

Rajiv Gandhi University of Health Sciences, Karnataka

V semester Bachelors in Hospital Administration Degree Examination – May 2017

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. Explain Inventory and Accounts Receivable Management.
2. Explain short-term and long-term sources of Finance.
3. Kwalitiy 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 12% Interest
 - c) All Debentures carrying 10% Interest
 - d) Rs. 5 Lakhs in Equity and Rs.5 Lakhs in Preference Shares carrying 10% DividendThe existing EBIT amounts to Rs.2,00,000 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 Cash Management.
8. Explain approaches to Finance.
9. Explain Capital Market and Money Market.
10. The Prosperous Company Ltd. is 20% of their earnings as Dividend every year. The annual profits for the last 5 years are Rs.1,00,000 and the number of Equity Shares outstanding is 10,000. The earnings of the company recorded an annual growth of 5%. The market price of share is Rs.100. Calculate cost of Equity Share Capital.
11. From the following particulars relating to a project, calculate IRR. The cost of the project is Rs.50,000; the life of the project is 5 years and following are the expected cash inflows of the project.

Years	1	2	3	4	5
Cash inflows	20,000	15,000	10,000	15,000	8,000

Present Value Factors at 10% and 15%

Years	1	2	3	4	5
PVF at 10%	0.909	0.826	0.751	0.683	0.621
PVF at 15%	0.870	0.756	0.658	0.572	0.497
12. The following information is available in respect of a product.
 - Units sold – 30,000
 - Units sale price – Rs.10
 - Fixed cost – Rs.40,000
 - Variable cost per unit – Rs.6
 - Tax rate – 50%
 - 10% debt capital of Rs.1,00,000

Calculate Operating Leverage, Financial Leverage and Combined Leverage.

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13. 10 year, 8% Debentures of Rs.100 face value, redeemable at 5% premium, sold at par, 2% flotation cost. Calculate Cost of Debt, the company is in 50% tax bracket.

SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

14. Define Capital Structure.
15. What is meant by Inventory?
16. Define Financial Management.
17. What is meant by Funds Flow Statement?
18. What is meant by Financial Leverage?
19. What is meant by Primary Market?
20. What is Scrip Dividend?
21. What is meant by Contribution?
22. What is meant by permanent and temporary Working Capital?
23. How do you calculate P/V ratio?
24. What is meant by Wealth Maximization?
25. What is meant by Financial Market?
