

Code: 12E01302

MBA (Finance) III Semester Supplementary Examinations July 2015

**WORKING CAPITAL MANAGEMENT**

(For students admitted in 2011, 2012 and 2013 only)

Time: 3 hours

Max Marks: 60

Answer any FIVE questions

All questions carry equal marks

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- 1 (a) 'Working capital decisions deal with decisions ensuring an optimum mix and level of current assets and current liabilities'. Elucidate the statement.  
(b) What is a credit policy? Why does a firm need it? How is it evaluated?
- 2 Discuss the utility of cash budget as a tool of cash management. What are the steps involved in the construction of a cash budget?
- 3 Explain the role of financial manager in inventory management.
- 4 (a) What do you understand by credit-worthiness of a borrower? What factors are taken into account to determine credit worthiness?  
(b) What is meant by cash credit system? Explain its important merits and demerits.
- 5 What is trade credit? How safe is it to bank, upon trade credit to finance short-term working capital requirements?
- 6 (a) Explain the objectives of receivables management.  
(b) Briefly explain the purpose of the following models:  
(i) Bauriol model. (ii) Miller and Orr model.
- 7 What do you understand by management information system? How can it be installed?
- 8 'Efficient cash management will aim at maximizing the availability of cash inflows by decentralizing collections and decelerating cash flows by centralizing disbursements'. Discuss.

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