**Final Exam Questions.**

1. What are the costs 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. Explain the financing decision of the firm
5. Explain the managerial decision of the firm?
6. What are the benefits of the Debt Financing?
7. What items of balance sheet does financing decision affect and how?
8. How does the market value of liabilities differ from its book value?
9. Explain the time value principle of the finance. Why money has the time value?
10. Explain the incremental benefit principle of the finance.
11. Explain the Behavioral principle of the finance
12. What is the zero-sum game?
13. What is an expected return, how is that calculated? Give example
14. What is the required return, what it reflects and how is it determined?
15. What is the difference between ordinary annuity and annuity due?
16. Why does market value of an asset can differ from its book value?
17. Explain deferred annuity. Give Example
18. Explain APR and how it differs from APY?
19. What is bond? Explain par value, coupon payment and coupon rate
20. Who issue bond and what type of bonds do you know?
21. What is the call provision of the bond?
22. What the purpose of sinking fund? Explain Convertible bonds.
23. How do you value the bond’s market value? Explain the bond valuation or give example.
24. What does the Yield to Maturity mean?
25. What is the current yield of the bond? Give an example
26. Explain the reinvestment risk of the bond.
27. Explain interest rate risk of the bond.
28. What is the Yield to Call of a bond?
29. Explain zero coupon bonds? How they differ from coupon bond? Which risk they don’t carry?
30. What is a preferred stock and what similarity it has with bonds?
31. What does common stock represent? Why corporations issue stocks?
32. What is the assumption behind dividend discount model?
33. Explain how we can find stock return from DDM 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. Explain the shortcomings of DDM model.
37. Explain conventional and non-conventional projects.
38. What is IRR and what is the relation between IRR and required return?
39. Explain the shortcomings of Profitability Index.
40. Explain the shortcomings of Payback Period evaluation.
41. Explain the shortcomings of IRR.
42. Why there is a conflict between NPV and IRR
43. Explain the IRR of conventional and non-conventional projects. What is the difference?
44. What is the difference between independent and mutually exclusive projects?
45. Explain how we can apply IRR and NPV to mutually exclusive and independent projects.

**Practice questions**

1. Find Present Value
2. Find Future Value
3. Deferred annuity problem
4. Present value of an annuity problem
5. Future value of an ordinary annuity
6. Find the payment per year
7. Multiple cash flows
8. Find APR
9. Find APY
10. Find Bonds present value
11. Interest rate risk of the bond valuation problem
12. Find the Value of Zero Coupon bond
13. Find the Call price of the bond
14. Find the value of the preferred stock
15. Find the value of a common stock
16. Problem on Dividend Discount model with no growth
17. Normal growth DDM problem calculation
18. Super normal growth problem solving
19. Find the stock return
20. Perpetuity calculation problem
21. Project valuation problem solving
22. Finding NPV of the project
23. Find the Profitability index
24. Find the Payback period
25. Project selection problem solving