**Final Exam Questions.**

1. What are the benefits of the Debt Financing?
2. What are the three basic areas of finance?
3. What are the three decisions in corporate financial management? Explain them
4. What is an expected return, how is that calculated? Give example
5. What are the main profitability ratios and from which financial statement we took relative numbers?
6. Explain the time value principle of the finance. Why money has the time value?
7. Explain the incremental benefit principle of the finance.
8. What is the zero-sum game?
9. What is the difference between ordinary annuity and annuity due?
10. What items of balance sheet does financing decision affect and how?
11. Why does market value of an asset can differ from its book value?
12. How does the market value of liabilities differ from its book value?
13. Explain the financing decision of the firm?
14. What are the costs of the debt financing?
15. Explain the managerial decision of the firm?
16. What is the required return, what is reflects and how is it determined?
17. Explain deferred annuity. Give Example
18. Explain Perpetuity, Give an example
19. Explain APR and how it differs from APY?
20. What is bond? Explain par value, coupon payment and coupon rate
21. Who issue bond and what type of bonds do you know?
22. What is the call provision of the bond?
23. What the purpose of sinking fund? Explain Convertible bonds.
24. How do you value the bond’s market value? Explain the bond valuation or give example.
25. What does the Yield to Maturity mean?
26. What is the current yield of the bond? Give an example
27. What are the 4 risk factors that domestic corporate bond investor face?
28. Explain interest rate risk of the bond.
29. What is the Yield to Call of a bond?
30. Explain zero coupon bonds? How they differ from coupon bond? Which risk they don’t carry?
31. What is a preferred stock and what similarity it has with bonds?
32. What does common stock represent? Why corporations issue stocks?
33. What is the assumption behind dividend discount model?
34. What does company dividends depend on? What is the dividend payout ratio?
35. Which dividend growth models do you know? Give examples.
36. What does standard deviation measure? How we find standard deviation from variance?
37. What Is portfolio? How can you reduce the risk using correlation coefficient (ρij) of 2 stocks?
38. What is the max and minimum numbers for rho (ρij) and how can portfolio manager benefit from it?
39. What is the diversifiable risk and which things it is caused by?
40. What is the non - diversifiable risk and which things it is caused by?
41. What does the SML tell us? Explain beta
42. What is the risk free rate? Which asset is considered to be a risk free?
43. Explain the cost of capital. What does it reflect?
44. Explain the difference between operating and financing leverage
45. Explain conventional and non-conventional projects.
46. Why there is a conflict between NPV and IRR

**Practice questions**

1. Find Present Value
2. Present value of an annuity problem
3. Find Future Value
4. Future value of an ordinary annuity
5. Deferred annuity problem
6. Find the payment per year
7. Multiple cash flows
8. Finding required rate of return
9. Find APR
10. Find APY
11. Find Bonds present value
12. Interest rate risk of the bond
13. Find the Value of Zero Coupon bond
14. Find the Call price of the bond
15. Perpetuity calculation
16. Find the value of a common stock
17. Problem on Dividend Discount model with no growth
18. Normal growth DDM problem calculation
19. Super normal growth problem solving
20. Finding portfolio’s expected return
21. Finding Portfolio risk
22. Finding portfolio weights
23. Find the total risk of a stock
24. CAPM problem solving
25. Find the market risk premium
26. Finding NPV of the project
27. Leveraged return
28. Capital budgeting problem
29. Find the Profitability index
30. Find the Payback period