

Rajiv Gandhi University of Health Sciences, Karnataka
V Semester Bachelors in Hospital Administration Degree Examination - 04-Dec-2023

Time: Three Hours

Max. Marks: 80

FINANCIAL MANAGEMENT IN HEALTHCARE - (RS)

Q.P. CODE: 3248

(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 working capital? Explain different components of working capital
2. 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	100000	100000
Cash inflows		
Year 1	10000	10000
Year 2	30000	25000
Year 3	40000	30000
Year 4	25000	30000
Year 5	20000	25000

PVF at 10% for Rs.1 a follows:

Year	1	2	3	4	5
PVF at 10%	0.909	0.826	0.751	0.683	0.624

3. Discuss the traditional and modern approaches of financial management

SHORT ESSAYS (Answer any Eight)

8 x 5 = 40 Marks

4. Discuss the role of financial manager
5. Evaluate the advantages and disadvantages of retained earnings
6. Bharathi Ltd issues 4000, 12% preference shares of Rs.100 each at a discount of 5%. Costs of raising capital are Rs.8000. compute cost of preference capital
7. Explain the uses of operating leverage and financial leverage
8. Explain the factors affecting dividend policy
9. Explain financial decisions in a firm
10. ABC limited is considering two alternatives. The first alternative costs Rs.12000 and the estimated annual cash inflow amounts to Rs.4000. Its economic life is 5 years. The second alternative costs Rs.10000 and its estimated cash inflow is also Rs.4000 p.a Its economic life is however only four years. Advise the management by using payback period

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11. What do you mean by capitalization? Throw light on the effects of over capitalization and under capitalization
12. Kumar Company has sales of Rs.25,00,000. Variable cost of Rs.12,50,000 and fixed cost of Rs.50,000 and debt of Rs.12,50,000 at 8% rate of interest. Calculate OL, FL and CL
13. Explain the steps in financial planning

SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

14. Define cost of capital
15. What is future value and present value?
16. What is contribution?
17. What is operating cycle?
18. What is meant by retained earnings?
19. What is profitability index?
20. What is permanent and temporary working capital?
21. What are the scope of financial management?
22. What do you mean by stock dividend?
23. What are the decisions involved in financial management?
24. What is maximum level and minimum level?
25. What is future value of money?
