

18U668

(Pages: 3)

Name:

Reg. No.....

SIXTH SEMESTER B.B.A. DEGREE EXAMINATION, APRIL 2021

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

CC15U BB6 B15 - WORKING CAPITAL MANAGEMENT

(BBA – Core Course)

(2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

Part A

Answer *all* questions. Each question carries 1 mark.

Choose the correct answer:

1. Net working capital means
 - a. Current assets + Current liabilities
 - b. Current assets – Current liabilities
 - c. Current assets only
 - d. None of these
2. represents the credit extended by the supplier of goods and services.
 - a. Trade credit
 - b. credit purchase
 - c. Credit sales
 - d. none of these
3. provides resources to finance receivables as well as facilitates the collection of receivables
 - a. Venture capital
 - b. Factoring
 - c. Management Buyout
 - d. None of these
4. means the material will reach the points of production process directly from the suppliers as per the time schedule.
 - a. TQM
 - b. SCM
 - c. JIT
 - d. None of these
5. A low inventory turnover means
 - a. investment tied up in stock
 - b. Obsolete goods on hand
 - c. goods are not moving quickly
 - d. All of these

Fill in the blanks:

6. means the book debts or debtors and these arise, if the goods are sold on credit.
7. is an arrangement whereby a bank helps its customer to obtain credit from its suppliers.
8. The time gap between the production of goods and actual realisation after sales is known as

9. is a system of records maintained by the controlling department, which reflects physical movements of stocks and their current balance.
10. EOQ stands for

(10 × 1 = 10 Marks)

Part B

Answer any *eight* questions. Each question carries 2 marks.

11. What do you mean by permanent working capital?
12. List out any four types current assets.
13. Define Trade discount.
14. What is ABC analysis?
15. What is Reorder quantity?
16. What is Material Turnover ratio?
17. What is cash management?
18. What is safety stock?
19. What is cash flow?
20. Define Inventory.

(8 × 2 = 16 Marks)

Part C

Answer any *six* questions. Each question carries 4 marks.

21. Explain the importance of working capital?
22. Explain the objectives of Cash Management.
23. Write a short note receivable management.
24. Explain Beranetk Model.
25. Explain any two techniques of inventory control.
26. Write a short note on cash forecasting.
27. Find out EOQ from the following

Annual usage	–	6000 units
Cost of material per unit	–	Rs.20
Cost placing and receiving one order	–	Rs.60
Annual carrying cost of one unit	–	10% of inventory value.
28. From the following information, calculate minimum level, maximum level and re-ordering level and average level

(i) Maximum Consumption	=	150 units per week
(ii) Minimum Consumption	=	50 units per week

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|--------------------------------|---|--------------------|
| (ii) Normal Consumption | = | 100 units per week |
| (iv) Reorder period | = | 6-8 weeks |
| (v) Reorder quantity | = | 400 units |
| (vi) Emergency delivery period | = | 3 weeks. |

(6 × 4 = 24 Marks)

Part D

Answer any *two* questions. Each question carries 15 marks.

29. Explain the determinants of working capital.
30. Discuss the various techniques of Inventory control.
31. Prepare an estimate of working capital requirements of A Ltd. From the data given below:

Estimate cost per unit of production –

Raw material	–	Rs. 100/unit
Direct labour	–	Rs. 40/unit
Overheads	–	Rs. 80/unit
Total cost	–	Rs. 220/unit

Additional information –

Selling price/unit	–	Rs. 240
Level of activity	–	1,04,000 units per annum
Raw materials in stock	–	average 4 weeks
Work in progress (Assume 100% completion for material and 50% for labour and overhead)	–	Average 2 weeks
Finished goods in stock	–	Average 4 weeks
Credit allowed by suppliers	–	Average 4 weeks
Credit allowed to debtors	–	Average 8 weeks
Delay in payment of labour	–	Average 1½ weeks
Cash at bank is expected to be Rs. 25,000		
All sales are on credit basis only.		

(2 × 15 = 30 Marks)
