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| **SESSION** | **JUL-AUG 2024** |
| **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 reformulating of the statement of owner’s equity.**

**Ans 1.**

**Reformulating the Statement of Owner’s Equity**

The statement of owner’s equity is a crucial financial document that reflects changes in the equity of a business over a specific period. Reformulating this statement involves reorganizing it to provide a more analytical view of the factors driving changes in equity, enabling better decision-making and financial analysis.

**Purpose of Reformulating the Statement**

Reformulating the statement of owner’s equity helps to distinguish between operating and non-

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**2. Explain any six components of Statement of Income.**

**Ans 2.**

**Six Components of the Statement of Income**

The statement of income, also known as the profit and loss statement, is a financial report that shows a company’s revenues, expenses, and profits over a specified period. It consists of several key components, each contributing to an accurate depiction of a company’s financial performance.

**1. Revenue**

Revenue, often referred to as sales or income, represents the total earnings generated from the core business operations during the reporting period. It is the primary source of income for

**3. Explain different ratios used to analyse income statement.**

**Ans 3.**

**Ratios Used to Analyze the Income Statement**

Analyzing an income statement is essential for understanding a company's financial performance and operational efficiency. Various financial ratios are used to extract insights from income statements, focusing on profitability, operational performance, and financial stability. Below are key ratios utilized for income statement analysis:

**1. Gross Profit Margin**

The gross profit margin measures the percentage of revenue remaining after deducting the cost

**Assignment Set – 2**

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

**Ans 4.**

**Methods of Valuation in Merger and Acquisition**

Valuation is a critical component of mergers and acquisitions (M&A), as it determines the financial worth of the target company. Various valuation methods are used to assess the value of a company based on its assets, earnings, market conditions, and growth potential. Below are five key methods:

**1. Discounted Cash Flow (DCF) Method**

The DCF method is a widely used approach to valuation in M&A. It involves estimating the

**5. Explain the effect of leverage on operating and finance activities.**

**Ans 5.**

**Effect of Leverage on Operating and Financial Activities**

Leverage is a critical concept in corporate finance that influences a company’s operations and financial structure. It refers to the use of borrowed funds or fixed costs to amplify returns. Leverage can be categorized into operating leverage and financial leverage, each affecting different aspects of a business.

**Operating Leverage**

Operating leverage arises from the presence of fixed costs in a company’s cost structure.

**6. Explain the key elements of analysis of operational change**

**Ans 6.**

**Key Elements of Analysis of Operational Change**

Operational change refers to the modifications in a company’s processes, structures, or activities aimed at improving efficiency, performance, or competitiveness. Analyzing operational change involves evaluating various elements that impact the organization’s overall performance. Below are the key elements:

**1. Process Efficiency**

Process efficiency is a critical factor in analyzing operational change. It involves assessing how