



BRAINWARE UNIVERSITY

Term End Examination 2023-2024

Programme – BBA-2019/BBA-2020/BBA-2021

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) Select the aspect of the company's performance which is typically NOT discussed in the chairman's statement.
 - a) Financial results.
 - b) Marketing strategies.
 - c) Corporate governance.
 - d) Employee salaries.
 - (ii) Describe Net annual income from the given options below-
 - a) Gross annual income less income tax
 - b) Gross annual income less property tax
 - c) Gross annual income less cost of annual repair
 - d) Gross annual income less annual outgoings
 - (iii) Identify of the following is typically NOT a component of a report on corporate governance.
 - a) Board composition and structure.
 - b) Financial forecasts.
 - c) Risk management practices.
 - d) Disclosure of related party transactions.
 - (iv) Select characteristic observed in the Economy during recession period.
 - a) Falling levels of demand
 - b) Very little or no investment
 - c) Rising unemployment
 - d) All of them
 - (v) Identify the financial statement that provides details on a company's cash inflows and outflows.
 - a) Income statement
 - b) Balance sheet
 - c) Statement of cash flows
 - d) Statement of retained earnings
 - (vi) Judge by using your understandings, the industry factors that does not affect the threat of new firms entering the industry.
 - a) Ratio of fixed to variable costs
 - b) Price sensitivity of buyers
 - c) First mover advantage
 - d) legal barriers
 - (vii) Show from the following industry factors, that does not affect the bargaining power of buyers in the industry.

- a) Concentration of buyers relative to the concentration of sellers
 b) Ratio of fixed to variable costs
 c) Price sensitivity of customers
 d) None of these
- (viii) liquidity ratios are described as-
 a) percentages.
 b) fractions.
 c) decimal values.
 d) ratios.
- (ix) Identify which of the following activities can increase cash flow from investing activities.
 a) varies depending on what day Selling products and receiving cash of the week it is
 b) Selling products and receiving cash
 c) Paying out cash dividends
 d) Selling an office building and receiving cash
- (x) Identify the financial statement where cash flow information is derived from.
 a) Balance sheet
 b) Income Statement
 c) Statement of cash flows
 d) Statement of changes in equity
- (xi) Find, _____ are analysts who use information concerning current and prospective profitability of a firm to assess the firm's fair market value
 a) Equity analysis
 b) Systems analysis
 c) Technical analysis
 d) Credit analysis
- (xii) Calculate the price-earnings (P/E) ratio for a stock with an earnings per share of Rs 5 and a stock price of Rs 50:
 a) 8
 b) 10
 c) 12
 d) 14
- (xiii) Apply the earnings per share (EPS) for a company with a net income of \$1,000,000 and 500,000 shares outstanding:
 a) 2
 b) 4
 c) 6
 d) 8
- (xiv) Calculate the market capitalization of a company with 1,000,000 shares outstanding and a stock price of Rs 40:
 a) Rs 4,000,000
 b) Rs 10,000,000
 c) Rs 20,000,000
 d) Rs 40,000,000
- (xv) Solve for the dividend per share if a stock has a dividend yield of 5% and a stock price of Rs 80:
 a) Rs 2
 b) Rs 3
 c) Rs 4
 d) Rs 5

Group-B

(Short Answer Type Questions)

3 x 5=15

2. Identify three ratios to measure the extent to which firm uses its debt financing and write their equations. (3)
 3. Explain Gross profit Ratio. (3)
 4. Apply your knowledge to explain coupon bond (3)
 5. Define Economic value added (3)
 6. Analyze Tools of modern financial statement analysis. (3)
- OR**
- Explain different types of financial statement analysis. (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Assess the key components of corporate governance outlined in the auditor's report. (5)

8. To prepare a comparative balance sheet and evaluate the given data, let's organize the information into two separate balance sheets for the years 2022 and 2023, and then analyze the changes: (5)

Comparative Balance Sheet as of March 31, 2022:

Assets	Amount (₹)
Fixed assets	5,500,000
Investments	1,300,000
Current assets	2,000,000
Total Assets	8,800,000
Liabilities and Equity	Amount (₹)
Equity share capital	1,000,000
Reserves and surplus	1,000,000
Long-term loan	2,200,000
Current liabilities	1,600,000
Total Liabilities	5,800,000
Total Equity	3,000,000
Total Liabilities and Equity	8,800,000

Comparative Balance Sheet as of March 31, 2023:

Assets	Amount (₹)
Fixed assets	6,500,000
Investments	1,000,000
Current assets	1,700,000
Total Assets	9,200,000
Liabilities and Equity	Amount (₹)
Equity share capital	4,200,000
Reserves and surplus	2,100,000
Long-term loan	2,000,000
Current liabilities	900,000
Total Liabilities	7,200,000
Total Equity	2,000,000
Total Liabilities and Equity	9,200,000

9. Explain important points to be considered in market valuation by a valuer. (5)
10. Analyse the limitations of the discounted cash flow (DCF) method in valuing companies (5)
11. Identify limitations of cash flow statement. (5)
12. G limited is a listed Company. Its share is currently selling in the market at Rs.230. The expectation of market about future price of share is Rs.280. If the current dividend is Rs, 7 per share, calculate dividend you expect for the coming year. (5)

OR

Illustrate the adjusted balance sheet approach to valuation. State the limitations of such a valuation. (5)
