

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2017  
(Fifth Semester)

Branch - COMMERCE WITH PROFESSIONAL ACCOUNTING

WORKING CAPITAL MANAGEMENT

Time : Three Hours

Maximum : 60 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (5 x 2 = 10)

- 1 Write short notes on working capital concept.
- 2 Write any five permanent working capital sources.
- 3 What is Receivable Management?
- 4 How to manage the cash flows?
- 5 Who are the principal lenders in the money market?

SECTION - B (20 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 4 = 20)

- 6 a Why working capital is important?  
OR  
b What are the types of working capital?
- 7 a What do you understand by working capital? How will you measure working capital in a joining concern?  
OR  
b Write short notes on permanent and temporary working capital.
- 8 a Name various factors influencing the size of receivables.  
OR  
b Calculate average collection period, from the below information :

	Rs.
Total Sales	1,00,000
Cash sales	20,000
Sales Return	7,000
Debtors at the end of the year	11,000
Bills receivables	4,000
Creditors	15,000

- 9 a What are the methods of accelerating cash inflows?  
OR  
b From the following information, find out economic order quantity :  
Annual usage - 10,000 units  
Cost of placing and receiving one order - Rs. 50  
Cost of materials per unit - Rs. 25  
Annual carrying cost of one unit - 10% of inventory value

- 10 a Give any two committee recommendations on working capital.

OR

SECTION - C (30 Marks)

Answer any THREE questions

ALL questions carry EQUAL Marks (3 x 10 = 30)

- 11 Prepare an estimate of working capital requirement from the following information of a trading concern :
- |  |                |
|--|----------------|
| (i) Project annual sales                                 | 1,00,000 units |
| (ii) Selling price                                       | Rs. 8 per unit |
| (iii) % age of net profit on sales                       | 25%            |
| (iv) Average credit period allowed to customers          | 8 weeks        |
| (v) Average credit period allowed by suppliers           | 4 weeks        |
| (vi) Average stock holding in terms of sales requirement | 12 weeks       |
| (viii) Allow 10% for contingencies                       |                |
- 12 Explain the factors determining the working capital requirements.
- 13 What is receivables management? What are its objectives? Explain.
- 14 Explain about the tools and techniques of inventory management.
- 15 Explain in detail about, how to manage the corporate liquidity and financial flexibility.

**Z-Z-Z**

**END**