

Rajiv Gandhi University of Health Sciences, Karnataka
V Semester Bachelors in Hospital Administration Degree Examination - 14-May-2026

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. Jindal Steel Ltd., is capitalized with Rs.10,00,000 dividend 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 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

2. Asian Paints Ltd., is considering the purchase of a machine, which cost Rs.50,000. The machine has a life expectancy of 5 years. The tax rate is 35%. The estimated cash flow before depreciation and tax from the investment is as follows:

Year	1	2	3	4	5
CFBDT	10,000	10692	12769	13462	20385

Compute the following:

- a. Payback period
- b. ARR
- c. NPV
- d. Profitability index

The PVF @ 12% is as follows:

Year	1	2	3	4	5
PVF @ 12%	0.893	0.797	0.715	0.636	0.567

3. What is working capital? Explain importance and factors of working capital

SHORT ESSAYS (Answer any Eight)

8 x 5 = 40 Marks

4. What is dividend decision? Explain types and forms of dividend

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5. Star Ltd., gives the following information. Calculate the operating leverage, financial leverage and combined leverage

Utilized capacity 10,000 unit	Selling prices Rs.116 per unit
Variable cost Rs.46 per unit	Fixed cost Rs.3,00,000
Interest on loan Rs.1,00,000	Tax rate 50%
Preference dividend Rs.50,000	

6. From the following particulars of a Atlas Products Ltd., compute the operating cycle

Average inventory

- Raw material 4,00,000
- Work in progress 6,00,000
- Finished goods 8,00,000

Particulars daily operation

- Raw material consumed 40,000
- Cost of production 1,00,000
- Cost of goods sold 1,60,000
- Credit purchases 80,000
- Total debtors 8,00,000
- Total creditors 10,40,000

Assume 360 days per year for the purpose

7. Reliance Ltd., had the following capital structure
- a. Equity shares of Rs.10 each amounting to Rs.3,00,000. The market price of the share was Rs.75 and the dividend was at 40%
 - b. 15% preference shares of Rs.100 each redeemable after 10 years at 10% premium. The preference capital was Rs.2,00,000
 - c. Rs.4,00,000 worth of 14% debenture of Rs. 100 each redeemable at 5% premium after 5 years . the applicable tax rate was 30%

Calculate the weighted average cost of capital

8. Define financial management. Explain role of financial manager
9. Explain profit maximization and wealth maximization
10. What is financial planning? Explain steps in financial planning
11. Write a note on time value of money
12. Explain cash management and receivable management
13. Write a note on investment decision

SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

14. Define cost of capital
15. What is meant by long term and short term sources?
16. Define retained earnings
17. What is meant by financial decisions?
18. Sources of finance
19. What is EPS?
20. Define capitalization
21. What is payback period and ARR?

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22. Define capital budget
23. Capital structure
24. What is primary and secondary market?
25. Profit maximization
