

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 × 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 × 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 unit Rs.
Raw materials	80
Direct labour	30
Overheads	60
Total costs	170
Profit	30
Selling price	200

(2)

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.

(2 × 15 = 30 Marks)

(3)