

Roll No. : .....

Total No. of Questions : **16** ]

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# **BB-396**

**B.B.A. (Part-III) Examination, 2022**

## **MANAGEMENT OF WORKING CAPITAL**

Paper - BBA-603

(Group 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. What do you understand by Working Capital Management ?
2. What are Liquidity Rates ?
3. Write down different sources of Working Capital.
4. What is 'Cash Flow Analysis' ?

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5. Name the different theories of Working Capital Management.
6. What do you know about 'Hedging Approach' of Financing Working Capital?
7. Define Money Market.
8. What is EOQ ? Write its formula.
9. Write down difference between 'Permanent Working Capital' and 'Variable Working Capital'.
10. Name different methods for estimating working capital requirements.

**Section-B**

11. Calculate the following liquidity ratios :
  - (a) Current Ratio
  - (b) Quick Ratio

<b>Particulars</b>	<b>Amount (₹)</b>
Inventory	1,50,000
Cash	50,000
Debtors	3,00,000
Creditors	3,50,000
Bills Receivable	30,000
Bank Overdraft	30,000

12. Write down the different techniques for finding optimal level of working capital.
13. What is Fund Flow Statement ? Describe its importance and limitations.
14. Discuss the role of Credit Policy Variables in managing receivables in an organisation.
15. From the following figures adequate EOQ and Total Cost of EOQ :
 

Total consumption of material per year	10,000 kg.
Buying cost per order	₹ 50
Unit cost of Material	₹ 2 per kg.
Carrying cost and Storage Costs	8%

**Section–C**

16. The cost sheet of ABC Ltd. is as follows :	(₹)
Raw material	50
Direct labour	20
Overheads (including ₹ 10 depreciation)	40
Total Cost	<u>110</u>
Profit	20
Selling Price	<u>130</u>
Average raw material in stock for	1 Month
Average material in W/P	½ Month
Credit allowed by suppliers	1 Month
Credit allowed to Debtors	1 Month
Average lag in payment of wage	10 Days
Average time lag in payment of overheads	30 Days
25% sale is cash sales. Cash balance expected to be	₹ 1,00,000
Finished goods lie in warehouse	1 Month

You are required to prepare a statement of estimated working capital requirements to finance the level of the activity 54,000 units. Production is carried on evenly throughout the year and wages and overheads accrue similarly. State your assumption, if any, clearly.