1. **Overview of the key types of financial markets**

- Answer: Financial markets are broadly classified into capital markets and money markets. Capital markets deal with long-term securities like stocks and bonds, while money markets handle short-term instruments such as treasury bills and commercial papers. These markets play a crucial role in the economy by facilitating the transfer of funds from savers to borrowers.

- Reference: Module 4/Classification_of_Financial_Markets.docx

2. **Key functions of financial markets**

- Answer: Financial markets perform several key functions, including resource allocation, price discovery, liquidity provision, and risk management. They enable efficient capital formation and economic growth by connecting investors and borrowers.

- Reference: Module 4/Principles_&_Functions of Financial Management.docx

3. **Financial instruments**

- Answer: Financial instruments are assets that can be traded in financial markets. They include equity instruments (stocks), debt instruments (bonds), derivatives (options, futures), and hybrid instruments (convertible bonds). These instruments serve as tools for investment, financing, and risk management.

- Reference: Module 4/Financial instruments .docx

4. **Derivative instruments, hybrid instruments, and cash instruments**

- Answer: Derivative instruments derive their value from underlying assets like stocks or commodities. Hybrid instruments combine features of debt and equity, such as convertible bonds. Cash instruments are directly valued by the market and include loans and deposits.

- Reference: Module 4/Instruments_of_Capital_Market_&_Money_Market.docx

5. **Financial institutions**

- Answer: Financial institutions include banks, insurance companies, mutual funds, and pension funds. They act as intermediaries in financial markets, facilitating transactions, providing credit, and managing risks.

- Reference: Module 4/Financial_Institutions_&_Their_Functions.docx

6. **Types of financial risks**

- Answer: Financial risks include market risk (changes in market prices), credit risk (default by borrowers), liquidity risk (inability to sell assets quickly), and operational risk (failures in internal processes).

- Reference: Module 4/Financial_Risks.docx

7. **Fundamentals of financial management**

- Answer: Financial management involves planning, organizing, directing, and controlling financial activities to achieve organizational goals. It focuses on investment decisions, financing decisions, and dividend decisions.

- Reference: Module 4/Fundamentals of financial management.docx

8. **Objectives of financial management**

- Answer: The primary objective of financial management is wealth maximization, ensuring long-term value creation for shareholders. Other objectives include maintaining liquidity, profitability, and financial stability.

- Reference: Module 4/Principles_&_Functions of Financial Management.docx

9. **Core principles of financial management**

- Answer: Core principles include the risk-return tradeoff (higher risk leads to higher potential returns), time value of money (a dollar today is worth more than a dollar tomorrow), and diversification (reducing risk by investing in a variety of assets).

- Reference: Module 4/Principles_&_Functions of Financial Management.docx

10. **Tools & techniques of financial management**

- Answer: Tools and techniques include ratio analysis (evaluating financial performance), budgeting (planning future expenses), financial forecasting (predicting future financial conditions), and sensitivity analysis (assessing the impact of changes in variables).

- Reference: Module 4/Strategy, Methods, and Techniques of Financial Management.docx

11. **Importance of financial management**

- Answer: Financial management ensures optimal utilization of resources, financial stability, and the achievement of organizational goals. It plays a critical role in decision-making and long-term planning.

- Reference: Module 4/Fundamentals of financial management.docx

12. **Capital market instruments vs. Money market instruments**

- Answer: Capital market instruments, such as stocks and bonds, are used for long-term financing. Money market instruments, like treasury bills and commercial papers, are used for short-term financing. Both markets are essential for economic stability and growth.

- Reference: Module 4/Instruments_of_Capital_Market_&_Money_Market.docx

13. **Principles of financial management**

- Answer: Principles include consistency (maintaining uniform policies), accountability (ensuring responsible use of resources), and transparency (clear and open communication of financial information).

- Reference: Module 4/Principles_&_Functions of Financial Management.docx

14. **Functions of financial management**

- Answer: Functions include making investment decisions (allocating resources to profitable ventures), financing decisions (choosing the right mix of debt and equity), and dividend decisions (determining the distribution of profits to shareholders).

- Reference: Module 4/Principles_&_Functions of Financial Management.docx

15. **Strategy, methods, and techniques of financial management**

- Answer: Strategies include cost control and revenue maximization. Methods involve financial modeling and scenario analysis. Techniques include sensitivity analysis and break-even analysis.

- Reference: Module 4/Strategy, Methods, and Techniques of Financial Management.docx

16. **Comparison of BS, CFS, and P&L statement**

- Answer: The balance sheet (BS) shows the financial position of a company at a specific point in time. The cash flow statement (CFS) details cash inflows and outflows. The profit and loss (P&L) statement summarizes revenues and expenses over a period.

- Reference: Module 5/BS/BS_Explanation_of_terms.docx

17. **Components of balance sheet**

- Answer: The balance sheet consists of assets (current and fixed), liabilities (current and long-term), and equity (shareholder's funds).

- Reference: Module 5/BS/BS_Explanation_of_terms.docx

18. **Types of balance sheets**

- Answer: Types include classified balance sheets (organized by categories), comparative balance sheets (showing data for multiple periods), and common-size balance sheets (expressing items as percentages).

- Reference: Module 5/BS/Types_of_balance_Sheets.png

19. **BS explanation of terms**

- Answer: Key terms include current assets (cash, receivables), fixed assets (property, equipment), current liabilities (short-term debts), and long-term liabilities (bonds, loans).

- Reference: Module 5/BS/BS_Explanation_of_terms.docx

20. **Cash flow statement**

- Answer: The cash flow statement categorizes cash flows into operating activities (core business operations), investing activities (purchase/sale of assets), and financing activities (debt and equity transactions).

- Reference: Module 5/CFS/CashFlowStatement.docx

21. **AR, AP, Inventory accrued expenses effect on CFS**

- Answer: Accounts receivable (AR) and inventory increases reduce cash flow, while accounts payable (AP) increases improve cash flow. Accrued expenses impact operating cash flows.

- Reference: Module 5/CFS/AR_AP_Inventory_AccruedExpenses_Effect_on_CFS.docx

22. **Income statement**

- Answer: The income statement provides a summary of revenues, expenses, and net income over a specific period, reflecting the company's profitability.

- Reference: Module 5/P&L/IncomeStatement.docx

23. **Capital structure ratio numerical**

- Answer: This involves analyzing the proportion of debt and equity in a company's capital structure. Examples include debt-to-equity ratio.

- Reference: Module 5/Ratios/CapitalStructureRatioNumericals.docx

24. **Efficiency or activity ratios**

- Answer: These ratios measure how efficiently a company utilizes its assets. Examples include inventory turnover and receivables turnover.

- Reference: Module 5/Ratios/Efficiency_or_Activity_Ratios.docx

25. **Liquidity ratio numerical**

- Answer: Liquidity ratios assess a company's ability to meet short-term obligations. Examples include current ratio and quick ratio.

- Reference: Module 5/Ratios/LIquidityRatioNumericals_Done.docx

26. **Profitability ratio numerical**

- Answer: Profitability ratios evaluate a company's ability to generate profits. Examples include net profit margin and return on equity.

- Reference: Module 5/Ratios/ProfitabilityRatioNumericals_Done.docx

27. **Purpose of financial ratio analysis**

- Answer: Financial ratio analysis helps in assessing a company's financial health, performance, and stability. It aids in decision-making for investors and management.

- Reference: Module 5/Ratios/Purpose_of_Financial_Ratio_Analysis.docx

28. **Stock market ratio numerical**

- Answer: Stock market ratios analyze the performance of a company's stock. Examples include price-to-earnings ratio and dividend yield.

- Reference: Module 5/Ratios/StockMarketRatioNumericals.docx