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| **SESSION** | **AUG/SEP 2023** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **III** |
| **COURSE CODE & NAME** | **DBFI302 – FINANCIAL STATEMENT ANALYSIS AND BUSINESS VALUATION** |
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**Assignment Set – 1**

**1. Explain different techniques of forecasting.**

**Ans 1.**

Forecasting is a fundamental technique used in various fields such as finance, economics, weather prediction, and supply chain management to anticipate future events based on historical data and analysis. There are several techniques of forecasting, each with its unique approach and applications.

**1. Qualitative Forecasting:** This technique relies on expert opinions and subjective inputs rather than quantitative data. It's commonly used when data are limited or when forecasting

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**2. Explain different types of earning ratios.**

**Ans 2.**

Earning ratios are critical financial metrics used by investors, analysts, and other stakeholders to assess a company's financial health, profitability, and future growth potential. These ratios provide insights into how efficiently a company is generating profits and the extent to which these profits are available to shareholders. Understanding different types of earning ratios is essential for making informed investment decisions.

**Price to Earnings Ratio (P/E Ratio):**

The P/E ratio is perhaps the most widely known and used earning ratio. It measures a

**3. Explain the importance for reformulation of financial statements.**

**Ans 3.**

Reformulating financial statements is a crucial practice in the field of financial analysis, as it allows for a clearer and more meaningful interpretation of a company's financial health and performance. This process involves reorganizing and adjusting the information presented in a company's financial statements—namely the income statement, balance sheet, and cash flow

**Assignment Set – 2**

**1. Explain any five methods of valuation in merger and acquisition.**

**Ans 1.**

Mergers and Acquisitions (M&A) involve complex financial analysis, and valuation is a critical part of this process. There are several methods used to assess the value of companies involved in M&A. Here, five commonly used valuation methods are explained:

**1. Comparable Companies Analysis (CCA)**: This method involves comparing the target company to similar companies within the same industry. Financial ratios and metrics such as

**2. Explain the divisions of cash flow statement**

**Ans 2.**

A cash flow statement is a critical financial document for businesses, providing a detailed analysis of how a company generates and uses cash over a specific period. Unlike the income statement, which uses accrual accounting, the cash flow statement provides an insight into the company’s actual cash position, offering a more tangible perspective of financial health. It is

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**3. A Ltd produces its balance sheet on 31 March 2021 and requests its business professional appraiser to evaluate the value of business based on Asset Based Valuation Method. Assuming you are a business professional appraiser, evaluate the Company A as on 31 March 2022.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Amount (in USD)** | **Assets** | **Amount (in USD)** |
| **Equity share capital** | **25,000** | **Fixed Assets** | **41,000** |
| **Preference Share capital** | **11,000** | **Inventories** | **23,500** |
| **Reserves and surplus** | **8,000** | **Cash and Bank Balance** | **11,500** |
| **Long-term debt** | **18,000** | **Debtors** | **13,000** |
| **Short-term debt** | **11,000** |  |  |
| **Creditors** | **16,000** |  |  |
| **Total** | **89,000** | **Total** | **89,000** |

**Ans 3.**

**Company A**

**Valuation Based on Asset Based Valuation Method**

As of March 31, 2022

**Assets**

Fixed Assets: $41,000

Inventories: $23,500