

Rajiv Gandhi University of Health Sciences, Karnataka

V semester Bachelors in Hospital Administration Degree Examination – 30-May-2025

Time: Three Hours

Max. Marks: 80 Marks

Financial Management in Health Care - (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 finance? Explain sources of finance with example.
2. Star company Ltd is capitalized with Rs.10,00,000 divided into 1,00,000 equity shares of Rs.10. The management desires to raise another Rs.10,00,000 to finance a major expansion program. 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 7% interest.
 - d. Rs. 5 Lakhs in equity & 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.
3. What is capital budgeting? Explain importance and techniques of capital budgeting.

SHORT ESSAYS (Answer any Eight)

8 x 5 = 40 Marks

4. Reliance Ltd issued Rs.1,00,000, 9% debentures of at a premium of 10%, the cost of fluctuation is Rs.2500. The tax rate is 50%, Compute Cost of debt Capital.
5. The capital structure of ABC Ltd as on 31-03-2021 are as follows

Particular	Amount
Equity Share Capital (Rs.10 each)	10,00,000
Reserve & Surplus	1,00,000
Share premium	1,00,000
15% term Loan	2,00,000

Assume EBIT is 10,00,000 & Tax rate 50%. Calculate EPS.

6. XYZ Ltd present the following information calculate operating, financial and combined leverage

15% Debentures of Rs.100 each	Rs.10,00,000
Sale price per unit	Rs.15
Variable cost per unit	Rs.8
Tax rate	35%
Fixed cost	Rs.2,00,000

Assume the output to be 1,00,000 units. What will be the leverages, if the output goes up to 2,00,000 units?

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7. Sunshine Enterprises furnishes the following information estimate working capital

Requirement using operating cycle	
a) Average Inventory	Rs.
Raw Material	4,00,000
Work In Progress	6,00,000
Finished Goods	8,00,000
b) Particulars of Daily Operation	
Raw Material Consumed	40,000
Cost of Production	1,00,000
Cost of Goods Sold	1,60,000
Credit Sale	1,50,000
Credit purchases	80,000
c) Total Debtors	
d) Total Creditors	10,40,000

8. What is financial planning? Explain principles of a sound financial planning.
9. Write a note on optimum capital structure.
10. What is investment decision and financial decision?
11. Define financial management? Explain objectives of financial management.
12. Explain types and forms of dividend policy.
13. Write a note on time value of money.

SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

14. Any few functions of financial management.
15. Define capital market and money market.
16. What is Net working capital?
17. Explain equity, preference and debenture.
18. What is leverage?
19. What is retained earnings.
20. What is weighted average cost of capital?
21. What is meant by inventory management?
22. Define EPS.
23. Cash management.
24. Marginal cost of capital.
25. What is capitalization?
