RV College of Engineering®
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DEPARTMENT OF
INDUSTRIAL ENGINEERING & MANAGEMENT

Date : 29th April 2025	CIE – I	Max. Marks : 10 + 50
Semester : VI	UG	Duration : 30 + 90 Min
Course Title: Elements of Financial Management		Course Code : IM266TEQ

Note:
1. Answer all the Questions.
2. Avoid verbose answers and answer specifically and to the point.
3. Use of Interest Factor table permitted.

Sl. No	Questions	M	BT	CO
	Part – A			
1.	Mention any one distinction between Financial Accounting and Financial Management in terms of its scope.	01	L_1	CO1
2.	What is the main function of the Reserve Bank of India?	01	L_2	CO1
3.	What is the full form of NABARD?	01	L_1	CO1
4.	The National Stock Exchange (NSE) is located in which city?	01	L_1	CO1
5.	Which body regulates the insurance sector in India?	01	L_1	CO1
6.	What is the meaning of the term Financial intermediaries?	01	L_2	CO1
7.	What is a Fixed asset?	01	L_1	CO2
8.	Give any one example for Non-current assets.	01	L_2	CO2
9.	Define Time Value of Money.	01	L_2	CO2
10.	State the formula for the present value of an annuity.	01	L_1	CO2
	Part – B			
1.	Discuss the functions performed by financial markets. What are the different ways of classifying financial markets? Write briefly on primary market.	10	L_3	CO1
2.	What are the alternative key objectives or goals of Financial Management? Why shareholder's wealth maximization /value maximization is considered as better objective of financial management instead of profit maximization?	10	L_4	CO1
3 a.	Emerson Cammack wishes to purchase an annuity contract that will pay him ₹7,000 a year for the rest of his life. The Philo Life Insurance Company figures that his life expectancy is 20 years, based on its actuary tables. The company imputes a compound annual interest rate of 6 percent in its annuity contracts. How much will Cammack have to pay for the annuity? .How much would he have to pay if the interest rate were 8 percent.	05	L_3	CO2
b.	₹100 is received at the end of one year, ₹500 at the end of two years, and ₹1,000 at the end of three years. What is the aggregate present value of these receipts, assuming a discount rate of (i) 4 percent? (ii) 25 percent?	05	L_3	CO2
4.	Discuss the three broad areas of financial decision making. Give one example for each of these areas by taking the case of any organization in your respective domain of technology. Discuss by briefly describing the work that the organization does and relate it to the three areas of decision making.	10	L_4	CO1
5 a.	If you deposit, ₹1000 today in a bank which pays 10 percent interest compounded annually how much will the deposit grow to after 8 years and 12 years.	05	L3	CO2
b.	Mr. Vinay plans to send his son for higher studies abroad after 10 years. He expects the cost of these studies to be ₹ 1,000,000 at the end of ₹1,000,000 at the end of 10 years. If the interest rate is 12 percent.	05	L3	CO2

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