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Roll No. \_\_\_\_\_\_\_\_\_\_\_\_

**MBA - 3365**

**M.B.A. (III Semester) Examination, Dec- 2018**

**BUSINESS ADMINISTRATION**

**Working Capital Management**

[*Time Allowed: Three Hours Maximum Marks: 70*]

**Note: -** Answer **all** questions.

**Q.1.** Attempt any six of the following questions. **5 \* 6 = 30**

1. Describe Working Capital and its characteristics?
2. Write a short note on: Current Assets and Current Liabilities.
3. Discuss the importance of Working Capital?
4. Explain the motives of holding Cash?
5. What are the sources of short term financing?
6. Define Beranek Model.
7. Explain the reasons behind keeping Stocks?
8. What is FSN analysis of Inventory Control System?

**Q. 2.** What are the different approaches of working capital management? **10**

**OR**

Ramesh & Sons Ltd is planning to purchase a business and has consulted the Finance Manager and asked him to advise the average amount of Working Capital required for the firm. A Performa cost sheet of the company provides the following information:

|  |  |
| --- | --- |
| Particular | Per Unit Cost |
| Material | 70 |
| Labour | 40 |
| Overhead | 65 |
| Total Cost | 175 |
| Profit | 55 |
| Selling Price | 230 |

The following particular are available:

1. Raw Material is in stock for 11/2 months.
2. Material is in Process for 2 months.
3. Credit allowed by suppliers is 1 month.
4. Average time lag increment of wages is 2 weeks and for overhead is 2 months.
5. Finished stock on average of 1 month.
6. 1/5th of the output is sold against Cash.
7. Credit allowed to debtors is 2 months.
8. Company maintains a minimum Cash balance of Rs 4 Lakhs.

You are required to prepare a statement showing the working capital to finance the level of activities for 1 Lakh 50 thousands unit of production?

**Q. 3.** Discuss the different types of Collection systems in Cash Management? **10**

**OR**

Outline the Miller Orr Model and Baumol Model in determining the optimum cash balance?

**Q. 4.** Explain Receivables Management along with the factors in determining receivables policy? **10**

**OR**

Describe the Methodology of Credit rating Agency for deciding the creditworthiness of the borrowing company?

**Q.5.** Explain the different cost associated with holding of Inventories with suitable example? **10**

**OR**

What do you mean by Inventory Management? Discuss the types of Inventory Control systems.