period of time which is not being utilized properly to generate maximum yield". How would you go about planning for short-term investment of funds? (12)

(b) What are the techniques of control of receivables? Explain the "Aging Schedule". (6)

6. Write short notes on (any three): (6×3=18)

(a) Lock-box system

(b) Concentration banking

(c) ABC analysis of Inventory control

(d) Adequacy of working capital

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 4723 **J**

Unique Paper Code : 2924000034

Name of the Paper : Working Capital Management (GE)

Name of the Course : **BBA(FIA)**

Semester : IV/VI

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll. No. on the top immediately on receipt of this question paper.

2. Attempt **any five** questions.

3. **All questions** carry equal marks.

4. Use of non-programmable scientific calculator is allowed.

1. From the following information, prepare the statement of working capital requirement

Projected Annual Sales (units)	52,000 units
Selling Price per Unit	Rs.50
Raw Material	40%
Direct labour	10%
Overhead costs	20%
Raw material stock	Average 1 week
Work in progress stock	Average 4 week
Finished goods stock	Average 1 week
Credit allowed to debtors	6 weeks
Lag in payment of wages and overheads	2 weeks
Credit allowed by suppliers	8 weeks
Cash required	Rs. 50,000

50% of the sales are on cash basis. (18)

2. (a) What are the various approaches of current assets financing? Explain risk return trade off in each one of them. (12)

(b) Distinguish between gross and net working capital. (6)

3. (a) ABC ltd. Is making sales of Rs. 16,00,000 and it extends a credit of 90 days to its customers. However, in order to overcome the financial difficulties, it is considering to change the credit policy. The proposed terms of credit and expected sales are given hereunder:

Policy	Terms	Sales
I	75 days	Rs. 15,00,000
II	60 days	Rs. 14,50,000
III	45 days	Rs. 14,25,000
IV	30 days	Rs. 13,50,000
V	15 days	Rs. 13,00,000

The firm has a variable cost of 80% and a fixed cost of Rs. 1,00,000. The cost of capital is 15%. Evaluate different proposed policies and which policy should be adopted? (Year may be taken as 360 days). (12)

(b) What are the costs and benefits of a tight credit policy. (6)

4. (a) You are given the following information about a company, carrying cost per unit is Rs. 25 p.a., fixed cost per order is Rs. 2500 and the number of units required is 1,80,000 units per quarter. Determine the economic order quantity and number of orders in a year. (12)

(b) Write short note on different kinds of float with reference to management of cash. (6)

5. (a) "It has been observed in your company that substantial cash surplus is available for short