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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: 12/03/2026**

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

<b>Course Code: FIN1002</b>	<b>Course Name: Essentials of Finance</b>	
<b>Semester: Fourth Semester</b>	<b>Max. Marks: 50</b>	<b>Weightage: 50%</b>

<b>CO - Levels</b>	<b>CO1</b>	<b>CO2</b>
<b>Marks</b>	<b>66</b>	<b>24</b>

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

Qn.No	Questions	M	CO	BT
1	Define Time Value of Money (TVM).	2	CO1	BT1
2	Explain the meaning of Investment Decisions.	2	CO1	BT2
3	Define Money Market.	2	CO1	BT1
4	Outline the concept of Capital Budgeting Decision in financial management.	2	CO2	BT2
5	Explain the role of Financial Institutions in an economy.	2	CO2	BT2

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

Qn.No	Questions	M	CO	BT
6	<p>XYZ &amp; Co. operates a manufacturing business. For the year ended 31 March 2025, the following details are available:</p> <ul style="list-style-type: none"> <li>· Sales amounted to ₹14,50,000</li> <li>· Gross Profit is 40% of sales</li> <li>· Administrative expenses were ₹1,20,000</li> <li>· Selling and distribution expenses were ₹85,000</li> <li>· Depreciation on machinery: ₹50,000</li> <li>· Interest on borrowings: ₹65,000</li> </ul>	10	CO1	BT3

	<ul style="list-style-type: none"> <li>Taxes paid: ₹1,05,000</li> <li>Other income earned during the year: ₹35,000</li> </ul> <p>Prepare a Profit &amp; Loss Account.</p>			
7	Apply the structure of an Income Statement to prepare and illustrate its main components, showing how each component contributes to determining net profit or loss.	10	CO1	BT3

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

Qn.No	Questions	M	CO	BT
8	<p>The following balances were available in the books of PQR &amp; Co. as on 31 March 2025:</p> <ul style="list-style-type: none"> <li>Share Capital: ₹25,00,000</li> <li>Reserves and Surplus: ₹7,00,000</li> <li>Long-term Loans: ₹15,00,000</li> <li>Non-current Assets: ₹30,00,000</li> <li>Investments: ₹5,00,000</li> <li>Current Assets: ₹19,00,000</li> <li>Current Liabilities: ₹7,00,000</li> </ul> <p>Prepare the Balance Sheet of PQR &amp; Co. as on 31 March 2025</p>	10	CO1	BT3
9	Identify the main components of a Balance Sheet and briefly describe each component.	10	CO1	BT3

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

Qn.No	Questions	M	CO	BT
10	Explain profit maximization and shareholder wealth maximization, stating why wealth maximization is considered a superior financial goal.	10	CO1	BT2
11	Explain the major forms of business organization and briefly discuss their key features.	10	CO1	BT2

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

Qn.No	Questions	M	CO	BT
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12	Apply the Payback Period technique to evaluate an investment project and illustrate its merits and limitations in decision-making.	10	CO2	BT3
13	Apply capital budgeting techniques to illustrate how investment decisions contribute to the long-term financial stability and growth of an organization.	10	CO2	BT3