1. What is the primary goal of the corporation? Why?
2. Explain the notion "shareholders are subject to limited liability"
3. How tax deductibility of interest reduces its actual (after-tax) cost and therefore an advantage of corporation?
4. How agency problem can violate the goal of shareholders wealth maximization?
5. Contrast the functions of financial institutions and financial markets.
6. How debt financing can increase cash flow and EPS, thus decrease taxes paid?
7. In what sense capital market is different than money market where both are part of financial market?
8. How ratio analysis can be used to asses a firm's risk and return? Who are the users of ratio analysis?