



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.																			
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End - Term Examinations - December 2025

Date: 23-12-2025

Time: 09:30am - 12:30pm

School: SOCSE/SOE	Program: B. Tech		
Course Code : FIN1002	Course Name: Essentials of Finance		
Semester: III	Max Marks: 100	Weightage: 50%	

CO - Levels	C01	C02	C03	C04	C05
Marks	26	48	26		

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Define Corporate Finance.	2 Marks	L1	C01
2.	Compare between Capital Market and Money Market.	2 Marks	L2	C01
3.	XYZ Ltd furnish following information Assets :100000 Capital: 30000 Calculate Liabilities of XYZ Ltd.	2 Marks	L3	C01
4.	What is WACC?	2 Marks	L1	C02
5.	Calculate combined leverage from the following information: Operating Leverage: 1.5 Financial Leverage: 1.2	2 Marks	L3	C02
6.	State the meaning of Capital Structure.	2 Marks	L1	C02
7.	Define Direct Taxes.	2 Marks	L1	C03
8.	Define the concept of Total Income in income tax.	2 Marks	L1	C03
9.	Compare the concept of Assessment year and Previous year with example.	2 Marks	L2	C03
10.	Recall the concept of dividend policy.	2 Marks	L1	C02

Part B
Answer the Questions.

Total Marks 80M

11.	a	<p>UVW firm reports the following financials:</p> <p>Share Capital: ₹50,00,000</p> <p>Reserves: ₹10,00,000</p> <p>Land and Buildings: ₹60,00,000</p> <p>Investments: ₹30,00,000</p> <p>Long-Term Borrowings: ₹30,00,000</p> <p>Current Assets: ₹10,00,000</p> <p>Current Liabilities: ₹10,00,000</p> <p>Prepare a Balance Sheet.</p>	10 Marks	L3	CO1
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Or

12.	a	<p>Explain in detail the types of financial markets with examples.</p>	10 Marks	L2	CO1
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13.	a.	<p>PQR firm provides the following data:</p> <p>Sales: ₹550,000</p> <p>COGS: ₹320,000</p> <p>Selling & Admin Expenses: ₹90,000</p> <p>Interest Paid: ₹8,000</p> <p>Other Income: ₹25,000</p> <p>Tax: ₹60,000.</p> <p>Compute the Net Profit by preparing income statement.</p>	10 Marks	L3	CO1
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Or

14.	a.	<p>Explain the different types of financial statements with their structure.</p>	10 Marks	L2	CO1
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15.	a.	<p>a) A project requires an investment of ₹2,00,000. It generates cash inflows of ₹50,000, ₹80,000, ₹70,000, ₹60,000, ₹40,000 over 5 years.</p> <p>b) A project costs ₹30,000 and generates cash inflows of ₹10,000, ₹15,000, ₹8,000, and ₹6,000 over 4 years.</p> <p>Compute the Pay-back Period and Comment on it.</p>	10 Marks	L3	CO2
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Or

16.	a.	<p>Compare between NPV and IRR.</p>	10 Marks	L2	CO2
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17.	a.	A company is considering two projects with the following cash flows. Find out the NPV and Profitability Index at 12 % discount rate and comment on it. <ul style="list-style-type: none"> Project X: Initial outlay ₹2,00,000; inflows: ₹30,000, ₹40,000, ₹50,000, ₹30,000. Project Y: Initial outlay ₹2,50,000; inflows: ₹20,000, ₹30,000, ₹40,000, ₹60,000. 	10 Marks	L3	CO2
Or					
18.	a.	Explain different capital budgeting techniques with merits and demerits.	10 Marks	L2	CO2

19.	a.	From the following information compute IRR and Pay Back Period.	10 Marks	L3	CO2												
		<table border="1"> <thead> <tr> <th>Details</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Initial investment</td> <td>₹50,000</td> </tr> <tr> <td>Cash inflows at end of Year 1</td> <td>₹20,000</td> </tr> <tr> <td>Cash inflows at end of Year 2</td> <td>₹20,000</td> </tr> <tr> <td>Cash inflows at end of Year 3</td> <td>₹20,000</td> </tr> <tr> <td>Trial rates</td> <td>10% and 20%.</td> </tr> </tbody> </table>	Details	Amount	Initial investment	₹50,000	Cash inflows at end of Year 1	₹20,000	Cash inflows at end of Year 2	₹20,000	Cash inflows at end of Year 3	₹20,000	Trial rates	10% and 20%.			
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20.	a.	Explain different types of Cost of Capital.	10 Marks	L2	CO2												

21.	a.	Compute different types of leverage by using the following data	10 Marks	L3	CO2												
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Sales Price</td> <td>20 Rs Per Unit</td> </tr> <tr> <td>Variable Cost</td> <td>12 Rs per Unit</td> </tr> <tr> <td>Fixed Cost</td> <td>50000</td> </tr> <tr> <td>Interest</td> <td>5000</td> </tr> <tr> <td>Total Production</td> <td>50000 Units</td> </tr> </tbody> </table>	Particulars	Amount	Sales Price	20 Rs Per Unit	Variable Cost	12 Rs per Unit	Fixed Cost	50000	Interest	5000	Total Production	50000 Units			
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22.	a.	Discuss different types of dividend policy and its factors.	10 Marks	L2	CO2												

23.	a.	Determine the residential status for the following cases: <ul style="list-style-type: none"> (i) Rahul stayed in India for 200 days during the previous year. He never went out of India before. (ii) Adam stayed in India for 90 days previous year and 400 days in the last 4 years. (iii) Maya stayed 185 days previous year. Past 7 years stayed in India 600 days only. (iv) Rohan stayed in India for 190 days during PY. (v) Susan stayed 70 days in PY and 380 days in last 4 years. 	10 Marks	L3	CO3
Or					
24.	a.	Explain the five heads of income under the Income Tax Act.	10 Marks	L2	CO3

25.	a.	Mr. Ahmed earns Salary ₹4,00,000, Interest Income ₹20,000, and House Property Loss ₹30,000. Capital Gain ₹20,000. Profit from Business ₹50,000. He claims ₹40,000 deduction u/s 80C. Compute his Total Income and tax liability.	10 Marks	L3	CO3
Or					
26.		Explain the important deductions under section 80 C to 80 U	10 Marks	L2	CO3