



UNIVERSITY OF THE PUNJAB

Seventh Semester – 2019

Examination: B.S. 4 Years Program

Roll No.

PAPER: Financial Analysis

Course Code: BBA-405 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

SHORT QUESTIONS [5×4=20 Marks]

- Q.2 Give short answers to the following terms:
- Interim report of a public company.
 - Notes to the financial statements.
 - DuPont analysis.
 - Differentiate between liquidity and solvency.
 - Importance of activity ratios.

LONG QUESTIONS [10×3=30 Marks]

- Q.3 Which financial ratios would you most likely to consult if you were the following? Why?
- As an equity investor
 - The president of a consumer products firm
 - As a banker considering the financing of seasonal inventory

Q.4 Answer to the following questions:

- Net working capital of a company is \$250000. Now the company has paid in advance insurance premium of \$20000. What is the impact of this transaction on the company's net working capital?
- Calculate Return on Equity (ROE) by using DuPont analysis if assets turnover is 2, net profit margin is 10%, total assets are \$400000, and total liabilities are \$200000.

Q.5 Complete the following Balance Sheet

Assets	Amount \$	Liabilities & Owner's Equity	Amount \$
Cash		Accounts payable	100
Accounts receivable		Long-term debt	
Inventories		Total liabilities	
Current assets		Common equity	
Net fixed assets	1500		
Total		Total	2100

Additional Information:

Current ratio: 6.0

Debt ratio: 20%

Total assets turnover: 1.0

Average collection period: 30 days

Gross profit margin: 15%

Inventory turnover: 8 times

Calculation must be based on a 365- day year



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PAPER: Financial Analysis

Course Code: BBA-405 Part-I (Compulsory)

MAX. TIME: 15 Min.

MAX. MARKS: 10

Signature of Supdt.:

Attempt this Paper on this Question Sheet only.

Please encircle the correct option. Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)

1. If total assets are \$100000 & total Liabilities are \$40000, how much is stockholder's equity?
 - a. \$140000
 - b. \$60000
 - c. \$40000
 - d. \$100000
2. Which of the following is called a real account?
 - a. Sales revenue
 - b. Advertising expense
 - c. Accounts receivable
 - d. Cash dividends
3. A statement which shows only cash transactions related to a business firm is:
 - a. Income statement
 - b. Retained earnings statement
 - c. Balance sheet
 - d. Statement of cash flows
4. If we multiply assets turnover with net profit margin, the resulting figure would be:
 - a. DuPont return on assets
 - b. DuPont return on equity
 - c. Return on net worth
 - d. None of the above
5. Which of the following is called non-cash expense?
 - a. Interest expense
 - b. Dividend payments
 - c. Amortization of intangible asset
 - d. All of the above
6. **Which of the financial statements recognizes only transactions in which cash changes hands**
 - (a) Cash flow statement.
 - (b) Balance sheet
 - (c) Income Statement
 - (d) A & B
7. **Economic value added (EVA) is also known as?**
 - (a) Excess Capacity
 - (b) Residual Value
 - (c) Excess Income
 - (d) Accounting value added
8. **Which is permanent account?**
 - (a) Revenue
 - (b) Advertising Expense
 - (c) Account Receivable
 - (d) Dividend
9. **Which Party has the primary responsibility for Financial Statement?**
 - (a) Book Keeper
 - (b) Share Holder
 - (c) Auditor
 - (d) Management
10. **The Current Assets section of the Balance Sheet should include:**
 - (a) Land
 - (b) Sundry Creditor
 - (c) Patent
 - (d) Inventory