

Rajiv Gandhi University of Health Sciences, Karnataka

V semester Bachelors in Hospital Administration Degree Examination – APRIL 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 meant by Financial Statement? Explain different kinds of Financial Statement.
2. Explain different sources of Finance.
3. An Apollo hospital has two alternative financial plans, plan A and plan B from the following particulars. Calculate Operating Leverage, Financial Leverage and Combined Leverage for the two alternative financial plans, the hospital is in 40% tax bracket.

Particulars	Plan A	Plan B
Total Assets	2,00,000	2,00,000
Equity Share Capital (Shares of Rs.10 each)	1,25,000	1,00,000
12% Debenture Capital	75,000	1,00,000
Sales	1,00,000	1,00,000
Variable Cost	60,000	60,000
Total Fixed Cost	20,000	20,000

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

4. Explain functions of Finance.
5. Explain different factors affecting Working Capital Management.
6. Explain NPV and IRR.
7. Explain CVP analysis.
8. Explain different types of Dividend Policies.
9. Explain Wealth Maximization.
10. The capital structure of Jayadeva hospital as on 31.03.2012 are given below:

Particulars	Amount
Equity Share Capital (Rs.10 each)	10,00,000
Reserves and Surplus	1,00,000
Share Premium	1,00,000
15% Term Loan	2,00,000

Assume EBIT in both cases is Rs.10,00,000 and the companies are in 50% tax bracket. Calculate EPS of the company.

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11. 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	0.621

12. 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.
13. From the following particulars, calculate Break-Even Point in terms of Units and Rupees.
 Fixed Expenses – Rs.3,00,000
 Variable Cost per unit – Rs.16
 Selling Price per unit – Rs.20

SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

- Define Finance.
- What is Capital Structure?
- What is Profit Maximization?
- What is a Share?
- What is meant by Inventory Management?
- What is meant by Operating Leverage?
- What is meant by Break-Even Point?
- Name the motives for holding cash.
- What is Primary Market?
- What is meant by Working Capital Management?
- What is meant by Payback Period?
- What is Operating Cycle?
