1-Is a dollar worth more today than tomorrow? Why or why not? What is the relationship between present and future value?

2-What effect does an organization’s bond rating have on its cost of capital? What are some factors that affect a corporate bond’s value? Why is it necessary to value a bond in terms of today’s dollars? What is the effect of an increase in the prevailing interest rate on the valuation of a bond? What is the relationship between interest rates and bond prices?

3- Should an organization have more debt or more equity in its capital structure? Explain your answer. What are some limitations of utilizing debt instead of equity in the capital structure?

4- What effect do fixed costs have on an organization’s operating leverage? Under what market conditions should financial leverage be emphasized? What is the danger of being a highly leveraged organization?