14/11/202M

# Paper / Subject Code: 43818 / Business Valuation

Time: 2.30 Hrs	75 Marks
Q.1) A) State whether the following are true or fa	alse: (any 8) (08)
1. Price is a subjective concept.	Top The state of t
2. Goodwill is an intangible fixed asset.	Se St St
3. Valuation carries the risk of uncertaint	
4. Valuation is an art rather than science.	
<ul><li>5. Relative valuation is also called valuate</li><li>6. Free cash flow to firm represents cash</li></ul>	
7 Rook value is based on the balance s	sheet of the company as given in the annual
report.	sheet of the company as given in the annual
8. Indirect costs are more difficult to allo	cate to self-constructed asset
9. A machine can be patented.	The to sen constructed asset.
10. Product life cycle is a not a factor in	brand valuation.
6, 7,	ST S
Q.1 B) Multiple choice questions: (any 7).	(07)
1. It is essential to know the concept of	while evaluating business.
a) Price	b) Value
c) Property	d) Utility
2. Investor's play a significant role in	
a) Idea	b) Behaviour
c) Bias	d) Perception
3. Future prices cannot be predicted by analys	ing past prices in form of efficient
market hypothesis.	
a) Weak form	b) Semi strong form
c) Strong form	d) Hard form
4. Goodwill is paid for obtaining  a) Future benefit	I) P
c) Past benefit	b) Present benefit
5. Quoted shares are those which are	d) None of above
a) Listed on stock exchange	b) Quoted daily
c) Quoted by seller	d) Quoted by buyer
6. Fixed assets are considered as assets.	a) Quoted by buyer
a) Long term	b) Short term
c) Regular term	d) Over term
7. Investment in shares of a company generates	
a) Interest	b) Dividend
c) Rental Income	d) Salaries
8 will not be assigned to the cost of Fixe	d asset.
a) Import duty	b) Installation cost
c) Asset testing	d) General overheads
9 is generally used for depreciation of	
a) Amortization	b) Depletion
c) Appreciation	d) Disposal value
a) Land is an example of biological asset.	IND TE
c) Environment	b) Building
c) Environment	d) Living plants & animals

### Paper / Subject Code: 43818 / Business Valuation

	(80)
B) Explain the reasons of valuation of business.	07)
Q.2 C) Elaborate the methods of business valuation.	08)
D) Explain the role of valuation in business acquisition.	07)
Q.3 A) Explain the discounted cash flow valuation in detail.	(80)
B) Explain relative valuation in detail.	07)
OR	5

Q.3 C) A Company is considering the purchase of a machine. Two machines are available Machine A and Machine B, each costing Rs 500,000. In comparing the machines, a discounting rate of 10% is to be considered. Expected Cash Flows are as follows:

Year	1 2	2	3	3 4	5
Machine A	100,000	200,000	250,000	150,000	200,000
Machine B	60,000	150,000	200,000	300,000	200,000

Indicate which machine should be purchased. The present value of Re 1 @ 10% discounting factor are as follows:

Year	1	2	3	4	5
PV factor	0.909	0.826	0.751	0.683	0.621

### Q.4) A) Following is the Balance sheet of Suraj limited as on 31st March 2021: (15)

Liabilities	Rs	Assets	Rs
Equity share capital (Rs 100 each)	400,000	Trademarks	300,000
9% Preference share capital	200,000	Plant & machinery	200,000
7% bank loan	200,000	Stock	200,000
Creditors	100,000	Debtors	150,000
Bills Payable	100,000	Cash at bank	150,000
TOTAL	10,00,000	TOTAL	10,00,000

The average net profits of the Company are Rs 75,000. The NRR is 10%.

Calculate the fair value method of the shares.

#### OR

(15)

Q.4)B)	The balance	sheet of	Altar Ltd as on 3	1 <sup>st</sup> March 2022 is as follows:

Liabilities	Rs	Assets	Rs
Equity share capital(Rs100 each)	500,000	Land & building	400,000
10% Mortgage loan	200,000	Furniture & fixtures	200,000
Creditors	200,000	Debtors	150,000
Outstanding expenses	100,000	Stock	200,000
		Cash in hand	50,000
TOTAL	10,00,000	TOTAL	10,00,000

## Paper / Subject Code: 43818 / Business Valuation

### The NPAT of the company is as follows:

Year end	Rs
2018-19	60,000
2019-20	70,000
2020-21	80,000
2021-22	90,000

On the date of valuation, all the assets and liabilities were correctly valued except Land & building which was valued at 500,000 and Furniture at Rs 150,000. Consider NRR @ 10%. Calculate value of Goodwill on the basis of 4 years of Super profits.

Q.5 A) Explain the various types of intangible assets.

B) Explain the methods of brand valuation.

(08)

(07)

OR

- Q.5 Write short notes on: (any 03)
  - 1. Price V/S Value.
  - 2. Self-Constructed Asset.
  - 3. Methods of Share valuation.
  - 4. Valuation of Brand.
  - 5. Types of Patents.

(15)

\*\*\*\*THE END\*\*\*