



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS  
SCHOOL OF MANAGEMENT SCIENCES  
MAY/JUNE 2012 EXAMINATION**

BHM 738 WORKING CAPITAL MANAGEMENT (2 CR)

TIME ALLOWED: 2HRS

INSTRUCTIONS: Attempt any 3 questions of your choice. Each question carries 23.3 marks.

Present your answer legibly and logically using relevant examples.

1. What is working capital management? Pinpoint its significance requiring financial executives' attention.
2. To what extent should management rely on ratios to analyze working capital management?
3. Explain the following terms with examples:
  - (a) Funds flow
  - (2) Liquidity position
  - (c) Current assets and liabilities
  - (d) Non-current assets and liabilities
4. Briefly write on company deposits as a source of writing capital finance for enterprise in Nigeria
5. Compare and contrast Transaction and precautionary reasons of holding inventory.