

M.Com.(A&F) DEGREE EXAMINATION, ODD SEMESTER 2020
II Year III Semester
Working Capital Management

Max.marks :25

Answer any **FIVE** questions ($5 \times 5 = 25$) Marks

1. State the importance of Working Capital Management.
2. Explain the objectives of Receivable Management.
3. State the utilities of cash budget.
4. Explain the different approaches to financing current assets.
5. From the following information find out average collection period of debtors in days.

	Rs.
Total sales (including cash sales of Rs.20,000)	1,00,000
Sales return	7,000
Debtors at end	9,000
B/R at end	2,000
Reserve for Doubtful Debts at end	1,000
Creditors at end	10,000

6. CSK Ltd. is engaged in customer retailing. You are required to estimate its working capital requirements from the following data.

Projected annual sales	Rs.65,00,000
% of profit to cost of sales	25%
Average credit allowed to debtors	10 weeks
Average credit allowed by creditors	4 weeks
Average stock carrying (in terms of sales requirement)	8 weeks.
Allow 10% for contingencies	

7. Calculate Economic Ordering Quantity:

Annual requirement	= 1600 units
Cost of material per unit	= Rs.40
Cost of placing and receiving one order	= Rs.50

Annual carrying cost of inventory, 10% of inventory value.