19BPU201

BUSINESS PROCESS SERVICES IN FINANCE AND ACCOUNTING

Semester – II
6H – 5C

Instruction Hours / week: L: 6 T: 0 P: 0
Marks: Internal: 40 External: 60 Total: 100
End Semester Exam: 3 Hour

COURSE OBJECTIVES:
To make the students

1. To Understand the finance and accounting concept and the need to outsource finance and accounting activities
2. To comprehend the standards pertaining to the accounting, compliances like SOX and internal audit framework like COSO.
3. To understand the mechanics of purchase, inventory control, accounts payables-receivables and General ledger in the F & A Technology.
4. To communicate orally and in written form the mechanics of purchase, inventory control, accounts payables-receivables and General ledger in the F & A Technology.
5. To gain a lifelong learning for applying the F&A Technology in BPS business.

COURSE OUTCOMES:
Learners should be able to

1. Understand the finance and accounting concept and the need to outsource finance and accounting activities
2. Comprehend the standards pertaining to the accounting, compliances like SOX and internal audit framework like COSO.
3. Understand the mechanics of purchase, inventory control, accounts payables-receivables and General ledger in the F & A Technology.
4. Communicate orally and in written form the mechanics of purchase, inventory control, accounts payables-receivables and General ledger in the F & A Technology.
5. Gain a lifelong learning for applying the F&A Technology in BPS business.

UNIT I Accounting Overview, Basics of Businesses Outsourcing Need and its current Trend

Basic Accounting Principles, Concept, Convention - Systems of Book Keeping - Recording, Classifying and Summarizing of Transaction - Final Accounts

Types of Business Organizations - Business Partnerships - Types of BPOs - Merits and De-Merits on various BPO options - Accounting Business Process Cycle - Evolving of Outsourcing - Need for outsourcing Horizontal Services - Current Trend in F&A Outsourcing.

UNIT IIPurchase Management:

Activities before Purchasing, Quotations, Negotiation, Costs associated with Purchases etc - How a Purchase Order is raised, types of Purchase Orders, Contracts etc., Warehouse Receipt procedures, Returns, Issues and various Documents - Accounting Impact -Inventory Control - Types of discount offered by Vendors - Basics of Distribution Strategies, Integration of Strategic Partnering, Outsourcing and Procurement Strategies - Freight Negotiation, FTL, Payments, Conditions etc.,

UNIT III Accounts Payables and Accounts Receivable:

Various Activities in Accounts Payable and Accounting Impact - Types of Invoice Matching and resolving issues - Invoice Payment, Procedures and Mode of payment - Employee Payment (T&E and Various Cards) - Debit Balance, Write back, Discount adjustments and various actions - Help desk and support Activities -Vendor Account Reconciliation - Latest developments (Vendor Portal, EDI, E-Invoicing, Tools etc.,) - Effective management of AP leads to working Capital improvement.

Various Activities in Accounts Receivable and Accounting Impact - Background check for Customers (D&B Report, Credit Rating) Credit Limit, Customer Contract / Order - Management) - Mode of receiving Payment, Actions for non-receipt, Netting off - Revenue Recognition - Collection - Cash Applications - Adjustment of Discounts, Rebate, QPS discount, Write off etc., - Disputes Handling procedures - Customer Help desk an d support Activities - Customer Account Reconciliation - Latest Developments (Customer Portal, E-Invoicing, Tools etc.,) - Effective management of AR leads to working Capital improvement.

UNIT IV General Ledger & Emerging trend in F&A Technology

Activities in General Ledger - What is Subsidiary and Control Accounts - Chart of Accounts and maintenance, Cost Centre, Profit Centre, - Adjustment journals - Cost Allocation etc. - Bank Reconciliation - Fixed Asset Maintenance - Inter Company - Accounting and Reconciliation - Tax Accounting - Transactional Element - Generation of Final Accounts - Various Reports (Statutory Reports, Schedules, Variance Analysis).

Modules and usage of ERPs - Basic Screens required to be understood for F&A process - Report generation - XBRL, Platform, Counting, Data Privacy Law etc.

UNIT V Accounting Standard, Controls and Compliance Operating model of Business Process services

Basics of Accounting Standard - Differences between various GAAPs (US, UK, Indian and IFRS)

COSO, Internal Controls & Audit, ISO Standards (applicable to BPO) / CMMI Certification.etc., - PCI Data Security Standard / Security Audit / Data Privacy and Protection SOX - Compliance / SSAE 16 /ISAE 3402 - SOD, Access, Incident Management, BCP etc.,

How the various transaction flows are happening - BPO Terminologies - Importance of Process Documents Service Level Measurements Contractual elements - Governance model - Internal Reporting - Delivery Excellence - Integration of support functions - Future and Challenges

Note: Distribution of marks –100 Percent Theory

SUGGESTED READINGS:

TCS BPS study material

KARPAGAM ACADEMY OF HIGHER EDUCATION
(Deemed to be University)
(Established under section 3 of UGC Act 1956)
Coimbatore-641021
Department of Management (UG)

Name : **Dr. M. Usha** **Department** : **Management**
Course Code : **18BAU412A** **Semester: IV** **Year** : **2018-21 Batch**
Course : **Practical - Financial Analysis and Reporting LESSON PLAN**

LIST OF PRACTICAL			
SI.No	**Lecture Hours**	**Contents**	**References**
1	3	To select a Company Reason for selecting the company as investor Download the financial statements Perform the following financial analysis and interpret	T: Pg.No.: 10-20
2	2	Common-Size Analysis (Vertical and Horizontal), Year-to-Year Change Analysis	R1: Pg.No.: 13-14
3	3	Ratio Analysis - Liquidity of Short-Term Assets Current Assets, Current Liabilities, and the Operating Cycle Cash - Marketable Securities - Receivables - Inventories - Prepayments - Other Current Assets -Current Liabilities Current Assets Compared with Current Liabilities Working Capital - Current Ratio - Acid-Test Ratio (Quick Ratio) -Cash Ratio	R1: Pg.No.: 20-25
4	2	Debt-Paying Ability- Times Interest Earned	R1: Pg.No.: 25-31
5	2	Debt Ratio - Debt/Equity Ratio	R2: Pg.No.: 31-38
6	2	Net Profit Margin - Total Asset Turnover - Return on Assets Operating Income Margin - Operating Asset Turnover	T: Pg.No.: 21-32
7	2	Return on Operating Assets - Sales to Fixed Assets - Return on Investment (ROI) - Return on Total Equity - Return on Common Equity - Gross Profit Margin	T: Pg.No.: 32-42
8	2	DuPont Return on Assets - Interpretation Through DuPont Analysis - Variation in Computation of DuPont Ratios Considering Only Operating Accounts	R1: Pg.No.: 40-52
9	2	For the Investors :Earnings per Common Share, Price/Earnings Ratio, Dividend Payout,- Book Value per Share	W1
Total number of hours planned for Practical –Financial Analysis and Reporting			

SUGGESTED READINGS:

T1: M.S Narasimhan (2016), Financial Statement Analysis, 1st Edition, Cengage Learning India Private Limited, New Delhi.

R1: Deepa Agarwal (2017), Financial Reporting and Auditors Responsibility, 2nd edition, Bloomsbury Professional India, New Delhi.

W1: www.invest.org.in

PROGRAMME –I

SELECT A COMPANY AS AN INVESTOR TO ANALYS FINACIAL PERFORMANCE AND INVEST

Aim:

Select a company, list out the reason for chosing the company based on their financial statement

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

List out the specific reason for selecting the company

STEP 3:

Analyse the company as a investor to invest in that company

STEP 4:

Access the company, based on the key financial indicators. For example: operating cashflow, working capital, current ratio, debt equity ratio, customer satisfaction etc.,

STEP 5:

Review the result with appropriate aspect, take decision regarding investment in the company.

Result:

Thus as an investor a company taken for a review to overlook their financial performance

OUTPUT - I

SELECT A COMPANY AS AN INVESTOR TO ANALYSE

FINACIAL PERFORMANCE AND INVEST

(₹ in Lakhs)

WORKING RESULTS	31.3.2018	31.3.2017
No. of days worked	356	357
Sales	23,668.46	22,722.73
Other income	686.47	773.49
GROSS REVENUE	**24,354.93**	**23,496.22**
Profit before Tax and Exceptional Items	495.80	460.61
Less : Exceptional items	222.80	17.65
Profit before Taxation	**273.00**	**442.96**
Tax Expense	130.71	336.39
Profit after Taxation	142.29	106.57
Other Comprehensive Income	13,305.35	4,729.11
Total Comprehensive Income	**13,447.64**	**4,835.68**

Transition to Indian Accounting Standards

THE LAKSHMI MILLS COMPANY LIMITED

Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note No	31.03.2018	31.03.2017	01.04.2016
ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	4	16,052.81	15,267.90	14,964.51
(b) Capital work-in-progress		—	7.76	—
(c) Intangible assets	4	7.07	10.63	7.84
(d) Financial assets				
(i) Investments	5	36,252.11	22,312.96	17,589.96
(ii) Other financial assets	6	266.87	240.59	207.14
(e) Deferred tax assets (net)	25	1,711.63	2,298.64	2,571.24
(f) Other non-current assets	7	136.66	98.09	70.55
Total non - current assets		54,427.15	40,236.57	35,411.24
2 Current assets				
(a) Inventories	8	3,153.11	3,660.66	3,634.45
(b) Financial assets				
(i) Trade receivables	9	3,373.52	1,986.69	1,564.01
(ii) Cash and cash equivalents	10	136.43	33.70	39.53
(iii) Bank balances	10	265.57	210.77	78.08
(iv) Other financial assets	6	23.60	22.43	12.45
(c) Current tax assets (net)		—	—	21.87
(d) Other current assets	7	203.98	252.33	332.93
Total Current Assets		7,156.21	6,166.58	5,683.32
Total Assets		61,583.36	46,403.15	41,094.56
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	11	695.55	695.55	695.55
(b) Other equity	12	48,437.11	35,064.81	30,304.47
Total Equity		49,132.66	35,760.36	31,000.02
LIABILITIES				
1 Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	2,467.92	1,490.69	1,483.00
(ii) Other financial liabilities	16	79.34	69.84	61.48
(b) Provisions	14	295.39	345.87	357.32
(c) Other liabilities	17	243.94	229.93	220.43
Total Non - Current Liabilities		3,086.59	2,136.33	2,122.23
2 Current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	4,346.24	4,316.81	4,180.36
(ii) Trade payables	15	2,917.37	2,395.62	2,197.30
(iii) Other financial liabilities	16	1,603.96	1,175.36	1,117.73
(b) Provisions	14	68.96	87.98	65.39
(c) Other liabilities	17	424.23	489.91	411.53
(d) Current tax liabilities (net)		3.35	40.78	—
Total current liabilities		9,364.11	8,506.46	7,972.31
Total Liabilities		12,450.70	10,642.79	10,094.54
Total Equity and Liabilities		61,583.36	46,403.15	41,094.56

See accompanying notes to the financial statements 1-34

For and on behalf of the Board

S. Pathy
Chairman & Managing Director
DIN: 00013899

R. Santharam
Vice Chairman
DIN: 00151333

In terms of our report of even date
For M.S.Jagannathan & Visvanathan
Firm Registration No. 001209S
Chartered Accountants

Coimbatore
18th May 2018

N. Singaravel
Company Secretary

V. Kannappan
Chief Financial Officer

M.V.Jeganathan
Partner
Membership No. 214178

THE LAKSHMI MILLS COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lakhs)

	Particulars	Note No	31.03.2018	31.03.2017
I	**INCOMES**			
	Revenue from operations	18	23,668.46	22,722.73
	Other income	19	686.47	773.49
	Total income		24,354.93	23,496.22
II	**EXPENSES**			
	Cost of materials consumed	20.a	11,003.64	10,956.60
	Purchases of Stock-in-trade	20.b	1,726.65	1,780.44
	Changes in stock of finished goods, work-in-progress and stock-in-trade	20.c	904.43	165.82
	Employee benefit expense	21	3,427.59	3,391.38
	Finance costs	22	865.05	829.20
	Depreciation and amortisation expense	4	907.55	694.33
	Power and Fuel charges		2,717.92	2,821.95
	Other expenses	23	2,306.30	2,395.89
	Total Expenses		23,859.13	23,035.61
	Profit before exceptional item and tax		495.80	460.61
III	Exceptional item	24	222.80	17.65
	Profit before tax after exceptional item		273.00	442.96
IV	Tax expense	25		
	Current tax		27.48	63.11
	Less: MAT credit		(27.40)	(61.24)
	Tax relating to earlier years		3.23	3.92
	Deferred tax		127.40	330.60
	Total tax		130.71	336.39
	Profit for the year		142.29	106.57
V	Other comprehensive income			
	(i) Items that will not be reclassified to the statement of profit or loss			
	(a) Remeasurement of employee defined benefit plans		(146.79)	9.35
	(b) Fairvalue of quoted investments		13,939.15	4,723.00
	(c) Income tax on (a & b) above		(487.01)	(3.24)
	Total Other comprehensive income		13,305.35	4,729.11
	Total comprehensive income for the year		13,447.64	4,835.68
VI	Earnings per equity share of ₹ 10/-			
	Basic (in Rs.)	27	20.46	15.32
	Diluted (in Rs.)	27	20.46	15.32
	See accompanying notes to the financial statements	1-34		

For and on behalf of the Board

In terms of our report of even date

PROGRAMME –II

COMMON-SIZE ANALYSIS (VERTICAL AND HORIZONTAL)
YEAR-TO-YEAR CHANGE ANALYSIS

Aim:

A companies financial statement chosen and the tool of common-size analysis was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Common Size analysis tool was used to analyse the financial statement (Balance sheet and Income statement) of two years

STEP 3:

Based as on the chosen base 100% the financial data analysis according to the year

STEP 4:

Year to year changed data has been assessed and interpreted

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the year to year changes in financial data can be taken for decision making.

OUTPUT - II

COMMON-SIZE ANALYSIS (VERTICAL AND HORIZONTAL)
YEAR-TO-YEAR CHANGE ANALYSIS

Common-Size Balance Sheet of Lakshmi Mills Ltd., as on 31st March 2016 and 2017

PARTICULARS	ABSOLUTE AMOUNT (Rs. In lakhs)		PERCENTAGE ON TOTAL OF BALANCE SHEET	
	2016 (Rs.)	**2017 (Rs.)**	**2016 (Rs.)**	**2017 (Rs.)**
I Equity and Liability				
1. Shareholders Fund				
a. Share Capital	18,000	18,000	45	40
b. Reserves and Surplus	4,000	5,400	10	12
2. Non Current Liabilities	14,000	14,400	35	32
3. Current Liabilities	4,000	7,200	10	16
TOTAL	**40,000**	**45,000**	**100**	**100**
II Asset				
1. Non-Current Assets				
a. Fixed Asset	28,000	30,600	70	68
b. Non-current investment	4,000	4,000	10	8.89
2. Current Assets	8,000	10,400	20	23.11
TOTAL	**40,000**	**45,000**	**100**	**100**

Common-Size Profit and Loss of Lakshmi Mills Ltd., as on 31st March 2016 and 2017

PARTICULARS	ABSOLUTE AMOUNT (Rs. In lakhs)		PERCENTAGE ON TOTAL OF BALANCE SHEET	
	2016 (Rs.)	**2017 (Rs.)**	**2016 (Rs.)**	**2017 (Rs.)**
I Revenue from Operation	40,000	50,000	100	100
II Other Income	2,000	3,000	5	6
III Total Income (I +II)	**42,000**	**53,000**	**105**	**106**
IV Expenses:				
a. Cost of Revenue from Operations	30,000	35,000	75	70
b. Other Expenses	2,500	3,000	6.25	6
Total Expenses	**32,500**	**38,000**	**81.25**	**76**
V Profit before Tax (III- IV)	9,500	15,000	23.75	30
VI Tax	4,750	7,500	11.875	15
VII Profit After Tax (V- VI)	4,750	7,500	11.875	15

<u>PROGRAMME –III</u>

RATIO ANALYSIS (SHORT TERM SOLVENCY)

Aim:

A companies financial statement chosen and the tool of ratio analysis (Short term Solvency) was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Ratio analysis tool was used to analyse the financial statement (Balance sheet)

STEP 3:

Liquidity ratios measures the ability of the firm to meet its current obligations

STEP 4:

Current Ratio and Liquid ratio chosen for calculating the short term solvency obligation

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the liquity ratio used to take decision regarding short term solvency obligation

OUTPUT - III

RATIO ANALYSIS (SHORT TERM SOLVENCY)

Liquidity Ratio (Short term solvency) ratios:

1. **Current ratio** $= \dfrac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$

A Current Ratio of 2:1 is considered ideal. That is for every one ruppe of current liability there must be current assets of Rs. 2. If the ratio is less than two, it may be difficult for a firm to pay current liabilities. If the ratio is more than two, it is an indicator of idle funds.

2. **Quick ratio** $= \dfrac{\textbf{Quick Assets}}{\textbf{Quick Liabilities}}$

A Quick ratio of 1:1 is considered satisfactory. The quick ratio supplements current ratio.

PROGRAMME –IV

RATIO ANALYSIS (LONG TERM SOLVENCY)

Aim:

A companies financial statement chosen and the tool of ratio analysis (Long Term Solvency) was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Ratio analysis tool was used to analyse the financial statement (Balance sheet)

STEP 3:

Solvency ratios assess the long-term financial conditions of the firm. Shareholders, debentures and other financial institutions are interested in the long term financial prospects.

STEP 4:

Debt equit ratio and proprietory ratio chosen for calculating the long term solvency obligation

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the Debt equity ratio and proprietory ratio used to take decision regarding long term solvency obligation

OUTPUT – IV

RATIO ANALYSIS (LONG TERM SOLVENCY)

Long Term Solvency Ratio:

1. **Debt equity ratio** $= \frac{\textbf{Debt}}{\textbf{Equity}}$ **(or)** $\frac{\textbf{Outsiders funds}}{\textbf{Shareholders funds}}$

A debt equity ratio of 1:1 is considered desirable satisfactory. It Indicates the availability of assets to long term creditors at the time of liquidation.

2. **Proprietory ratio** $= \frac{\textbf{Shareholders funds}}{\textbf{Total tangible assets}}$

Proprietory ratio indicates the proportion of shareholders funds in the total assets. A high proporietory ratio indicates less danger and risk to creditors in the event of winding up.

PROGRAMME –V

RATIO ANALYSIS (ACTIVITY Or TURNOVER RATIO)

Aim:

A companies financial statement chosen and the tool of ratio analysis (Turn over ratio) was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Ratio analysis tool was used to analyse the financial statement (Balance sheet)

STEP 3:

Turn over ratios measures the efficiency of asset management. This ratio indicate the relationship between sales and various assets of the firm.

STEP 4:

Inventory turn ratio, Detors turnover ratio, Creditors turnover ratio and Fixed assets turnover ratio chosen for calculating and assessing the asset management

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the Inventory turn ratio, Detors turnover ratio, Creditors turnover and Fixed assets turnover ratio used to take decision regarding asset management.

OUTPUT – V

RATIO ANALYSIS (ACTIVITY Or TURNOVER RATIO)

Turnover Ratio:

1. **Inventory Turnover ratio** $= \dfrac{\textbf{Cost of goods sold}}{\textbf{Average Stock}}$

   This ratio indicates the number of times stck is turned over during a year. A high ratio indicates qick movement of stock and vice versa.

2. **Debtors turnover ratio** $= \dfrac{\textbf{Debtors + Bills Receivable}}{\textbf{Credit Sales}}$ **X No. of working days**

   This ratio indicates the speed with which debtors/accounts reveivable are collected. It shows the number of days taken to collect money form debtors. A lower ratio implies quick recovery of money from debtors.

3. **Creditors turnover ratio** $= \dfrac{\textbf{Creditors + Bills Payable}}{\textbf{Credit Purchase}}$ **X No. of working days in a year**

   The creditors turnover ratio indicates the number of days taken by the firm to pay its creditors. Generally, lower the ratio the better is the liquidity position of the firm.

4. **Fixed assets turnover ratio** $= \dfrac{\textbf{Sales}}{\textbf{Net Fixed Assets}}$

   This ratio indicates the sales generated by every rupee invested in fixed assets. A high ratio is an indicator of greater efficiency in the utilization of fixed assets.

PROGRAMME –VI

RATIO ANALYSIS (PROFITABILITY RATIO)

Aim:

A companies financial statement chosen and the tool of ratio analysis (Profitability ratio) was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Ratio analysis tool was used to analyse the financial statement (Balance sheet)

STEP 3:

Profitability ratios measures the profitability of a firm's business operations. These raton may be related to sales or investments.

STEP 4:

Gross Profit ratio, Net Profit ratio, Operating ratio and Return on capital employed chosen for calculating the profitability of the firm.

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the Gross Profit ratio, Net Profit ratio, Operating ratio and Return on capital employed ratio used to take decision regarding investment.

OUTPUT – VI

RATIO ANALYSIS (PROFITABILITY RATIO)

<u>Profitability Ratio:</u>

1. **Gross profit ratio** $= \dfrac{\textbf{Gross Profit}}{\textbf{Sales}} \times 100$

   It indicates the effieciency of production or trading operations. A high Gross Profit ratio is a sign of good managmentas it implies that the cost of production is relatively low.

2. **Net profit ratio** $= \dfrac{\textbf{Net Profit}}{\textbf{Sales}} \times 100$

   It indicates the efficiency of the overall operations of the firm. It shows what percentage of sales is left to the owners after meeting all costs. An increase in net profit ratio year after year is an indication of improving working conditions and vice versa.

3. **Operating ratio** $= \dfrac{\textbf{Cost of goods sold + Operating expenses}}{\textbf{Sales}} \times 100$

   The ratio shows the percentage of sales absorbed by the cost of goods sold and operating expenses. A lower ratio is more favourable as it would leave a higher margin for operating profit.

4. **Return on capital employed** $= \dfrac{\textbf{Net Profit + Interest + Taxes}}{\textbf{Average Capital Employed}} \times 100$

   It is most widely used to measure the overall profitability and efficiency of the business.

PROGRAMME –VII

RATIO ANALYSIS (CAPITAL STRUCTURE RATIO)

Aim:

A companies financial statement chosen and the tool of ratio analysis (Capital Structure ratio) was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Ratio analysis tool was used to analyse the financial statement (Balance sheet)

STEP 3:

Capital structuring ratios explains the relationship between equity shareholders funds on the other hand preference share capital and fixed interest bearing loan

STEP 4:

Capital gearing ration chosen for calculating the equity share capital reserves of the firm.

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the capital gearing ratio used to take decision regarding equity reserves.

OUTPUT – VII

RATIO ANALYSIS (CAPITAL STRUCTURE RATIO)

Profitability Ratio:

1. **Capital Gearing ratio** $= \dfrac{\textbf{Preference Share Capital – Fixed Interest Securities}}{\textbf{Equity Shareholders funds}}$ **X 100**

   If the preference share capital and fixed interest bearing securities exceed equity share capital including reserves the firm is said to be highly geared. The firm is said to be in low gear if preference share capital and other fixed interest bearing securities are less than equity share capital and reserves.

PROGRAMME –VIII

DUPONT ANALYSIS

Aim:

Dupont analysis looks at three main components of the return on equity ratio was used to analyse the financial data of the company

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

Dupont anlysis tool was used to analyse the financial statement (Balance sheet)

STEP 3:

Dupont analysis looks at three main components of the ROE (Return On Equity ratio).

- Profit Margin
- Total Asset Turnover
- Financial Leverage

STEP 4:

Based on these three performances measures the model concludes that a company can raise its ROE by maintaining a high profit margin, increasing asset turnover, or leveraging assets more effectively.

STEP 5:

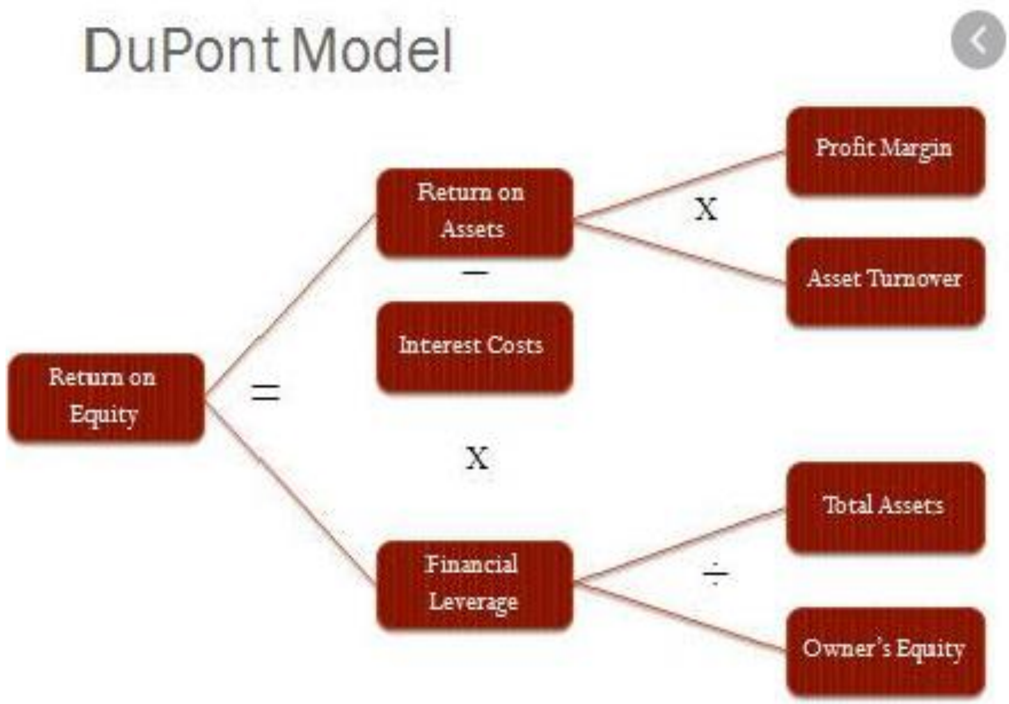
Review the result with appropriate aspect and take decision

Result:

Thus the Return on equity ratio used to take decision regarding proposinate of capital.

OUTPUT – VIII

DUPONT ANALYSIS MODEL



PROGRAMME –IX

INVESTORS: EARNINGS PER COMMON SHARE, P/E RATIO , DIVIDEND PAYOUT

Aim:

The price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings (EPS).

ALGORITHM:

STEP 1:

Chose a companies financial statement

STEP 2:

P/E ratio and dividend pay ratio tool was used to analyse the financial statement

STEP 3:

P/E ratios are used by investors and analysts to determine the relative value of a company's shares in an apples-to-apples comparison.

STEP 4:

Revelas the investors expectation

STEP 5:

Review the result with appropriate aspect and take decision

Result:

Thus the P/E ratio used to take decision regarding investor expectation.

OUTPUT – IX

INVESTORS: EARNINGS PER COMMON SHARE, P/E RATIO , DIVIDEND PAYOUT

PRICE-TO-EARNINGS RATIO – P/E RATIO

1. P/E Ratio = $\frac{\text{Earnings per share}}{\text{Market value per share}}$

To determine the P/E value, one simply must divide the current stock price by the earnings per share (EPS). The current stock price (P) can be gleaned by plugging a stock's ticker symbol into any finance website, and although this concrete value reflects what investors must currently pay for a stock, the EPS is a slightly more nebulous figure.