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BRAINWARE UNIVERSITY

Term End Examination 2024-2025

Programme – BBA-2022

Course Name – Business Analysis and Valuation

Course Code - BBAD601F

(Semester VI)

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) Which financial statement provides information about a company's profitability over a period?
- | | |
|------------------------|---------------------|
| a) Income Statement | b) Balance Sheet |
| c) Cash Flow Statement | d) Auditor's Report |
- (ii) What ratio measures a company's ability to pay short-term obligations?
- | | |
|---------------------|-------------------------|
| a) Current Ratio | b) Debt-to-Equity Ratio |
| c) Return on Assets | d) Earnings Per Share |
- (iii) Which section of the annual report gives insights into the company's future plans and performance analysis?
- | | |
|-------------------------|---------------------|
| a) Chairman's Statement | b) Auditor's Report |
| c) Cash Flow Statement | d) Balance Sheet |
- (iv) What does the Debt-to-Equity Ratio measure?
- | | |
|-----------------------|-----------------|
| a) Profitability | b) Liquidity |
| c) Financial Leverage | d) Market Share |
- (v) Which financial statement shows the financial position of a company at a specific point in time?
- | | |
|------------------------|----------------------|
| a) Balance Sheet | b) Income Statement |
| c) Cash Flow Statement | d) Director's Report |
- (vi) What does a high Current Ratio indicate?
- | | |
|------------------------------|----------------------|
| a) Strong Liquidity Position | b) High Debt Level |
| c) Low Profitability | d) High Market Share |
- (vii) Where can you find details about corporate governance practices?
- | | |
|-----------------------------------|-------------------------|
| a) Report on Corporate Governance | b) Balance Sheet |
| c) Cash Flow Statement | d) Chairman's Statement |
- (viii) Which report provides an independent opinion on financial statements?
- | | |
|---------------------|-------------------------|
| a) Auditor's Report | b) Chairman's Statement |
|---------------------|-------------------------|

- a) Cash Flow Statement
- d) Director's Report
- (ix) What does a low Debt-to-Equity ratio suggest?
 - a) Lower Financial Risk
 - b) High Profitability
 - c) High Liquidity
 - d) Weak Corporate Governance
- (x) Where would you find management's discussion on risks and opportunities?
 - a) Management Discussion & Analysis
 - b) Balance Sheet
 - c) Auditor's Report
 - d) Cash Flow Statement
- (xi) What is the purpose of an auditor's report?
 - a) Assess Accuracy of Financial Reports
 - b) Approve Business Strategy
 - c) Determine Employee Performance
 - d) Analyze Inventory Turnover
- (xii) What does a low Quick Ratio indicate?
 - a) Weak Liquidity Position
 - b) High Profitability
 - c) Strong Corporate Governance
 - d) High Market Share
- (xiii) What is the purpose of net borrowing in FCFE calculation?
 - a) Adjust for changes in leverage
 - b) Increase Net Profit
 - c) Pay Off Dividends
 - d) Reduce Taxes
- (xiv) What happens when earnings growth rate exceeds the required return in DDM?
 - a) Stock Valuation Becomes Unstable
 - b) Stock Price Increases
 - c) Dividend Yield Increases
 - d) FCFE Rises
- (xv) What formula is used to value a perpetuity?
 - a) Cash Flow / Discount Rate
 - b) Net Income - Taxes
 - c) P/E Ratio * EPS
 - d) Market Cap / Net Revenue

Group-B

(Short Answer Type Questions)

$$3 \times 5 = 15$$

2. Explain the significance of ratio analysis in evaluating the income statement and balance sheet. (3)
3. Summarize how the Director's report aids in evaluating financial soundness. (3)
4. Summarize the role of management discussion & analysis in financial evaluation. (3)
5. Determine how liquidity ratios impact financial evaluation. (3)
6. Determine the role of the corporate governance report in financial analysis. (3)

OR

Illustrate the link between risk analysis and financial soundness in annual reports? (3)

Group-C

(Long Answer Type Questions)

$$5 \times 6 = 30$$

7. Determine the importance of ratio analysis in evaluating financial performance. (5)
8. Illustrate how a Chairman's Statement provides insight into a company's performance. (5)
9. Explain the Dividend Discount Model (DDM) and its extensions. (5)
10. Determine the role of free cash flow to equity (FCFE) in valuation. (5)
11. Summarize the Free Cash Flow to Equity Model. (5)
12. Explain how the cost of capital impacts the valuation of firms and investment decisions. (5)

OR

Explain the significance of relative valuation in financial analysis and investment decisions. (5)
