

MBA in AVCM/SIBFT Sem.-1 Examination

IIS/IIS-FT-6 : Business Finance :

Management Accounting, Financial Analysis, P & 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

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Question 2 (B)

7 Marks

Explain the following terms in brief: -

- (a) EBITDA (b) Discounted Cash Flow

Question 3.

14 Marks

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?

Question 4.

14 Marks

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.
