International Institute of Health Management Research (IIHMR), New Delhi.
Plot 3, Sector 18A Dwarka New Delhi 110075

Postgraduate Diploma in Management (Hospital and Health)

First Semester
CC 611 Financial Management

Time: 2 hours **Maximum Marks: 70**

Note:
1. All answers to be scanned and uploaded.
2. Use of simple calculator is allowed
3. All questions carry equal marks (14 marks). Attempt any 5 out of 7.

1. The following trial balance is prepared after preparation of income statement for FMA enterprises as at 31 March 2021.

	Dr.	Cr.
	$	$
Prenises	30000	
Furniture	15000	
Vehicles	4000	
Inventory	3400	
Bank	2300	
Capital		43500
Loan from ABC Bank		10000
Trade receivables and trade payables	2000	2300
Net profit		8500
Drawings	7600	
	64300	64300

Required:
Prepare balance sheet for F. Green as at 31 March 2021.

2. The Balance Sheet of Punjab Healthcare Limited as on 31-12-2020 was as follows:

Particular	Rs.	Particular	
Equity Share Capital	40,000	Plant and Machinery	
Capital Reserve	8,000	Land and Buildings	
8% Loan on Mortgage	32,000	Furniture & Fixtures	
Creditors	16,000	Stock	
Bank overdraft	4,000	Debtors	
Taxation:		Investments (Short-term)	
Current	4,000	Cash in hand	
Future	4,000		
Profit and Loss A/c	12,000		
	1,20,000		

From the above, compute (a) the Current Ratio, (b) Quick Ratio, (c) Debt-Equity Ratio, and (d) Proprietary Ratio.

3. Explain briefly the dimensions of PM JAY. What do you understand by OOPE, Risk Pooling & Cross Subsidization?

4. A project manager is relegated to a venture ahead of schedule in the venture lifecycle. Something that must be done is to do a justification for the project. Since very little information is known about the project, the estimates are considered to be rough estimates. The accompanying table is the project manager's gauge of the income that will occur throughout the following five years:

End of Year	Cash Flow In	Cash Flow Out
1	0	500,000
2	300,000	90,000
3	400,000	100,000
4	100,000	175,000
5	50,000	35,000

Calculate the NPV and IRR. Given discount rate is 10%.

5. From the following information, prepare a monthly cash budget for the three months ending 31st December 2021.

Month	Sales ($)	Materials ($)	Wages ($)	Production ($)	Admin. Selling, etc ($)

Jun.	3,000	1,800	650	225	160
Jul.	3,250	2,000	750	225	160
Aug.	3,500	2,400	750	250	175
Sep.	3,750	2,250	750	300	175
Oct.	4,000	2,300	800	300	200
Nov.	4,250	2,500	900	350	200
Dec.	4,500	2,600	1,000	350	225

- The credit terms are as follows:

- Sales — 3 months to debtors. 10% of sales are in cash. On average, 50% of credit sales are paid on the due dates, while the other 50% are paid in the next month.
- Creditors for material — 2 months.

- The lag in payment for wages is 1/4 month and 1/2 month for overheads.
- The cash and bank balance on 1st October is expected to be $1,500.
- Other information is given as follows:

- Plant and machinery are to be installed in August at a cost of $24,000. This sum will be paid in monthly installments of $500 each from 1st October.
- Preference share dividends @ 5% on $50,000 are to be paid on 1st December.
- Calls on 250 equity shares @ $2 per share are expected on 1st November.
- Dividends from investments amounting to $250 are expected on 31st December.
- Income tax (advance) is to be paid in December $500

6. The National Healthcare Company has just been formed. They have a patented process that will make them the sole suppliers of Product A.

   During the first year, the capacity of their plant will be 9,000 units, and this is the amount they will be able to sell. Their costs are:

   - Direct labor = Rs 15 per unit

- Raw materials = Rs 5 per unit
- Other variable costs = Rs 10 per unit
- Fixed costs = Rs 240,000

There are two parts to this question:

(a) If the company aims to make a profit of Rs 210,000 for the first year, what should the selling price be? What is the contribution margin at this price?

(b) If, at the end of first year, the company aims to increase its volume, how many units will they have to sell to realize a profit of Rs 760,000 given the following conditions?

- An increase of Rs 100,000 in the annual fixed costs will increase their capacity to 50,000 units
- Selling price is at Rs 70 per unit and no other costs change
- Rs 500,000 is invested in advertising

7. There are two Products P and Q, with the following characteristics. The Economic Order Quantity (EOQ) of Products P and Q, will be in what ratio?

Product	Demand (units)	Order cost (Rs / order)	Holding Cost (Rs.unit/year)
P	100	50	4
Q	400	50	1