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COER University

END SEMESTER EXAMINATION, EVEN SEM 2022-23

Time : 3 hours

Program Name : MBA

Course Name : Working Capital Management

Total Marks : 100

Semester : IV

Course Code : SOB624

Note: All questions are compulsory. No student is allowed to leave the examination hall before the completion of the time.

Q. No 1	Attempt Any Four Parts. Each Question Carries 5 Marks.	CO	BL
(a)	XYZ Ltd. has the following selected assets and liabilities: Cash Rs.45,000 Retained Earnings Rs1, 60,000 Equity Share Capital Rs1, 50,000 Debtors Rs80,000 Furniture Rs65,000 Inventory Rs1, 11,000 Debentures Rs1, 00,000 Provision for taxation Rs57,000 Creditors Rs39,000 Outstanding expenses Rs31,000 Land and building Rs6, 00,000 Goodwill Rs50,000 You are required to determine net working capital	CO 1	1,2
(b)	Describe the significance of Working Capital in detail.	CO 1	1,2
(c)	Write a note on bank overdraft and cash credit.	CO 1	1,2
(d)	"Planning and budgeting play a very crucial role in an organization". Comment.	CO 1	1,2
(e)	Differentiate between Qualitative Concept and Quantitative Concept.	CO 1	1,2

Q. No 2	Attempt Any Four Parts. Each Question Carries 5 Marks.	CO	BL
(a)	Differentiate between systematic and unsystematic risk.	CO 2	2,3
(b)	Describe working capital policies.	CO 2	2,3
(c)	What do you understand by the term commercial paper?	CO 2	2,3
(d)	Compare short-term financing and long-term financing for working capital.	CO 2	2,3
(e)	Define letter of credit? Explain the different types of letter of credit issued by banks.	CO 2	2,3

Q. No 3	Attempt Any Four Parts. Each Question Carries 5 Marks.				CO	BL
(a)	Differentiate between working capital and fixed capital?				CO 3	2,4
(b)	Prepare a Cash Budget of XYZ for April, May and June 2022.				CO 3	2,4
	Months	Sales	Purchases	Wages	Expenses	
	January	90,000	50,000	25,000	8,000	
	February	90,000	45,000	20,000	9,000	
	March	80,000	45,000	25,000	9,000	
	April	1,00,000	60,000	30,000	10,000	
	May	90,000	50,000	25,000	8,000	
	June	90,000	40,000	20,000	6,000	
	Additional Information's-					
	i- 10% of the purchase and 20% of the sales for cash					
	ii- The average collection period of the company is ½ month and the credit purchases are paid off regularly after one month.					
	iii- Wages are paid half monthly and the rent of Rs. 500 included in expenses is paid monthly.					
	iv- Cash balance on April 1, may be taken at 20,000.					
(c)	Define the Miller-Orr Model.				CO 3	2,4
(d)	List down the factors that affect the cash flows of the firm.				CO 3	2,4
(e)	Discuss in brief about cash management. Why is it important for an organization?				CO 3	2,4

Q. No 4	Attempt Any Two Parts. Each Question Carries 10 Marks.	CO	BL
(a)	Compare and contrast short-term and long-term marketable securities.	CO 4	3,4
(b)	Explain Various factor influencing in marketable securities.	CO 4	3,4
(c)	Explain different methods of financing pattern of a firm.	CO 4	3,4

Q. No 5	Attempt Any Two Parts. Each Question Carries 10 Marks.	CO	BL
(a)	Explain the term receivable management. Discuss its nature and significance.	CO 5	3,5
(b)	<p>The following are the details regarding the operation of a firm during a period of 12 months. Sales-Rs 12,00,000 Variable Cost per Unit- Rs. 7, Selling price per unit Rs.10 and total cost per unit- Rs.9.</p> <p>Credit period allowed to customers is one month. The firm is considering a proposal for a more liberal extension credit period which will result in increasing the average collection period from one month to two months. This relaxation is expected to increase the sales by 25% from its existing level.</p> <p>You are required to advise the firm regarding adoption of new credit policy, presuming that the firm's requirement form return on investment is 30%.</p>	CO 5	3,5
(c)	Explain the objectives of maintaining receivables. Discuss the factors affecting the size of investment in receivables.	CO 5	3,5

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