

COPYRIGHT RESERVED

MGT/S-3-F/II/13

2013

Time : 3 hours

Full Marks : 80

Candidates are required to give their answers in their own words as far as practicable.

The questions are of equal value.

*Answer any **four** questions in which*

Q. No. 1 is compulsory.

1. Choose the correct option from the following :
 - (i) A firm's current assets are ₹ 1,00,000 and its working capital is ₹ 50,000. If the current liabilities decrease by ₹ 10,000, the new working capital will be :
 - (a) ₹ 50,000
 - (b) ₹ 60,000
 - (c) ₹ 40,000
 - (d) ₹ 90,000

SA – 20/1

(Turn over)

- (ii) Trade credit is a source of :
- (a) Long term finance
 - (b) Medium term finance
 - (c) Spontaneous source of finance
 - (d) None of the above
- (iii) The classification of item in A, B, C analysis is made on the basis of :
- (a) Investment value of material
 - (b) Consumption value of material
 - (c) Quality of materials consumed
 - (d) All of the above
- (iv) Management of receivables is not concerned with :
- (a) Credit policy
 - (b) Debtors
 - (c) Time lag between sales and collection of money from customers
 - (d) Time lag between receipt of goods and consumption

(v) A firm's cash cycle is 60 days. How many times the cash is turned over during the financial year ?

- (a) 5 times
- (b) 6 times
- (c) 4 times
- (d) None of the above

(vi) The term float is used in :

- (a) Inventory management
- (b) Receivable management
- (c) Cash management
- (d) Marketable management

(vii) Provision for tax is :

- (a) Current assets
- (b) Fixed assets
- (c) Current liability
- (d) Fixed liability

(viii) When the term of inventory are classified according to the value of usage, the technique is known as :

- (a) XYZ Analysis
- (b) ABC Analysis
- (c) DEF Analysis
- (d) All of the above

(ix) If a firm is operating with zero working capital, it means :

- (a) Its current assets are equal to current liabilities
- (b) Its current ratio is 1 : 1
- (c) Entire funds obtained through long term source of funds have been blocked in fixed assets
- (d) All of the above

(x) The term gross working capital is known as :

- (a) The investment in current liabilities
- (b) The investment in current assets

(c) The investment in long term liabilities

(d) The investment in long term assets

2. What is working capital ? Discuss its importance in business.
3. Explain, in brief, conservative working capital policy.
4. What is Receivable Management ? Discuss the factors determining the appropriate Receivable Policy.
5. Discuss the different methods of valuation of inventory.
6. Describe, in brief, the sources of short term financing.
7. Write notes on the following :
 - (a) Factoring
 - (b) Cash Budget

