SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN (AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.
M.Com.(A&F) - END SEMESTER EXAMINATIONS NOVEMBER - 2022
SEMESTER - III
20PAFET3003 - Working Capital Management

Total Duration : 2 Hrs 30 Mins. **Total Marks : 60**

Section A

Answer any **SIX** questions $(6 \times 5 = 30$ Marks)

1. State the concept of working capital.

2. Illustrate ABC analysis with suitable examples.

3. Relate the various dimension of receivables management.

4. Interpret the regulation of bank Credit.

5. Describe the factors influencing Cash Balance in determining minimum cash balance.

6. Compute the EOQ from the following Particulars:
   Annual Usage - 6,000 Units;
   Cost of material per unit- Rs.20
   Cost of placing and receiving one order – Rs.60
   Annual Carrying cost of one unit – 10% of inventory

7. Explain the credit policy of receivables management.

8. Examine the utility of public deposit as a source of finance.

Section B

Part A

Answer any **TWO** questions $(2 \times 10 = 20$ Marks)

9. "As a consultant can you suggest to state the consideration involved in estimating the amount of the required working capital. Suggest the ways and means to meet the need for working capital in case of a newly started business"- Explain.

10. From the following forecast of income and expenditure, prepare a cash budget for the month April to August 2020

Contd...

Month	Sales (credit)	Purchases (credit)	Wages	Manufacturing expense	Admin expense	Selling expense
March	30,000	15,000	3,000	1,150	1,060	500
April	35,000	20,000	3,200	1,225	1,040	550
May	25,000	15,000	2,500	990	1,100	600
June	30,000	20,000	3,000	1,050	1,150	620
July	35,000	22,500	2,400	1,100	1,220	570
August	40,000	25,000	2,600	1,200	1,180	710

Additional Information
- Customer are allowed a credit period of 2 months
- A dividend of Rs 10,000 is payable in August
- Capital Expenditure to be incurred: Plant purchased on 15th May for Rs 5,000: a building has been purchased on 1st July and payment are to be made in monthly instalments of Rs 2,000 each
- Creditors are allowing a credit of 2 months
- Wages are paid on the 1st of the next month
- Lag in payment of other expenses is one month

Balance of cash in hand on 1st April 2020 is 15,000

11. SS Ltd., purchased and issued materials as under January
    1 stock of materials 200 units at Rs.2.50 per unit
    3 purchased 300 units at Rs.4 per unit
    7 purchased 500 units at Rs.4 per unit
    10 issued 600 units
    12 purchased 400 units at Rs.4 per unit
    18 issued 500 units
    24 purchased 400 units at Rs.5 per unit
    28 issued 200 units
    Prepare stores ledger under (a) FIFO (b) LIFO methods of pricing material issues.

12. Critically evaluate the credit granting decisions of receivables management.

Part B

Compulsory question $(1 \times 10 = 10$ Marks)

13. Infer the various sources of finance available to industries to meet current asset requirement.

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