Corporate Finance

[Enter name of Student here]

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Company chosen is best buy and the book value of its stock is $ 100000000 whereas market value of the stock is $ 6636000000. The book value is the value at which the company has issued the stock for the general public at the initial public offering whereas market value shows the past performance of the company (Best Buy, 2018). A company performing well on financial aspects will experience an increase in market value of shares. There are some outstanding shares kept by the company which will be issued when further funds are required. Shareholders will be interested in the market value of the company stock because he will earn capital gain or loss due to the increase and decrease in market value

The main sentence in chapter 3 is in the start of the chapter which is about the valuation principle stating that current values of costs and benefits can be used to know the actual value of a project. The line has been taken from the first page third paragraph. This aspect is important in the chapter because it stated the law of one price which allows a company in one country to measure the value of a project that it is undertaking in some other country. Similarly, a project that will last for more than one year can be analyzed by using this concept by calculating the difference between inflows and outflows (Berk & Demarzo).

The main sentence for chapter 4 is taken from section 4.2, second paragraph which states that a dollar today and a dollar one year after today cannot be equal. This is the basic theme of time value of money concept. Every investor thinks about the benefit that he can have by spending the amount of money in hand today and by investing the same amount of money and receiving the cumulative amount after a period of time.

# **References**

Berk, & Demarzo. (n.d.). *Coporate Finance: The core.* Newyork: Pearson.

Best Buy. (2018, December 31). *http://s2.q4cdn.com/785564492/files/doc\_financials/2018/annual/Letter-to-Shareholders.pdf.* Retrieved from http://s2.q4cdn.com: http://s2.q4cdn.com/785564492/files/doc\_financials/2018/annual/Letter-to-Shareholders.pdf