Rajiv Gandhi University of Health Sciences, Karnataka

V semester Bachelors in Hospital Administration Degree Examination – OCT-2019

Time: Three Hours **Max. Marks: 80 Marks**

Financial Management

Q.P. CODE: 1320

(QP Contains Two Pages)

Your answers should be specific to the questions asked.
Draw neat, labeled diagrams wherever necessary

LONG ESSAYS (Answer any Two) **2 x 10 = 20 Marks**

1. What is capital budgeting? Explain different techniques or methods of capital budgeting.
2. Explain short term and long term sources of finance.
3. Kwality limited is capitalized with Rs.10,00,000 divided into 1,00,000 equity shares of Rs.10. the management desire to raise another Rs.10,00,000 to finance a major expansion programme: There are four possible financial plans-the company is in 50% tax bracket.
   a. All equity shares
   b. Rs.5 lakhs in equity and the balance in debentures carrying 10% interest
   c. All debentures carrying 8% interest
   d. Rs.5 lakhs in equity and Rs.5 lakhs in preference shares carrying 10% dividend
   The existing EBIT amounts to Rs.1,20,000 p.a
   Calculate EPS in all the above four plans.

SHORT ESSAYS (Answer any Eight) **8 x 5 = 40 Marks**

4. Explain profit maximization.
5. Explain factors influencing capital structure.
6. Explain different types of leverage.
7. Explain NPV and IRR.
8. Explain cash management.
9. Explain approaches to finance.
10. Fortis hospital is considering to purchase a machine. It has two machines beforehand Calculate NPV and PI and suggest which machine is profitable. 10% cost of capital from the details given below:

PARTICULARS	MACHINE A	MACHINE B
Estimated life	5 Yrs	5 Yrs
Original cost	1,00,000	1,00,000
Cash inflows		
Year 1	10,000	10,000
Year 2	30,000	25,000
Year 3	40,000	30,000
Year 4	25,000	30,000
Year 5	20,000	25,000

PVF at 10% for Re.1 as follows

YEAR	1	2	3	4	5
PVF AT 10%	0.909	0.826	0.751	0.683	0.624

11. Ram limited issued Rs.1,00,000, 9% debentures at a premium of 10%. The cost of flotation is Rs.2,500. The tax rate is applicable is 50%. Compute the cost of debt capital?
12. From the following particulars calculate breakeven point in terms of units and rupees:
    Fixed expenses- Rs.3,00,000
    Variable cost per unit – Rs.16
    Selling price per unit - 20
13. The installed capacity of a factory is 700 units. The actual capacity is 500 units. Selling price per

unit is Rs.10 and variable cost per unit is Rs.6 per unit.
Calculate the operating leverage in each of the following situations
(a) When fixed cost are Rs.500
(b) When fixed cost are Rs.1,100
(c) When fixed cost are Rs.1,500

SHORT ANSWERS (Answer any ten) **10 x 2 = 20 Marks**

14. What is financial management?
15. What is meant by cost of capital?
16. What is meant by leverage?
17. What is net present value?
18. What is meant by accounts receivable?
19. What is scrip dividend?
20. What is meant by contribution?
21. What is meant by permanent and temporary working capital?
22. How to calculate P/V ratio?
23. What is meant by wealth maximization?
24. What is meant by financial market?
25. What is meant by debenture?

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