Week- 15

1. Analyse the given information

Prepare an estimate of working capital requirements from the following information of a trading concern:

a) Project annual sales 1,00,000 units

b) Selling Price Rs. 8 per unit

c) % of net profit on sales 25%

d) Average credit period allowed to customers 8 weeks

e) Average credit period allowed by suppliers 4 weeks

f) Average stock holding in terms of sales requirement 12 weeks

g) Allow 10% for contingencies

2. Analyze the following data

The Cash Conversion Cycle with the given below data on the company’s turnover ratios.

Receivable Turnover Ratio = 1.5

Inventory Turnover Ratio = 4.5

Payable Turnover Ratio = 8.0