UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program : Seventh Semester – Fall 2021

Roll No. ……………

Paper: Financial Analysis **Course Code: BBA-405** **Time: 3 Hrs. Marks: 60**

Q.1. Define the following Terms: **(15x2=30)**

i. List down the name of financial statements
ii. Explain notes to the accounts as a part of financial statements?
iii. What is cashflow analysis?
iv. Differentiate between IAS and IFRS
v. What is the ideal level of current ratio?
vi. Explain Dupont analysis.
vii. What is meant by interest coverage ratio?
viii. What you mean by window dressing?
ix. Explain how a firm can allow for irregular variations in its planning.
x. Static Analysis is not extremely useful for the long-term financial planning. Explain.
xi. How does forecasting relate to planning?
xii. How should you structure a forecasting problem?
xiii. A company wants to take a loan , this is the where you already feel difficulty in recovery of cash … company also says the change in policy to pay back loan from 190 days to 90 days, would you prefer to give a loan to such company If yes/no give your reason
xiv. Over the past year, M. D. Ryngaert & Co. has realized an increase in its current ratio and a drop in its total assets turnover ratio. However, the company's sales, quick ratio, and fixed assets turnover ratio have remained constant. What explains these changes?
xv. Why is it sometimes misleading to compare a company's financial ratios with other firms that operate in the same industry?

Answer the following questions. **(3x10=30)**

Question No 02: **Marks:10**

Fulkerson Manufacturing wishes to maintain a sustainable growth rate of 8.75 percent a year, a debt-equity ratio of 0.52, and a dividend payout ratio of 26.5 percent. The ratio of total assets to sales is constant at 1.23. What profit margin must the firm achieve?

Question No 03: **Marks:10**

Complete the balance sheet and sales data (Fill in the blanks) using the following financial data:
Debt/equity ratio = 0.60
Acid Test ratio = 1.2
Total Asset turnover ratio = 1.5
ACP = 40 days
Gross profit Margin = 20 percent
Inventory turnover ratio = 5

Balance Sheet

Equity Capital	50,000	Plant and Equipment	……..
~~Retained Earnings~~	60,000	Inventories	……..
		Accounts receivable	……..
		Cash	……..
	………		……..

Sales = ……….
Cost of goods sold = ………..

Question No 04: **Marks:10**

K. Billings worth & Co. had earnings per share of $4 last year, and it paid a $2 dividend. Total retained earnings increased by $12 million during the year, while book value per share at year-end was $40. Billings worth has no preferred stock, and no new common stock was issued during the year. If Billings worth's year-end debt (which equals its total liabilities) was $120 million, what was the company's year-end debt/assets ratio?