

Total number of printed pages—4

47 (6) BBA-HE-6026

2023

BUSINESS ANALYSIS AND VALUATION

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. State whether the following statements are True *or* False : 1×5=5
 - (A) As the discount rate increases, the value of an asset increases.
 - (B) 'Funds' (as in 'flow of funds') always means cash and near cash equivalents.
 - (C) The current ratio is never larger than the quick ratio.
 - (D) Buying the units of mutual funds is an indirect investment.
 - (E) A new business that is formed with a plan and expectation and that undertakes risk is referred as venture.

Contd.

2. Choose the correct alternatives : $1 \times 5 = 5$

(A) The national output is measured at _____ .

- (i) Production Prices
- (ii) Market Prices
- (iii) Cost Prices
- (iv) Wholesale prices

(B) Private ownership of property and resources is a characteristics of _____ economy.

- (i) Socialist
- (ii) Command
- (iii) Market
- (iv) Traditional

(C) Ownership securities are represented by _____ .

- (i) Securities
- (ii) Equities
- (iii) Debt
- (iv) Debentures

(D) EVA stands for _____ .

- (i) Economic Value Added
- (ii) Economic Valuation Analysis
- (iii) Equity Value Analysis
- (iv) None of the above

- (E) Risk is a chance of
- (i) Profit
 - (ii) Loss
 - (iii) None of the above

3. Answer the following questions : $2 \times 5 = 10$

- (A) What does the term Business Valuation mean ?
- (B) What do you mean by Current Assets ?
- (C) Write a note on Corporate Governance.
- (D) In XYZ Ltd the value of 10% debentures is INR 75,00,000. Assume the tax rate to be 50%. Compute the cost of debt.
- (E) What is EVA ?

4. Answer the following questions in brief :
(any four) $5 \times 4 = 20$

- (A) Explain Operating Synergy and Financial Synergy.
- (B) What are the different types of risk ?
- (C) Write the benefits of business valuation.
- (D) Explain Directors Report.
- (E) Explain the dividend discount model.

(F) State *any four* accounting standards.

5. Answer the following questions in brief :
(any five) $8 \times 5 = 40$

(A) Discuss Financial Modelling. State the attributes of a financial model.

(B) What are the different methods of valuing a firm ?

(C) Write a brief note on :

(i) CAPM

(ii) NAV

(D) What is the value of an asset with infinite life ? Does equity have infinite life ? Explain.

(E) What are the different terminal value estimation approaches ?

(F) What are the *three* main ways to value a company ? Explain

(G) Write the difference between Income statement and Balance sheet.