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# PRESIDENCY UNIVERSITY

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956  
Approved by AICTE, New Delhi | Approved By BCI  
Bengaluru

## Even Semester Mid Term, March 2026

**Date: 10/03/2026**

**Time: 09:30 AM - 11:00 AM**

**Course Code: FIN1005**

**Course Name: Finance Essentials for Decision Making**

**Semester: Sixth Semester**

**Max. Marks: 50**

**Weightage: 50%**

CO - Levels	CO1	CO2
Marks	28	62

### PART-A: Answer Following Questions. 10 M

Qn.No	Questions	M	CO	BT
1	Compare finance and investment decisions.	2	CO1	BT2
2	Differentiate between primary market and secondary market.	2	CO1	BT2
3	What is wealth maximisation?	2	CO1	BT1
4	What is indirect tax?	2	CO1	BT1
5	From the following information of XYZ firm calculate cost of goods sold.  Purchases: 30000  Opening stock: 20000  Closing stock: 10000	2	CO2	BT3

### PART-B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT
6	Prepare a Balance Sheet from the following information of PYQ firm:  Cash ₹20,000 Stock ₹30,000 Furniture ₹40,000 Creditors ₹30,000 Long term Loan ₹20,000  Capital?	10	CO2	BT3

7	Explain the risk–return relationship and diversification.	10	CO2	BT2
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**PART-C: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
8	<p>From the following information calculate:</p> <p>Current Ratio</p> <p>Net Profit Ratio</p> <p>Debt–Equity Ratio</p> <p>Cash ₹20,000 Debtors ₹30,000 Stock ₹50,000 Creditors ₹40,000 Outstanding Expenses ₹10,000</p> <p>Net Profit = ₹40,000 Sales = ₹2,00,000</p> <p>Debt = ₹3,00,000 Equity = ₹2,00,000</p>	10	CO2	BT3
9	Explain the purpose and importance of financial statements.	10	CO2	BT2

**PART-D: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
10	Explain the role of banks and financial institutions in economic development.	10	CO1	BT2
11	Explain different forms of business organisatons.	10	CO1	BT2

**PART-E: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT												
12	<p>The following information relates to Company X and Company Y.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Particulars</th> <th>Company X (₹)</th> <th>Company Y (₹)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>5,00,000</td> <td>4,50,000</td> </tr> <tr> <td>Cost of Goods Sold</td> <td>3,00,000</td> <td>2,70,000</td> </tr> <tr> <td>Operating Expenses</td> <td>1,20,000</td> <td>1,00,000</td> </tr> </tbody> </table> <p>1. Prepare a simple Income Statement for both companies.</p> <p>2. Calculate the Net Profit Ratio for both companies and comment on it.</p>	Particulars	Company X (₹)	Company Y (₹)	Sales	5,00,000	4,50,000	Cost of Goods Sold	3,00,000	2,70,000	Operating Expenses	1,20,000	1,00,000	10	CO2	BT3
Particulars	Company X (₹)	Company Y (₹)														
Sales	5,00,000	4,50,000														
Cost of Goods Sold	3,00,000	2,70,000														
Operating Expenses	1,20,000	1,00,000														

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The following information relates to Company X and Company Y.

10

CO2

BT3

Particulars	Company X (₹)	Company Y (₹)
Cash	25,000	35,000
Debtors	45,000	40,000
Stock	30,000	25,000
Machinery	70,000	80,000
Creditors	20,000	25,000
Long-term Debt	50,000	40,000
Capital	1,00,000	1,15,000

1. Prepare balance sheet for both companies.
2. Calculate the Current Ratio and Debt-Equity Ratio for both companies and comment on it.