Manmohan Technical University Office of the Controller of Examinations **Exam Year: 2081, Chaitra (Model Question)**	**Exam Roll:** .... Invigilator's Sign: .... **Exam Roll in words:**	
School: SOASTL	Level: Master	
Program: MHHM	Year/Part: I/I	Superintendent's Sign: ....
Subject: Healthcare Financial Management (MHHM104)		Code No. ....

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GROUP A *(Multiple-Choice Questions)* ***Page - 1***	**[20x1=20]**	**Maximum Time: 20 Minutes**

Code No.

i. There are 20 numbers of MCQs provided in this group.
ii. Answers should be given by filling the Multiple-Choice Questions' Answer Sheet.
iii. The main answer sheet can be used for rough work.
iv. No mark will be awarded for cutting, erasing, over writing and multiple circles shading.

1. The capital budget is associated with.
   A) Tangible Assets
   B) Intangible assets
   C) Long terms assets
   D) Short term assets
2. Financial structure refers to ______________.
   A) Short-term sources.
   B) All the financial sources.
   C) Long-term sources.
   D) None of these.
3. CAPM stands for.
   A) Capital asset pricing model.
   B) Capital amount printing model.
   C) Capital amount pricing model.
   D) Capital asset printing model.
4. The long-run objective of financial management is to ___________.
   A) Maximize earnings per share.
   B) Maximize the value of the firm's common stock.
   C) Maximize return on investment.
   D) Maximize market share.
5. 20. ___________ is the minimum required rate of earnings or the cut off rate of capital expenditure.
   A) Cost of capital.
   B) Working capital
   C) Equity capital
   D) None of the above.
6. The term ______________ refers to the period in which the project will generate the necessary cash flow to recover the initial investment.
   A) Internal Rate of Return.
   B) Payback period.
   C) Net Present Value
   D) Accounting Rate of Return.
7. In finance, " Net Working Capital" refers to :
   A) Total assets.
   B) Fixed assets
   C) Current assets.
   D) Current assets minus current liabilities.
8. The relationship between two securities is measured by:
   A) Standard Deviation
   B) Correlation
   C) Coefficient of Variation
   D) Beta
9. A periodic payment having an infinite life is known as:
   A) Even Cash Flow
   B) Uneven Cash Flow
   C) Perpetuity
   D) Annuity
10. Dividend distributed in the form of additional shares to the existing shareholders is known as:
    A) Cash Dividend.
    B) Stock Dividend.
    C) Right Issue
    D) None of these

Multiple Choice Questions' Answer Sheet for questions from number 1 to 10

Corrected Fill
Ⓐ ● Ⓒ Ⓓ
Incorrected Fill

1. Ⓐ Ⓑ Ⓒ Ⓓ	6. Ⓐ Ⓑ Ⓒ Ⓓ
2. Ⓐ Ⓑ Ⓒ Ⓓ	7. Ⓐ Ⓑ Ⓒ Ⓓ
3. Ⓐ Ⓑ Ⓒ Ⓓ	8. Ⓐ Ⓑ Ⓒ Ⓓ
4. Ⓐ Ⓑ Ⓒ Ⓓ	9. Ⓐ Ⓑ Ⓒ Ⓓ
5. Ⓐ Ⓑ Ⓒ Ⓓ	10. Ⓐ Ⓑ Ⓒ Ⓓ

Please Turn Over

GROUP A *(Multiple-Choice Questions)* *Page - 2*		

11. Which of the following is known as hybrid securities:
    A) Debenture
    B) Right Issue
    C) Preferred Stock
    D) Common Stock

12. What is the required rate of return on equity share having a beta of 0.80. The risk free rate is 6%, market risk premium is 4% and corporate tax is 30%.
    A) 9.2%
    B) 8.8%
    C) 6.44%
    D) None of the above
13. What does $\beta > 1$ indicates:
    A) Defensive stock
    B) Aggressive Stock
    C) Average Stock
    D) Rightly Priced Stock
14. Which of the following is the correct calculation of Cash Conversion Cycle (CCC)
    A) CCC= ICP-RCP-PDP
    B) CCC= ICP-RCP+PDP
    C) CCC= ICP+RCP+PDP
    D) CCC= ICP+RCP-PDP
15. Which of the following cost is not associated with credit sales.
    A) Ordering Cost
    B) Opportunity Cost
    C) Cash Discount
    D) Bad Debt Losses
16. The fund required for day to day business operation is known as
    A) Capital Expenditure Financing
    B) Working Capital Financing
    C) Debt Financing
    D) Equity Financing
17. The leverage which measures the risk associated with Fixed Cost is known as
    A) Combined Leverage
    B) Controllable Leverage
    C) Financial Leverage
    D) Operating Leverage
18. If Actual EBIT > Indifference EBIT, it is recommended to prefer:
    A) Equity Financing
    B) Debt Financing
    C) Preferred Stock Financing
    D) All of the above
19. If various investment opportunities are available, the stock having __________ CV is accepted.
    A) Maximum
    B) Minimum
    C) Average
    D) None of the above
20. The area of finance which studies the fund management of the government is known as:
    A) Business Finance
    B) Public Finance
    C) National Finance
    D) Corporate Finance

Multiple Choice Questions' Answer Sheet for questions from number 11 to 20

Marks Secured in MCQ: ____________________

In Words: ________________________________

Examiner's Sign: ___________ Date: __________

Scrutinizer's Marks: _________________________

In Words: ________________________________

Scrutinizer's Sign: ___________ Date: __________

Corrected Fill

A B C D

Incorrected Fill

A B C D

11.	A	B	C	D	16.	A	B	C	D
12.	A	B	C	D	17.	A	B	C	D
13.	A	B	C	D	18.	A	B	C	D
14.	A	B	C	D	19.	A	B	C	D
15.	A	B	C	D	20.	A	B	C	D

Manmohan Technical University
Office of the Controller of Examinations
Exam Year: 2081, Chaitra (Model Question)

School: SOASTL	Level: Master	Time: 3 Hours
Program: MHHM	Year/Part: I/I	Full Marks: 100
Subject: Healthcare Financial Management (MHHM104)		Pass Marks: 50

- ✓ *Candidates are required to give their answers in their own words as far as practicable.*
- ✓ *The figures in the margin indicate Full Marks.*
- ✓ *Assume suitable data if necessary*.

GROUP A *(Multiple-Choice Questions are provided on separate sheet)* **[20x1=20]**

GROUP B ***(****Problem Based Question –* ***Attempt Any One)*** **[1×15=15]**

1. What do you understand by Dividend Policy? How does stock dividend differs from cash dividend? Is one better than the other from the shareholder's perspective? (4+6+5)
2. 2. Koshi Zonal Hospital is considering to purchase a Diagnostic Machine costing Rs. 700,000. The installation charges of the machine will require an additional Rs. 350,000. The projected life of the machine is 10 years. The estimated book salvage value of the machine after 10 years is Rs. 50,000 and the machine will realize a cash salvage value of Rs. 80,000 after the expiry of its useful life. The diagnostic machine is expected to generate revenues of Rs. 14,00,000 per year for 10 years. Similarly, the annual operating cash expenses is estimated to be Rs. 11,20,000. The cost of capital of the hospital is 12% and the tax @ 40% is charged on the overall income of the hospital.
   Required:
   a. Initial Investment (2)
   b. Annual Depreciation under Straight Line Method. (3)
   c. Estimated annual Cash Flow After Tax (CFAT) (4)
   d. Estimated Final Year CFAT (2)
   e. Whether it would be profitable for the Hospital to purchase the diagnostic machine? Give your recommendation under Net Present Value (NPV) and Internal Rate of Return (IRR) method. (5)

GROUP C ***(****Long Answer Questions -* ***Attempt Any Four)*** **[4×10=40]**

3. The primary purpose of the preemptive right is to allow individuals to maintain the proportionate share of the ownership and control of a corporation. Explain.
4. What do you understand by credit terms? What is the effect of relaxing credit term?
5. Why is wealth maximization is considered superior goal of finance? Discuss.
6. The prize in last week's Himalayan Lottery was estimated to be worth Rs 35 million. you were lucky enough to win, the Himalayan will pay you Rs 1.75 million per year over the next 20 years. Assume that the first installment is received immediately.
   a. If interest rates are 8 percent, what is the present value of the prize?
   b. If interest rates are 8 percent, what is the future value after 20 years?
   c. How would your answers change if the payments were received at the end of each year?

P.T.O.

7. Pride Printing House is considering two possible capital structure A and B. Assume 40 percent tax rate.

Source of capital	Structure A	Structure B
Long-term debt	Rs 75,000 at 16%	Rs 50,000 at 15%
Preferred stock	Rs 10,000 at 18%	Rs 15,000 at 18%
Common stock	8,000 shares	10,000 shares

a. What is the indifference point EBIT between two structures?
b. Explain over what EBIT range, if any, each structure is preferred
c. Which structure would you recommend if the firm expects its EBIT to be Rs 35,000? Explain.

GROUP D *(Short Answer Questions - **Attempt Any Five**)* **[5×5=25]**

8. Differentiate between Annuity and Perpetuity.
9. "Do not keep entire egg in a single basket". Justify it in the context of Portfolio management.
10. Define a Break Even Point (BEP). Why is it calculated?
11. Mention the various components of Cost of Capital.
12. Dipankar Sharma, an investor, is considering investing in securities that offers the following probability distribution of possible one-year returns:

Probability of occurrence	0.20	0.25	0.25	0.30
Possible Return	-5%	10%	20%	15%

a. Calculate expected return and standard deviation associated with this investment.
b. Calculate Coefficient of Variation and interpret the result.

13. The Sagarmatha Finance Company's next dividend is expected to be Rs. 20 and its growth rate is 6%. The common stock is presently selling at Rs. 160. New sock will require a flotation cost of 10%. Calculate:
    i. Cost of New Equity ii. Cost of Retained Earning

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