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Total No. of Questions : 7]

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B.B.A. (Part-III) Examination, 2023

MANAGEMENT OF WORKING CAPITAL

Paper - BBA-603-FM

Time : 3 Hours]

[Maximum Marks : 70

Section-A

(Marks : 2 × 10 = 20)

Note :- All the *ten* questions are compulsory. Each question is to be attempted in around **50** words. Each question carries **2** marks.

Section-B

(Marks : 10 × 3 = 30)

Note :- Answer any *three* questions out of five. Each question is to be attempted in around **500** words. Each question carries **10** marks.

Section-C

(Marks : 20 × 1 = 20)

Note :- *One* question based on case study is compulsory and carries **20** marks.

Section-A

1. (i) What is seasonal working capital ?
- (ii) Explain any *two* methods of forecasting working capital.
- (iii) What are the current assets ?
- (iv) What is operating cycle ?

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- (v) What is cash flow analysis ?
- (vi) What is bank credit ?
- (vii) Explain money market finance.
- (viii) What do you mean by credit policy of a firm ?
- (ix) Explain the various types of inventories.
- (x) Write any three objectives of cash management.

Section-B

2. What is working capital? Which factors determine the working capital requirements ?
3. Differentiate between cash flow statement and fund flow statement.
4. What do you mean by working capital financing ? Which are the various sources from which the working capital can be financed ?
5. What is inventory management? Explain various methods of inventory management ?
6. A company uses 1,200 units per month of an electronic item each costing ₹ 2, placing each order costs ₹ 50 and carrying cost is 6% per year of average inventory. Find
 - (a) Economic Order Quantity (EOQ)
 - (b) If the company gets 5% discount if it places single order, should the company accept the discount offer ?

Section–C

7. The following data are being taken from the records of Birla Limited as on 30th June, 2022

Cash	25,000	Bills Payables	3,000
Debtors	12,000	Sales	53,000
Inventory	8,000	Purchase	34,000
Prepaid Expenses	2,000		
Creditors	12,000		

On the basis of above information, complete the following:

- (a) Current Ratio
- (b) Acid-Test Ratio
- (c) Inventory Turnover Ratio
- (d) Debtors Turnover Ratio
- (e) Average Payment Period