

30 MAR 2026

NATIONAL LAW UNIVERSITY JODHPUR
FINANCE—III FINANCIAL MANAGEMENT

MID-TERM EXAMINATION

Instructions-

Max. Marks- 50

- All the questions are compulsory.
- Basic calculator is allowed.

- Q.1 (a) What is meant by financial management? Discuss its main objectives in detail. (5M)
- (b) Define capital structure and discuss the factors affecting optimum capital structure. (5M)
- (c) Describe the roles of a financial manager in financial management with special reference to profitability and smooth functioning of the business. (5M)
- (d) Draft an organisational chart of the finance function. (5M)
- Q.2 (a) Prepare a Present Value Factor table for 5 years at the interest rates ranging from 1% to 5%. (5M)
- (b) What do you mean by time value of money? Explain its main characteristics. (5M)
- (c) A person takes a loan of ₹1,00,000 at an interest rate of 10% per annum to be repaid in 5 equal annual instalments. Prepare the loan amortisation schedule showing interest, instalment, principal repayment, and outstanding loan balance for each year. (5M)
- (d) A machine is expected to generate cash inflows of ₹20,000, ₹25,000, ₹30,000, and ₹35,000 at the end of every year. If the required rate of return is 12%, calculate the present value of the series of cash flows. (5M)
- Q.3 (a) An investor invests ₹12,500 at the end of each year for 8 years at an interest rate of 11% per annum. Find the future value of the ordinary annuity. (5M)
- (b) A company has an EBIT of ₹5,00,000. The company has issued debt of ₹10,00,000 at an interest rate of 8%. The cost of equity is 12%. Calculate the earnings available to equity shareholders, the market value of equity, the total value of the firm, and the overall cost of capital using the Net Income Approach. (5M)

