

Q2 What do you understand by Finance, Explain its various objectives? What's Payback Period and Net present value Method (NPV)?

Ans Finance is a term for matters regarding the management, creation, and study of the money and Investment. Specially it deals with the questions of how and why an individual, company acquires the money needed called capital in the company context, and how they spend that money.

The four main financial objective of a firm are - Profitability, liquidity, efficiency, and stability.

Payback Period is the length of time required for an investment to recover its initial outlay in terms of profit or savings.

Net Present Value (NPV) is a method used to determine the current value of all future cash flows generated by a project, including the initial capital investment.