Roll No											

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Bengaluru

Even Semester End Term Examination, May / June 2026		
Date: 14/05/2026		**Time: 01.00 PM - 04.00 PM**
Course Code: FIN1005	**Course Name: Finance Essentials for Decision Making**	
Semester: Sixth Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	CO1	CO2	CO3	CO4
Marks	**36**	**38**	**72**	**34**

Part A: Answer Following Questions. 20 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
1	Define finance decision.	2	CO1	BT1
2	Differentiate between capital market and money market.	2	CO1	BT1
3	Point out the significance of liquidity ratio	2	CO2	BT2
4	What are financial statements?	2	CO2	BT1
5	XYZ Ltd furnish following information Assets :100000 Capital: 70000 Calculate Liabilities of XYZ Ltd.	2	CO2	BT3
6	What is meant by Time Value of Money?	2	CO3	BT1
7	Find the present value of ₹1,600 to be received after 2 years at a discount rate of 10%.	2	CO3	BT3
8	If the interest rate is 8% and the principal amount is 60000, calculate the doubling period.	2	CO3	BT3
9	State the concept of capital budgeting.	2	CO3	BT1
10	What do you mean by personal finance?	2	CO4	BT1

Part B: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**

11.a	Discuss different areas of finance.	6	CO1	BT1
11.b	Explain the forms of business organisations through the lens of their features.	10	CO1	BT2
12.a	Discuss the goals of financial management.	6	CO1	BT1
12.b	Examine the roles of banks and financial institutions in economic development.	10	CO1	BT2

Part C: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
13.a	LMN Ltd. furnishes the following details: · Equity Share Capital: ₹30,00,000 · Reserves & Surplus: ₹10,00,000 · Non-Current Assets: ₹35,00,000 · Investments: ₹5,00,000 · Long-Term Loans: ₹12,00,000 · Current Assets: ₹15,00,000 · Current Liabilities: ₹3,00,000 Prepare a Balance Sheet for LMN Ltd.	6	CO2	BT3
13.b	PQR Ltd. has the following financial information: · Sales: ₹7,00,000 · Cost of Goods Sold: ₹350,000 · Operating Expenses: ₹110,000 · Interest Paid: ₹15,000 · Other Income: ₹12,000 · Tax Provision: ₹60,000 Prepare an Income Statement for PQR Ltd and calculate the Net profit ratio.	10	CO2	BT3
14.a	Cash ₹20,000 Debtors ₹30,000 Stock ₹50,000,	6	CO2	BT3

	Creditors ₹40,000 Outstanding Expenses ₹10,000 Net Profit = ₹40,000 Sales = ₹2,00,000 Total Debt = ₹3,00,000 Equity = ₹2,00,000 By using the above information you are required to calculate: • Current Ratio • Net Profit Ratio • Debt–Equity Ratio			
14.b	The following Balance Sheet information relates to Company A	10	CO2	BT3

Particulars	**Company A (₹)**
Cash	30,000
Debtors	50,000
Stock	20,000
Furniture	60,000
Creditors	25,000
Long-term Debt	45,000
Capital	90,000

You are required to

a) Prepare the balance sheet.

b) Calculate the Current Ratio.

c) Calculate the Debt–Equity Ratio.

Part D: Answer Any 1 Following Questions. 16 M

Qn.No	**Questions**	**M**	**CO**	**BT**

15.a	a) A project requires an investment of ₹1,50,000. It generates cash inflows of ₹40,000, ₹45,000, ₹35,000, ₹30,000, and ₹25,000 over 5 years. b) Another project requires an initial investment of ₹80,000 and generates cash inflows of ₹45,000, ₹20,000, ₹20,000, and ₹10,000 over 4 years. Compute the Payback Period for both projects and comment on their acceptability.	6	CO3	BT3
15.b	A company is considering two projects with the following cash flows. Find out the NPV and Profitability Index at 11 % discount rate and comment on it. • Project X: Initial outlay ₹2,25,000; inflows: ₹30,000, ₹40,000, ₹50,000, ₹30,000. • Project Y: Initial outlay ₹2,60,000; inflows: ₹20,000, ₹30,000, ₹40,000, ₹60,000.	10	CO3	BT3
16.a	Discuss different types of cost of capital.	6	CO3	BT2
16.b	Explain various techniques used in capital budgeting decisions.	10	CO3	BT2

Part E: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
17.a	From the following information, calculate NPV. **Details** — **Amount** Initial investment — ₹30,000 Cash inflows at end of Year 1 — ₹15,000 Cash inflows at end of Year 2 — ₹10,000 Cash inflows at end of Year 3 — ₹8,000 Discount rate — 10%.	6	CO3	BT3
17.b	An investment costs ₹50,000. Cash inflows are: ₹15,000, ₹30,000, ₹20,000, ₹15,000 for 4 years. Discount rate is 10%. Calculate Payback Period, Profitability Index.	10	CO3	BT3

PTO (Please Turn Over)

18.a	From the following information, calculate the payback period and the profitability index. Initial outlay = ₹60,000 Cash inflows: ₹20,000, ₹25,000, ₹20,000, ₹20,000 Discount rate = 10%	6	CO3	BT3
18.b	From the following information, calculate NPV and IRR Initial outlay = ₹60,000 Cash inflows: ₹20,000, ₹25,000, ₹20,000, ₹20,000 Discount rate = 10% Trial rates: 10% and 18%	10	CO3	BT3

Part F: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
19.a	Discuss the components of a financial plan in personal finance.	6	CO4	BT2
19.b	Akhil is a computer engineer. He is earning a monthly salary 2,00,000. Can you suggest to Akhil different avenues of investment available for individuals?	10	CO4	BT3
20.a	Examine different types of insurance and their significance.	6	CO4	BT2
20.b	Ravi gets a job with a monthly salary of ₹40,000. He pays ₹3,000 as tax. He has the following monthly expenses: Rent: ₹15,000 Food: ₹3,000 Transport: ₹5,000 Mobile: ₹2,000 Entertainment: ₹3,000 Gift to parents: ₹3,500 Required: Prepare a Personal Cash Flow Statement. Calculate Net Cash Flow. Suggest how Ravi can improve savings.	10	CO4	BT3