

## MBA in AVCM/SIBFT Sem.-1 Examination

## HS/IIS-FT-6 : Business Finance :

## Management Accounting, Financial Analysis, P &amp; L, Balanced Sheet, Transactions

January-2024

Time : 2-30 Hours]

[Max. Marks : 70]

**Instruction:****Use of non-programmable scientific calculator is permitted****Question 1.****14 Marks**

Explain the DuPont Method to calculate the Return on Equity detailing each component of the method and their significance.

**OR****Question 1(A)**

Explain the following ratios in brief:

**7 Marks**

(a) Asset Turnover Ratio (b) Return on Equity (ROE)

**Question 1 (B)****7 Marks**

Explain the following ratios in brief:

(a) Earning Per Share (b) Return on Equity

**Question 2.****14 Marks**

Explain all the major components of a Balance Sheet and a Profit and Loss statement.

**OR****Question 2 (A)****7 Marks**

Explain the following terms in brief: -

(a) Current and Non-Current Assets (b) Tangible Assets and Intangible Assets

**P.T.O.**

**Question 2 (B)**

**7 Marks**

Explain the following terms in brief: -

(a) EBITDA (b) Discounted Cash Flow

**14 Marks**

**Question 3.**

Explain in detail the concept of Depreciation along with its calculation methods in accounting and finance. Why is depreciation considered as a notional expense?

OR

**Question 3 (A)**

**7 Marks**

Explain the Straight-Line method, Double-Declining Balance Method, and the Unit Production method of depreciation.

**Question 3 (B)**

**7 Marks**

How would you choose which method of depreciation to use based on the useful life of the machinery?

**14 Marks**

**Question 4.**

What would be the APR for the project with an investment of INR 20,00,000/- for the following rates applied at the mentioned compounding frequencies: -

- (a) 12% p.a. compounded monthly
- (b) 16% p.a. compounded quarterly
- (c) 18% p.a. compounded half-yearly
- (d) 19% p.a. compounded annually.

Which amongst the above would be the highest?

OR

**Question 4 (A)**

**7 Marks**

Explain the concept of Net Present Value with a suitable example.

**Question 4 (B)**

**7 Marks**

How is the Discounted Cash Flow an important metric in an organization? Explain its importance in the valuation of a company.

**Question 5. Attempt any 7 out of 12****14 Marks**

1. An asset having a useful life span of 5 years will reach its salvage value in the early when depreciated using the double-declining balance method rather than the straight line method. True or False?
2. Define Translational Reserve
3. The time taken to triple an investment @24.57% p.a. is \_\_\_\_\_ years.
4. The NPV of an investment is always less than the Future Value – True or False?
5. Quick Assets should be able to be liquidated generally within \_\_\_\_\_ days.
6. Define Common Stock
7. Define the concept of Write-Off.
8. The debt instruments issued by a company for a fixed repayment tenure/schedule and a fixed interest rate are called \_\_\_\_\_ debentures.
9. Define a Notional Expense
10. In finance, the process of converting one currency to the other is called \_\_\_\_\_.
11. Which of the following statements regarding Salvage Value of an asset is correct?
  - a. Salvage value of an asset is related to its book value.
  - b. Salvage value of an asset is related to its distress value.
  - c. Salvage value of an asset can only be estimated but cannot be calculated through any formula.
  - d. Salvage value of an asset is fixed and does not change.
12. Define Non-Current Assets with some examples.

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