

FINAL EXAMINATION

December 2014

P-20(FABV)
Syllabus 2012

Financial Analysis & Business Valuation

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION A

In this section, answer Question No. 1(a) and 1(b) which is compulsory and any two parts out of Question No. 2(a), 2(b) and 2(c).

1. (a) Following information has been extracted from the Annual Report of a well established Indian biscuit manufacturer:

Balance Sheet as at March 31,

(₹ in Crores)

Particulars	2013	2014
<i>EQUITY AND LIABILITIES</i>		
<i>Shareholder's Funds:</i>		
Share Capital (Face Value—₹ 2)	23.89	23.91
Reserves and Surplus	496.15	612.50
	520.04	636.41
<i>Non-Current Liabilities (Bank Loans and Debentures)</i>	173.04	223.04
<i>Current Liabilities</i>		
Short-term borrowings	–	145.08
Trade Payables	336.20	333.61
Other Current Liabilities (Interest Payable)	518.26	210.49
Short-Term Provisions (Dividend Payable) (Amount of Dividend Proposed for the year including Dividend Distribution Tax)	124.80	134.40
	979.26	823.58
Total Equity and Liabilities	1,672.34	1,683.03
<i>ASSETS</i>		
<i>Non-Current Assets:</i>		
Tangible and Intangible Assets	1,065.11	1,140.11
Less: Depreciation & Amortization	250.75	297.58
	814.36	842.53
<i>Current Assets:</i>		
Current Investments	210.54	163.54
Inventories	382.28	338.57
Trade Receivables	52.14	77.12
Cash and Bank Balances	30.94	64.48
Short Term Loans and Advances	182.08	196.79
	857.98	840.50
Total Assets	1672.34	1,683.03

Please Turn Over

Statement of Profit and Loss for the ending on March 31,

(₹ in crores)

Particulars	2013	2014
Revenue from operations	5,007.22	5,635.21
Other Income (Gain on the Sale of Old Machine)	25.50	35.75
Total Income	5,032.72	5,670.96
<i>Expenses</i>		
• Raw materials including packaging materials consumed	2,655.01	2,890.42
• Purchase of stock-in-trade	529.53	638.18
• Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4.79)	(10.16)
• Employee benefits expenses	145.87	143.50
• Interest Costs	38.07	37.74
• Depreciation and Amortization expense	47.32	57.08
• Other expenses	1,369.34	1,582.02
• Tax expenses	65.63	98.31
Total Expenses	4,845.98	5,437.09
Profit After Tax	186.74	233.87

Notes:

- (i) The Company has paid bank loan of ₹ 50 crores during the year 2013-14 and raised necessary amount by issuing Debentures. After repaying the banks loan, the proceeds were used to buy the fixed assets.
- (ii) Fixed Assets sold during F.Y. 2013-14 were having original cost of ₹ 25 crores with accumulated depreciation of ₹ 10.75 crores.

Required:

- I. Calculate Cash from Operating Activities for the F. Y. 2013-14. 2
- II. Calculate Cash from Investing Activities for the F. Y. 2013-14. 2
- III. Calculate Cash from Financing Activities for the F. Y. 2013-14. 2
- IV. Calculate Free Cash Flows to the Company for the F. Y. 2013-14. 2
- V. Calculate Free Cash Flows to equity owners for the F. Y. 2013-14. 2

