



MANIPAL UNIVERSITY

SECOND SEMESTER MASTER IN HOSPITAL ADMINISTRATION DEGREE EXAMINATION - JUNE 2017

SUBJECT: MHA 604 - FINANCIAL MANAGEMENT IN HEALTHCARE
(REGULAR)

Tuesday, June 13, 2017 (10.00 - 13.00 Hrs.)

Marks: 80

Duration: 180 mins.

Answer ALL the questions:

- 1) From the following prepare a Working Capital Statement for a level of activity of 90,000 units of production. (15)
- Raw material – Rs. 15 per unit; Direct Labor – Rs. 10 per unit; Overheads – Rs. 15 per unit; Profit – Rs. 15 per unit; Selling price – Rs. 55 per unit.
 - Raw materials are in stock for an average of 2.5 months.
 - Materials are in process on an average of 2 weeks.
 - Finished goods are in stock on an average 2 months.
 - Credit allowed by supplier is 2 months.
 - Time lag in payment of wages is 4 weeks.
 - Time lag in payment of overheads is 2 months.
 - Credit allowed to debtors is 2 months.
 - 30% of the output is sold for cash.
 - Cash in hand and at bank is expected to be Rs. 20,000.
 - It's assumed that the production is carried on evenly throughout the year and wages and overheads accrue similarly. The time period of 4 weeks is equal to 1 month.
- 2) Star Corporation has the practice of estimating Working Capital Requirements on the basis of the operating cycle. It gives the following details: (15)
- Period covered 365 days.
 - Average creditors 1,50,000
 - Average debtors 3,00,000
 - Raw materials consumed 8,00,000
 - Cost of Production 25,00,000
 - Cost of Sales (operating cost) 32,00,000
 - Sales 80,00,000
 - Average Inventory:
 - Raw materials: 3,00,000
 - Work in process: 10,20,000
 - Finished Goods: 12,80,000
- Calculate:**
- i) Gross Operating Cycle
 - ii) Net Operating Cycle
 - iii) Number of operating cycles in a year
 - iv) Average Working Capital Requirements
- 3A) From the following given cash flows of the two projects, compute the payback period and suggest which of the two projects should be selected. (10)

Year	Project X	Project Y
1	3,00,000	2,00,000
2	2,50,000	1,50,000
3	2,00,000	2,00,000
4	1,00,000	1,40,000
Cost	5,00,000	4,50,000

- 3B) An industry is considering the purchase of 2 machines. A and B are available costing Rs. 1,00,000 each. The machines have a life of 5 years. The Cash Flows After Tax After Depreciation are expected to be as follows: (10)

Year	Machine A	Machine B
1	30000	25000
2	25000	22000
3	50000	40000
4	24000	20000
5	10000	15000

You are required to evaluate the above machines and recommend which one should be selected under the ARR method.

- 3C) **Write short notes on:** (10)
 i) Investment Decisions
 ii) Financing Decisions
- 3D) Critically explain the various advantages of budgeting and budgetary control. (10)
- 3E) What is Profit maximization? List out the various arguments that favor an organization to adopt the profit maximization goal. (10)

Question Paper



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SECOND SEMESTER ,MASTER IN HOSPITAL ADMINISTRATION DEGREE EXAMINATION
- JUNE 2017

SUBJECT: MHA 606 - HEALTH ECONOMICS AND BUSINESS ECONOMICS
(REGULAR)

Wednesday, June 14, 2017 (10.00 - 13.00 Hrs.)

Marks: 80

Duration: 180 mins.

Answer ALL the questions:

- 1) Explain along with diagram, does drug interdiction increase or decrease drug related crimes? If the government introduces drug education what is the effect on demand and drug related crimes. Explain along with diagram. (15)
- 2) **Explain the following cases with appropriate diagram.** (15)
 - i) During a summer, a hurricane destroys a part of sugarcane crops and drives up the price of sugar. How does this event affect the supply of ice cream and the equilibrium of the market?
 - ii) During a summer the heat wave increases the temperature further leading to an increase in demand for ice cream. How does this event affect the equilibrium of the market?

Write short notes on the following questions:

- 3A) What is economic evaluation? Discuss the different types of economic evaluation used in an economy. (10)
- 3B) What are the objectives of a public private partnership? Discuss various models of PPP as seen in healthcare industry along with an example. (10)
- 3C) Define price elasticity of demand. Discuss the various elasticities of demand along with diagram. Explain the significance of the relationship between price elasticities and revenue. (10)
- 3D) What do you understand by the term Insurance? Discuss the principles of Insurance. What are advantages of Health Insurance to people? (10)
- 3E) What is an economy? Explain along with diagram the different ways in which individuals can derive utility by alternative use of resources. (10)