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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF MANAGEMENT  
MID TERM EXAMINATION - OCT 2023**

**Semester :** Semester V - 2021

**Course Code :** BBA3007

**Course Name :** Sem V - BBA3007 - Financial Modelling

**Program :** BBA

**Date :** 31-OCT-2023

**Time :** 2:00PM - 3:30PM

**Max Marks :** 50

**Weightage :** 25%

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**Instructions:**

- (i) Read all questions carefully and answer accordingly.
  - (ii) Question paper consists of 3 parts.
  - (iii) Scientific and non-programmable calculator are permitted.
  - (iv) Do not write any information on the question paper other than Roll Number.
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**PART A**

**ANSWER ALL THE QUESTIONS**

**(5 X 2 = 10M)**

1. State the meaning of "Financial Modeling is an iterative process."  
(CO1) [Knowledge]
2. Define financial modeling and its significance in the context of business and finance.  
(CO1) [Knowledge]
3. State the significance of financial modeling in ensuring effective financial planning.  
(CO1) [Comprehension]
4. Explain the meaning of comparative financial statements.  
(CO2) [Comprehension]
5. Explain Operating expenses.  
(CO2) [Comprehension]

**PART B**

**ANSWER ALL THE QUESTIONS**

**(2 X 10 = 20M)**

6. Discuss and explain the key characteristics of financial modeling, emphasizing how these characteristics contribute to its role in financial analysis and decision-making processes.  
(CO1) [Comprehension]
7. Explain and briefly describe any 10 financial reporting mechanics or principles commonly used in financial accounting.  
(CO2) [Comprehension]

## PART C

### ANSWER THE FOLLOWING QUESTION

(1 X 20 = 20M)

#### 8. Case Study: Financial Analysis of ABC Corporation (Fiscal Years 2021 and 2022)

ABC Corporation, an Indian company, has undergone substantial financial changes between fiscal years 2021 and 2022. In 2021, the company reported revenue from operations of ₹1,20,00,000, with a corresponding cost of goods sold (COGS) of ₹75,00,000. Manpower expenses for the year amounted to ₹20,00,000, and the interest on loans stood at ₹18,000. Additionally, depreciation and amortization expenses were ₹10,000, while non-operating income totaled ₹10,000. Taxes were paid at a rate of 30%. The number of equity shares outstanding at the end of both years was 100,000. The market value per share in 2021 was ₹25 and increased to ₹30 in 2022.

In 2022, revenue from operations reached ₹1,40,00,000, with a COGS of ₹90,00,000. Manpower expenses for the year decreased to ₹19,00,000, and the interest on loans was ₹15,000. Depreciation and amortization expenses amounted to ₹12,000, and non-operating income increased to ₹12,000. Taxes were still paid at a rate of 30%.

#### Questions:

1. Calculate the growth in revenue from operations for ABC Corporation from 2021 to 2022. What factors might have contributed to this growth?
2. Determine the net income margin for ABC Corporation in 2021 and 2022. Discuss the implications of these net income margins and analyze any changes or fluctuations in profitability.
3. Compute the growth in the net income of ABC Corporation from 2021 to 2022 and identify potential reasons for this growth based on the provided financial data.
4. Calculate the operating profit margin for ABC Corporation in 2021 and 2022. Explain any variations in the operating profit margin and discuss the factors that may have influenced these changes.
5. Analyze the Price-to-Earnings (P/E) multiple for ABC Corporation in 2021 and 2022. Explain the significance of these multiples for investors and shareholders.

(CO2) [Comprehension]