



RB-1957
Under Graduate Diploma in Financial Management
Examination
April / May – 2010
Working Capital Management : Paper - IV

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

<p>नीचे दृशावेल निशानीवाणी विगतो उत्तरवडी पर अवश्य लभवी. Fillup strictly the details of signs on your answer book.</p> <p>Name of the Examination :</p> <p>Under Graduate Diploma in Financial Management</p> <p>Name of the Subject :</p> <p>Working Capital Management - 4</p> <p>Subject Code No. : 1 9 5 7 Section No. (1, 2,.....): Nil</p>	<p>Seat No. :</p> <table border="1" style="width: 100%; height: 20px;"><tr><td style="width: 15%;"></td><td style="width: 15%;"></td><td style="width: 15%;"></td><td style="width: 15%;"></td><td style="width: 15%;"></td><td style="width: 15%;"></td></tr></table> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; text-align: center; margin-top: 10px;">Student's Signature</div>						

(2) Figures to the right indicate full marks.

- 1 Answer the following questions briefly : 10
- (1) State the components of working.
 - (2) State the principles of working capital management.
 - (3) State the functions of inventory control.
 - (4) What are the motives for holding cash?
 - (5) What is optimum credit policy?
- 2 (a) Discuss the different methods of estimating working capital requirement. 8
- (b) Discuss the factors governing the amount of trade credit. 7

OR

- 2 Explain the benefits of adequate working capital and dangers of excessive and inadequate working capital. 15

- 3 (a) Which are the major costs associated with receivables ? 8
(b) Discuss the credit policy variables. 7

OR

- 3 (a) A firm is contemplating to increase the credit period from 45 days to 72 days. At present, the average collection period is 60 days, which is expected to increase to 90 days. It is also expected that bad debts will increase from the current level of 2% to 4% of sales. The credit sale which is at present 18,000 units is expected to increase to 21,000 units. The average cost per unit is Rs.15, the selling price is Rs.20 and variable cost per unit is Rs.12. The expected rate of return of the firm is 20%. Should the firm extend the credit policy? 15
- 4 (a) What is inventory control? What are the benefits of inventory management? 8
(b) What are the cost of holding inventory? What are the functions of inventory control? 7

OR

- 4 Discuss the inventory control techniques. 15
- 5 (a) What are the different factors determining cash needs? 7
(b) What are the different methods of preparing cash budget? 8

OR

- 5 Write short notes on : 15
(1) Concentration banking
(2) Lock-Box system
(3) Controlling cash outflow.