

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

SET A

**SCHOOL OF MANAGEMENT
END TERM EXAMINATION – MAY / JUNE 2024**

Semester : Semester VI - 2021
Course Code : BBA3003
Course Name : Business Valuation
Program : BBA

Date : May 29, 2024
Time : 09.30am to 12.30pm
Max Marks : 100
Weightage : 50%

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.

PART - A

ANSWER ANY 5 QUESTIONS

5 X 2 = 10M

1. Define the cost principle of valuation . (CO1) [Knowledge]
2. Describe why valuation is necessary.
3. Rewrite the legal considerations which are involved in M&A transactions. (CO1) [Knowledge]
4. Describe statutory dimensions are relevant in M&A transactions. (CO2) [Knowledge]
5. Define DCF method. (CO2) [Knowledge]
6. Describe the Liquidation value in the determination of Business Worth. (CO3) [Knowledge]
7. Describe the purpose of valuation in M&A. (CO4) [Knowledge]

PART - B

ANSWER ANY 5 QUESTIONS

5 X 10 = 50

8. Discuss the challenges arise from incomplete or unreliable data in valuation. (CO1) [Comprehension]
9. Identify some common hindrances or bottlenecks in valuation processes. (CO1) [Comprehension]
10. Describe the reasons for failure of M&A. (CO2) [Comprehension]
11. Rewrite the financial considerations which are important in M&A transactions. (CO2) [Comprehension]
12. Calculate under Net Asset method the value of business.
- | | |
|------------------------------|-----------|
| Non Current Liability | 7,00,000 |
| Current Liability | 5,00,000 |
| Fixed Assets | 32,50,000 |
| Miscellaneous Current Assets | 5,00,000 |
| Investment | 6,00,000 |
- (CO3) [Comprehension]
13. Calculate the present value of rent received by Mr. A after 10 years when
- | | |
|--------------------------|----------|
| Rental Value of Property | 1,00,000 |
| Market Value of property | 1,00,000 |
| Rent Renewal Lease | 5 Years |
| Cap. Rate | 4.5% |
| Target Rate | 7% |
| Growth Rate () | 2.7225% |
| Terminal cap rate | 4.5% |
- (CO3) [Comprehension]
14. "Business valuation software tools must assist business people with making critical decisions, while performing routine calculations automatically. Here are the key elements that set apart quality business valuation software" Explain. (CO4) [Comprehension]

PART - C

ANSWER ANY 2 QUESTIONS

2 X 20 = 40

15. Describe Why valuation important in business. (CO1) [Application]
16. Assume that a deposit to be made at year zero into an account that will earn 8% compounded annually. It is desired to withdraw Rs. 5,000 three years from now and Rs. 7,000 six years from now. What is the size of the year zero deposit that will produce these future payments? (CO2) [Application]
17. An investor wants to invest in the equity shares of Asian paints. The company's last EPS was Rs. 50 per share and dividend payout ratio is 40%. The required rate of return from equity is 20%. Calculate the intrinsic value.
1. When there is no growth
 2. when there is growth of 18%per annum.
- (CO3) [Application]