give me a pdf which contains some theortical questions on finanace and their answer give me in the format you mentioned

Here's a structured document with theoretical finance questions and answers, compiled from academic sources and formatted for clarity:

Corporate Finance

1. Explain the significance of terminal value in discounted cash flow (DCF) analysis.
Terminal value represents the present value of all future cash flows beyond an explicit forecast period. It accounts for the majority of a company's valuation in DCF models, especially for growing firms. The choice of horizon date significantly affects PV calculations due to growth assumptions[1] [2].

2. What is the relationship between WACC and project valuation?
The Weighted Average Cost of Capital (WACC) serves as the discount rate for evaluating projects. Projects with returns exceeding WACC create shareholder value, while those below destroy value. WACC integrates the cost of equity and debt, adjusted for tax shields[3] [2].

International Finance

3. Discuss arguments for and against central banks allowing currency depreciation without intervention.
For:

- Boosts export competitiveness (e.g., China's yuan devaluation in 2015).
- Corrects trade imbalances naturally.
  Against:
- Triggers inflationary pressures (e.g., Zimbabwe hyperinflation).
- May lead to currency wars[4].

4. Can exchange rates be reliably predicted?
While models like Purchasing Power Parity (PPP) and Interest Rate Parity (IRP) provide frameworks, empirical evidence shows exchange rates follow near-random walks due to geopolitical shocks and market sentiment[4] [2].

Financial Management

5. How does working capital impact manufacturing firms?
Working capital ensures liquidity for day-to-day operations. Key factors influencing its size include:

- Production cycle length
- Credit policies (payables/receivables)
- Inventory turnover rates[3] [5].

6. Define the Walter Model of dividend policy.
The Walter Model links dividend payouts to a firm's ROI and cost of capital. It suggests:

- **High ROI firms**: Retain earnings for growth.
- **Low ROI firms**: Distribute dividends.
  Formula: $ P = \frac{D + \frac{r}{k}(E - D)}{k} $, where $ P $ = share price, $ D $ = dividend, $ E $ = EPS, $ r $ = ROI, $ k $ = cost of equity[3] [5].

Financial Markets

7. Differentiate primary and secondary markets.

Primary Market	Secondary Market
New securities issued (IPOs)	Existing securities traded
Funds go to issuing company	Funds transfer between investors
Price determined by issuer	Price set by supply/demand[5].

Conceptual Finance

8. Is net income equivalent to cash earned?
No. Net income includes non-cash items (depreciation, accruals). A company with positive net income can face liquidity crises if cash flows are mismanaged[2].

9. What is the role of beta in CAPM?
Beta ($ \beta $) measures systematic risk. CAPM formula:
$ E(R_i) = R_f + \beta_i (E(R_m) - R_f) $
Used to determine an asset's expected return based on market risk premium[2] [5].

This compilation integrates questions from academic problem sets[1], international finance case studies[4], financial management models[3], conceptual frameworks[2], and market analyses[5]. Adjust depth based on your target audience.

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1. https://ocw.mit.edu/courses/15-401-finance-theory-i-fall-2008/36b761fc18615eeee3419cd2407dadc4_MIT15_401F08_Problem_Sets.pdf

2. https://www.iese.edu/media/research/pdfs/DI-0817-E.pdf

3. https://www.scribd.com/document/465819081/FM-Model-Paper

4. https://www.totalassignment.com/free-sample/international-finance-assignment-questions-and-answers

5. https://cbseacademic.nic.in/web_material/Curriculum21/SQP_MS_X/405_Introduction_Financial_Markets_SQP.pdf