## SIXTH SEMESTER B.B.A DEGREE EXAMINATION, APRIL 2022

 (CUCBCSS-UG)
## CC16U BB6 B15 - WORKING CAPITAL MANAGEMENT

(Core Course)
(2016 to 2018 Admissions - Supplementary/Improvement)
Maximum: 80 Marks

## Part A

Answer all questions. Each question carries 1 mark.

1. The amount of current assets that varies with seasonal requirements is referred to as ............... working capital.
a. Permanent
b. Net
c. Temporary
d. Gross
2. To financial analysts, "net working capital" means the same thing as $\qquad$
a. Total assets
b. Fixed assets
c. Current assets
d. Current assets minus current liabilities.
3. Inventory Turnover measures the relationship of inventory with: $\qquad$
a. Average Sales b. Cost of Goods Sold
c. Total Purchases
d. Total Assets.
4. In Inventory Turnover calculation, is taken in the numerator?
a. Sales b. Cost of Goods Sold
c. Opening Stock
d. Closing Stock.
5. EOQ is the quantity that minimizes ....
a. Total Ordering Cost
b. Total Inventory Cost
c. Total Interest Cost d. Safety Stock Level.
6. Inventory is the component of the $\qquad$ asset.
7. Length of $\qquad$ .. cycle influences the amount of working capital
8. Baumol model is a model for $\qquad$ management
9. The excess of current assets over current liability is called $\qquad$
10. ABC analysis is used in $\qquad$ managemen

Part B
Answer any eight questions. Each question carries 2 marks.
11. What are the sources of working capital?
12. What is meant by cash flow statement?
13. What is ABC analysis?
14. What do you mean by working capital?
15. What is inventory?
16. What is economic order quantity?
17. What do you mean by cash management?
18. What does the term liquidity means?
19. What is cash discount?
20. What is stock turnover ratio?

## ( $8 \times 2=16$ Marks )

## Part C

Answer any six questions. Each question carries 4 marks.
21. What are the different types of working capital?
22. What are the objectives of cash Management?
23. Explain the role of finance management in inventory management?
24. Explain cash management?
25. Explain the concept of working capital?
26. What is non-current forecast method?
27. Explain the components of working capital?
28. What are the factors determining cash needs?

## ( $6 \times 4=24$ Marks $)$

## Part D

Answer any two questions. Each question carries 15 marks.
29. What are the factors affecting working capital?
30. What are the Inventory control techniques?
31. A proforma cost sheet of a company provides the following particulars:

| Elements of cost | Amount per |
| :--- | ---: |
| Raw materials | 80 |
| Direct labour | 30 |
| Overheads | 60 |
| Total costs | 170 |
| Profit | 30 |
| Selling price | 200 |

The following further particulars are available
Raw materials are in stock on an average for one month. Materials are in process on an average for half a month. Finished goods are in stock on an average for one month.
Credit allowed by suppliers by one month. Credit allowed to customers is two months.
Lag in payment of wages is one and half weeks. Lag in payment of overhead expenses is one month
One fourth of the output is sold against cash. Cash in hand and at bank is expected to be Rs.25, 000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of $1,04,000$ units of production

You may assume that production is carried on evenly throughout the year, wages and overhead accrue similarly and a time period of 4 weeks is equivalent to a month.

