



# BRAINWARE UNIVERSITY

Term End Examination 2023

Programme – BBA-2018/BBA-2019/BBA-2020

Course Name – Business Analysis and Valuation

Course Code - BBA604F/BBAD601F

( Semester VI )

Brainware Library  
Brainware University  
398, Ramkrishnapur Road, Barasat  
Kolkata, West Bengal-700125

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) Analyse statements below select one that does not indicate objective of accounting analysis.
- |   |   |
|---|---|
| a) Identify areas in the financial statements that are most strongly affected by management's discretionary accounting choices. | b) Identify accounting choices that are most critical to a firm's accounting performance. |
| c) Assess whether the financial statements fully comply with accounting conventions and regulations                             | d) Understand management's reporting incentives and strategy.                             |
- (ii) Apply your ideas to choose the factors that is not relevant in developing a firm's accounting strategy.
- |   |   |
|---|---|
| a) The presence of mandatory changes in accounting policies | b) Management's incentives to manage earnings |
| c) Average accounting choices in the industry               | d) Accuracy of past accounting estimates      |
- (iii) Interpret Industry profitability as a function of
- |                                  |   |
|----------------------------------|---|
| a) Rivalry among existing firms  | b) Competitive advantage of industry members                                      |
| c) Bargaining power of customers | d) Rivalry among existing firms, Bargaining power of customers, and other factors |
- (iv) From your basic knowledge name the analysis that is Static in nature.
- |                         |                      |
|-------------------------|----------------------|
| a) Horizontal analysis  | b) Vertical analysis |
| c) Comparative analysis | d) Trend analysis    |
- (v) Show the method of expressing relationship between two financial variables.
- |                    |                     |
|--------------------|---------------------|
| a) Pure ratio form | b) Percentage ratio |
| c) Rate or time    | d) None of these    |



**Group-B**  
(Short Answer Type Questions)

3 x 5=15

2. Describe the concept of vertical statement analysis. (3)
3. Explain idea of cross sectional analysis. (3)
4. Describe the concept of common size statement. (3)
5. Explain operating profit ratio. Write formula of its computation. (3)
6. Analyse and comment on necessity of cash flow. (3)

**OR**

Analyse interested parties in financial statement analysis. (3)

**Group-C**  
(Long Answer Type Questions)

5 x 6=30

7. Explain the importance of income in profitability analysis (5)
8. Describe the main limitations of income analysis (5)
9. Sales of B Ltd in 2021 and 2022 are Rs.4,80,000 and Rs.5,46,000. Units sold are 40,000 units (5) and 42,000 units respectively. Prepare comparative statement and evaluate
10. Analyse steps required for trend analysis (5)
11. Consider the following data. Sales 5,00,000 and 4,72,500 for year 2021 and 2022. COGS are (5) 3,50,000 and 3,52,800 for year 2021 and 2022. Thus gross profit gross profit are 150000 and 119700. If cost decreases by 4%, calculate (a) percentage change in volume and (b) Selling price
12. If a firm grows, its P/E multiple will always rise. Evaluate it. (5)

**OR**

Data of the income statement of a concern for the year ending on 31.3.2022 and 31.3.2023 (5) are given below. Re-arrange the figures in a comparative form and study the profitability position of the concern. Figures of 2022: Net sales 1045, COGS 675, Operating expenses 95, Selling and distribution expenses 55, Interest paid 30 and Income tax 60. Figures of 2023: Net sales 1350, COGS 855, Operating expenses 125, Selling and distribution expenses 58, Interest paid 37 and Income tax 65. Evaluate Study the profitability position of the company.

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