

R.N.G.PATEL INSTITUTE OF TECHNOLOGY-RNGPIT
(An Autonomous Institute U/s UGC Act 1956)

IMBA SEMESTER-III, SEMESTER END EXAMINATION – WINTER 2025

SUBJECT CODE: 1BB0302

DATE: 18-12-2025

SUBJECT NAME: FINANCIAL MANAGEMENT-1

TIME: 11:00 AM to 01:30 PM

TOTAL MARKS: 70

Instructions

1. It is **compulsory** for students to write **Enrolment No. /Seat No.** on the question paper.
2. Write answers of **Section A** and **Section B** in **separate answer books**.
3. Attempt all questions from both **Section A** and **Section B**.
4. Each section carries **35 marks**, with a total of **70 marks** for the examination.
5. The figures to the right of each question indicate full marks, make suitable assumptions with justification.
6. BL - Bloom's Taxonomy Levels (R-Remember, U-Understanding, A –Application, N –Analyze, E – Evaluate, C -Create), CO - Course Outcomes.

SECTION A

	Marks	BL	CO
Q.1 Multiple-Choice Questions	[05]		
(a) Which of the following is NOT considered part of the scope of financial management? <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (i) Investment decision (ii) Financing decision </div> <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (iii) Dividend decision (iv) Marketing decision </div>	1	R	1
(b) What is the main objective of capital budgeting? <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (i) Financing decision (ii) Dividend decision </div> <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (iii) Marketing decision (iv) Investment decision </div>	1	U	2
(c) What should be the decision if NPV is positive? <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (i) Rejected (ii) Accepted </div> <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (iii) Kept ending (iv) Ignored </div>	1	R	2
(d) What is the present value of ₹20,000 to be received after 3 years at a discount rate of 10%? <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (i) ₹24,200 (ii) ₹18000 </div> <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (iii) ₹15026 (iv) ₹26000 </div>	1	U	1
(e) Beta measures which type of risk? <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (i) Business risk (ii) Unsystematic risk </div> <div style="display: flex; justify-content: space-around; margin-left: 40px;"> (iii) Systematic risk (iv) Unsystematic risk </div>	1	R	1

Q.2	Attempt Any Two	[10]		
	(a) Discuss the strategic role of capital budgeting in the long-term growth and sustainability of a business.	5	R	2
	(b) Differentiate between risk and uncertainty with examples.	5	U	2
	(c) What is the Profitability Index (PI)? Explain its application in capital rationing decisions.	5	A	2
Q.3	Attempt Any Two	[10]		
	(a) Differentiate between compounding and discounting techniques.	5	U	1
	(b) Explain Capital Asset Pricing Model (CAPM) in detail.	5	R	1
	(c) Discuss the scope of financial management with special reference to investment, financing, dividend, and liquidity decisions.	5	A	1
Q.4	Attempt Any Two	[10]		
	(a) Compare the Risk-Adjusted Discount Rate (RADR) approach and the Certainty Equivalent approach in risk analysis.	5	U	2
	(b) Discuss the strategic role of capital budgeting in the long-term growth and sustainability of a business.	5	R	2
	(c) Explain NPV, IRR, and PI methods of capital budgeting.	5	A	1

Q.7	Attempt Any Two	[10]		
	(a) What are the factors affecting Working Capital ?	5	U	4
	(b) Discuss the various Cash Management Techniques.	5	U	4
	(c) Define Receivables Management. What are the objectives of Receivables Management?	5	A	4
Q.8	Attempt Any Two	[10]		
	(a) Compare and contrast Long-Term Sources of Finance and Short-Term Sources of Finance with examples	5	R	3
	(b) Write a short note on the Operating Cycle and Cash Cycle	5	A	4
	(c) What is Trade Credit? Discuss its merits, and demerits	5	R	3
