



Term Evaluation (Odd) Semester Examination September 2025

Roll no.....

Name of the Course: B.COM (H)

Semester: III SEMESTER

Name of the Paper: WORKING CAPITAL MANAGEMENT

Paper Code: BCH 303X

Time: 1.5 hours

Maximum Marks: 50

Note:

- (i) Answer all the questions by choosing any one of the sub-questions
- (ii) Each question carries 10 marks.

Q1.

(10 Marks)

- a. What is meant by Working Capital management? Explain two concepts in respect of Working Capital management? CO1

OR

- b. What are the factors which determine the Working Capital requirements of any Firm? CO1

Q2.

(10 Marks)

- a. Describe the Nature and Importance of Working Capital? CO1

OR

- b. What are the types of Working Capital? CO1

Q3.

(10 Marks)

- a. Calculate the Net Operating Cycle from the following information:

Raw material consumption per annum	84200
Annual cost of Production	142500
Annual cost of Goods sold	153000
Annual Sales	195000
Average value of current asset maintained:	
Raw Material	12400
Work in Progress	7200
Finished goods	12200
Debtors	26000

Company gets 30 days credit from supplier. All sales made by the firm on credit. You may take one year as 365 days. CO2

OR



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- b. Define Cash Budget? What are the functions of Cash Budget? CO1

Q4. (10 Marks)

- a. What is Cash Management? What are the objectives of Cash Management? CO 2

OR

- b. Prepare a cash Budget of R.M.C. LTD. for April, May and June 2019: CO 2

Months	Sales(Rs.)	Purchases(Rs.)	Wages(Rs.)	Expenses(Rs.)
Jan. (Actual)	80,000	45,000	20,000	5,000
Feb. (Actual)	80,000	40,000	18,000	6,000
March (Actual)	75,000	42,000	22,000	6,000
April (Budget)	90,000	50,000	24,000	7,000
May (Budget)	85,000	45,000	20,000	6,000
June (Budget)	80,000	35,000	18,000	5,000

Additional Information:

(i) 10% of the purchases and 20% of sales are for cash.

(ii) The average collection period of the company is $\frac{1}{2}$ month and the credit purchases are paid regularly after one month.

(iii) Wages are paid half monthly and the rent of Rs. 500 included in expenses is paid monthly and other expenses are paid after one month lag.

(iv) Cash balance on April 1, 2019 may be assumed to be Rs.15,000

Q5. (10 Marks)

- a. Define Miller Orr Model of Cash Management? CO 2

OR

- b. ABC Ltd. requires Rs.5 lakh in cash for meeting its transaction needs over the next five months. This amount is available with Sadaf Corp. in the form of marketable securities. It can earn 18 percent annual yield on its marketable securities. The conversion of marketable securities into cash entails a fixed cost of Rs. 500 per transaction. Find the optimum cash conversion size. CO 2