

Third: The factor that determines the value you choose to use: Both the future and the present value help companies in making investment decisions, by comparing the incoming and outgoing financial flows, and for these comparisons to be logical, the time factor must be taken into account, as the timing of the flows. The financial value differs from its future value, due to the difference in the purchasing value of money, due to inflation and the continuous rise in prices, in addition to estimating future cash flows, and the inevitable changes in their value, represented in the risk-free interest rate, as well as investment market conditions.