered Equity; Chapter 3. Basic Review of Financial Statements and Accounting Concepts; 3.1 Financial Statements and Accounting Concepts; Section 1; 3.2 Balance Sheet; 3.3 Working Capital; 3.4 (Book) Value of Equity; 3.5 Income Statement 3.6 Cash Flow Statement (CFS) According to GAAP 3.7 Cash Budget Statement; 3.8 Differences between the CFS According to GAAP and the CB Statement; 3.9 Integration of the Financial Statements; Section 2; 3.10 Preliminary Tables; 3.11 Summary and Concluding Remarks; Appendix A; Appendix B; Chapter 4. Constructing Integrated Pro-Forma Financial Statements, Part One; 4.1 Basic Financial Statements; 4.2 Simple Numerical Example; 4.3 Goals and Policies for Selected Variables; 4.4 Depreciation Schedule; 4.5 Estimated Target Variables; 4.6 Preliminary Tables for the Simple Example 4.7 Constructing the Financial Statements for the Simple Example 4.8 Detailed Cash Budget Statement in Year 5; 4.9 Balance Sheet; 4.10 Cash Flow Statement According to GAAP; 4.11 Summary and Concluding Remarks; Appendix A; Chapter 5. Constructing Integrated Pro-Forma Financial Statements, Part Two; 5.1 Constructing Financial Statements; 5.2 Impact on Demand of Changes in Price and of Expenditures on Advertising and Promotion; 5.3 Real Rate of Interest, the Risk-Premium for Debt, and the Reinvestment Return: Interest Rates Estimation; 5.4 Depreciation Schedule 5.5 Initial Cash Budget for Year 0

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## Sommario/riassunto

The valuation of assets, both tangible and intangible, is an important element of corporate finance. Putting a price tag on ideas is almost impossible, and in the new economy, where companies grow dependent on intangible assets all the time, market volatility can be attributed in large part to our collective ignorance of their value. There are two basic approaches to valuation: from financial statements to cash flows, and from cash flows to financial statements. The former projects historical financial statements into the future and the latter attempts to construct cash flow statements and us

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