

Q.2
Ans Finance is a field that concerned with the allocation of assets and liabilities over time for under conditions of risk or uncertainty. Finance can also be defined as the art of money management. Finance can be split into three sub-categories, public finance, corporate finance and personal finance.

* Some of the various objectives are:-

- 1. Investment Decision - The investment decision involves the evaluation of risk, measurement of cost of capital and estimation of expected benefits from a project.
- 2. Financing decision - While the investment decision involves decision with composition of assets, financing decision is concerned with the financing mix or financial structure of the firm.

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Working Capital Decision - this decision is related to the investments in current assets and current liabilities.

⇒ Payback period in capital budgeting refers to the time required to repay the funds expended in an investment, or to reach the breakeven point. The period refers to the amount of time it takes to recover the cost of an investment.

NPV which also stands for Net Present Value, is the technique in which the cash inflows that is expected at different period of time is discounted at a particular rate. The present values of the cash inflows are compared to the original investment.