

Roll No.

Total No. of Questions : 13] [Total No. of Printed Pages : 5

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M.B.A. IIIrd Semester (FT)

Examination, 2018

Working capital Mgt.

Paper - FSF-2

Time : 3 Hours]

[Maximum Marks : 80

Note :- Attempt all the questions.

SECTION - 'A'

8×4=32

Short Answer Type Questions

Note :- Attempt any four question. Each question carries equal marks.

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(1)

P.T.O.

- 1. Write a brief note on commercial paper as a source of finance.
- 2. What action can a financial manager take to reduce a company's cash requirements ?
- 3. Describe the need of determinants of working capital is a business.
- 4. Explain the purpose of ABC inventory classification scheme.
- 5. Discuss the new trends in financing of working capital by banks.
- 6. Followings information is given about materials :
 - (a) Annual usage = Rs. 2,00,000
 - (b) Cost of placing and receiving one order = Rs. 80
 - (c) Annual carrying cost = 10% of inventory value.
 find out the economic order quantity.
- 7. ABC company wishes to arrange overdraft facilities with its bankers during the period April to June 2015 when it will be manufacturing mostly for stock. Prepare cash budget for the above period from the followings data, indicating the xtent of the bank facilities the company will require at the end of each month :

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(2)

(a)

20015	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)
February	1,80,000	124800	12000
March	192000	144000	14000
April	108000	243000	11000
May	174000	246000	10000
June	126000	268000	15000

- (b) 50% of credit sales are realised in the month following the sales and remaining 50% in the second month following. Creditors are paid in the month following the month of purchases.
- (c) Cash at bank on 1/4/2015 (estimated) Rs. 25, 000.

8. Identify some of the costs associated with accounts receivable and give examples of each type of cost.

SECTION - 'B'

16×3=48

Long Answer Type Questions

Note :- Attempt any **three** question. All questions carries 16 marks.

9. Prepare an estimate of working capital requirements from the following information of a trading concern.

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(3)

P.T.O.

- (a) Project annual sales 1,00,000 Units
- (b) Selling price Rs. 8 per Units
- (c) % age of net profit on sales. 25%
- (d) Average credit period 8 weeks allowed to customers.
- (e) Average credit period allowed by suppliers = 4 weeks
- (f) Average stock holding is terms of sales requirement = 12 weeks
- (g) Allow 10% for contingencies.

10. Discuss the various approaches to determine an appropriate financings mix of working capital.

11. Why is no single working capital investment and financing policy necessarily optimal for all firms? What additional factors need to be considered in establishing a working capital policy?

12. The following information is given about material A for the month of March 2018.

March 1	opening balance	1000 units @ Rs. 2.50
March 7	purchase of material	1500 units @ Rs. 2.70

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(4)

March 10	Issue of material	1000 units
March 14	Purchase of material	2000 units @ Rs. 3.00
March 15	Issue of material	1500 units
March 21	Purchase of material	4000 units @ Rs. 3.10
March 25	purchase of material	2500 units @ Rs. 3.20
March 28	Issue of material	1000 units
March 31	Issue of Material	2400 units

Prepare store ledger account using :-

- (i) LIFO method
- (ii) FIFO method

Base stock is 1500 units

13. Explain various methods of investing surplus cash. What criteria should a firm use in investing in marketable securities ?

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