

Reg. No.

MBA Degree FTIII/PTV Semester University End Semester Examination- November, 2023
21-371-0313/21-372-0513: Working Capital Management
 (Regular and Supplementary)

Time: 3 Hours

Max. Marks: 50

Course Outcomes: On completion of the course, the student will be able to:-

CO1	Remembering the nature of working Capital and its management in terms of basic concepts, strategies, policies, and its financing.
CO2	Understanding the objectives and significance of working capital management in terms of characteristics and functions of each component of current assets and current liabilities. Also understand the importance of liquidity-profitability trade-off in working capital management.
CO3	Demonstrate different strategies for efficient management of cash, receivables and inventories. Develop skills to suggest context specific physical control over inventory.
CO4	Analyse the planning of working capital requirements in terms of need, determinants and its computation.
CO5	Develop the capacity to evaluate the quantitative effects of changes in credit policies and inventory policies on key variables and profit of firms.
CO6	Designing credit policies, collection policies and inventory policies by factoring in variables related to specific contexts.

BL – Bloom's Taxonomy: (L1- Remember, L2 - Understand, L3 – Apply, L4-Analyse, L5-Evaluate, L6-Create)

PART A

(Answer ALL questions. Each question carries 2 marks)

Q. Nos.	Questions	Marks	BL	CO
1	Gross concept and net concept of working capital are widely used. What is the difference in these two concepts?	2	L1	1
2	"Stock-out cost is a major cost in holding inventory." Comment.	2	L3	3
3	How the organization can use 'Just in Time' as controlling technique in inventory management?	2	L4	3
4	"Proper management of working capital boosts goodwill." Do you agree?	2	L5	2
5	What is the relevance of reorder point and safety stock in inventory management?	2	L4	6

(5X2=10 marks)

PART B

(Answer ANY FIVE Questions. Each question carries 4 marks)

Q. Nos.	Questions	Marks	BL	CO
6	“Risk- return trade-off is a major concern while raising working capital.” Explain	4	L1	2
7	Draw an operating cycle of a manufacturing concern and advise how the organisation can optimize working capital operating cycle by working on length of operating cycle.	4	L3	1
8	“Trade- off between hedging and conservative approach advisable in determining working capital financing mix.” Comment.	4	L4	4
9	“Rate of return is not the only consideration while selecting marketable securities.” What are the other major considerations?	4	L1	3
10	Explain the major costs and benefits associated with receivables management.	4	L1	5
11	Differentiate between credit policy and credit terms and also explain the effects of lowering credit standards.	4	L2	5
12	How we can use average collection period and aging schedule in monitoring of receivables?	4	L3	2

(5X4=20 marks)

PART C

(Answer ANY TWO questions. Each question carries 10 marks)

Q. Nos.	Questions	Marks	BL	CO
13	“Working Capital Management is the management of Cash, Inventories and Receivables.” Do you agree? Why?	10	L1	4
14	“Cash management models are widely used in derive an optimal cash balance.” Explain major models that you suggest	10	L2	3
15	Explain the major decision areas in receivables management.	10	L3	6

(2x10=20 marks)
