

Roll No. :

Total No. of Questions : 7]

[Total No. of Printed Pages : 3

SBB-383

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

MANAGEMENT OF WORKING CAPITAL

Paper - BBA-603 FM

Time : 1½ Hours]

[Maximum Marks : 70

Section-A

(Marks : 2 × 10 = 20)

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

Section-B

(Marks : 10 × 3 = 30)

Note :- Attempt any *three* questions out of five. Each question is to be attempted in **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) Define the term working capital.
- (ii) Explain Balance Sheet concept of Working Capital.
- (iii) Define moderate working capital policy.
- (iv) Define the concept of Cash Cycle.
- (v) Define Factoring.
- (vi) What do you mean by receivable management ?

- (vii) What is Cash Flow ?
- (viii) Why is inventory management required in business firm ?
- (ix) Explain EOQ.
- (x) Explain and illustrate stock turnover ratio.

Section–B

2. Under aggressive working capital policy investment in current assets is very low. Comment.
3. Briefly explain the various sources of working capital.
4. Explain the Walker's approach of working capital management.
5. Determine reorder level, minimum level, maximum level and average stock level from the following :

Normal Usage – 100 units per week

Lead time – 4 to 6 weeks

Minimum Usage – 50 units per week

Maximum usage – 150 units per week

Reorder quantity – 600 units

6. Find out the working capital requirement from the following information :

Production during the year 60,000 units

Selling Price ₹ 5 per unit

Raw Material 60%

Wages 10%

Overheads 20%

(Raw material, wages and overheads in percentage of selling price)

Raw material storage period 2 months

Finished goods storage period 3 months

Work in process storage period 1 month

Credit allowed to suppliers	2 months
Credit allowed to customers	3 months
Minimum cash balance desired	₹ 20,000
Wages and overheads payment	1 month

Section–C

7. Important ratios of a firm for the year 2018 are given below :

(i) Stock turnover ratio	4
(ii) Debt collection period	2 months
(iii) Creditors collection period	73 days
(iv) Gross profit	₹ 2,00,000
(v) Gross profit margin	20%
(vi) Cash and Bank Balance	5% of sales
(vii) Credit purchase	25%

The firm expects an increase of 50% in sales in the ensuing year. Estimate the working capital requirements of the firm for the ensuing year.