

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086**  
**(For candidates admitted during the academic year 2019-20 and thereafter)**

**B.Com. DEGREE EXAMINATION – APRIL 2024**  
**ACCOUNTING & FINANCE**  
**FOURTH SEMESTER**

**COURSE : MAJOR ELECTIVE**  
**COURSE TITLE : FINANCIAL ANALYSIS AND BUSINESS VALUATION**  
**COURSE CODE : 19AF/ME/FV45**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

**SECTION - A**

**Answer ALL the questions:** **(10 x 2 = 20)**

1. Define the term "Financial Analysis".
2. Calculate the percentage change in net income from the given information:  
Net Income for Year 1: Rs.500,000, Net Income for Year 2: Rs.600,000
3. Define IRR in the context of project appraisal.
4. Calculate the NPV of a project given the following cash flows: Year 1: Rs.10,000 Year 2: Rs.15,000 Year 3: Rs.20,000 Discount Rate: 10%
5. What is Du Pont Analysis?
6. Analyze the growth rate of Company A's sales over the past three years:  
Year 1: Rs.1,000,000, Year 2: Rs.1,200,000, Year 3: Rs.1,500,000
7. List the techniques in Business Valuation.
8. State any two purposes of Business Valuation.
9. State the factors responsible for changes in income.
10. Write a short note on valuation of intangible assets.

**SECTION - B**

**Answer any FIVE questions:** **(5 x 8 = 40)**

11. ABC Corporation has provided the following financial information for the years 2022 and 2023:  
Net Income for 2022: Rs.500,000  
Net Income for 2023: Rs.600,000  
Total Assets as of December 31, 2022: Rs.2,000,000  
Total Assets as of December 31, 2023: Rs.2,500,000  
Calculate the percentage change in net income and total assets from 2022 to 2023 and interpret the results.

12. The comparative information for two years relating to P Ltd. are as follows:

Year	2012-13	2013-14
Sales (₹)	12,00,000	14,62,500
Units sold	4,000	4,500
Sales price per unit (₹)	300	325

Account for the change in sales (amount) due to:

- i. Change in quantity
  - ii. Change in price
  - iii. Change in quantity and price taken together
13. A company is considering an investment proposal to install new milling controls. The project will cost Rs. 50,000. The facility has a life expectancy of 5 years and no salvage value. The company's tax rate is 55%. The firm uses straight line method of depreciation. The estimated profits before depreciation from the proposed investment proposal are as follows:

Year	1	2	3	4	5
Profits (Rs.)	10,000	11,000	14,000	15,000	25,000

Compute the following:

- a) Average Rate of Return
  - b) Net Present Value at 10% discount rate
  - c) Internal Rate of Return.
14. Explain the different methods of goodwill of valuation.
15. Give the meaning and significance of Growth Analysis.
16. Explain the Discounted Cashflow method of valuation.
17. Explain the internal factors responsible for corporate distress.

### SECTION - C

Answer any TWO questions:

(2 x 20 = 40)

18. The following details are provided by C Ltd. For the year ended 31<sup>st</sup> March 2022 and 2023 prepare Comparative Statement:

Particulars	31/03/22	31/03/23
Share capital	24,00,000	26,10,000
General Reserves	2,40,000	2,90,000
Profit and Loss A/c	4,20,000	6,00,000
11% Debentures	10,00,000	6,00,000
Goodwill	2,00,000	1,60,000
Land & Building	14,00,000	13,00,000
Plant and Machinery	12,00,000	13,20,000
Investment (Non trading)	4,80,000	4,40,000
Creditors	3,70,000	4,30,000
Provision for Tax	1,60,000	2,10,000
Proposed Dividend	2,72,000	2,88,000
Stock	8,00,000	7,70,000
Debtors	5,76,000	8,30,000
Cash at Bank	1,76,000	1,86,000
Prepaid Expenses	30,000	22,000

19. a) Discuss the importance of financial modelling in project appraisal.  
b) Evaluate the use of Net Present Value (NPV), Internal Rate of Return (IRR), and Accounting Rate of Return (ARR) as financial metrics in project evaluation.
20. a) Explain the importance and purposes of financial statements.  
b) Describe the different types of Financial Statement Analysis.
21. Discuss the Principles and Techniques of Business Valuation.

\*\*\*\*\*