

2007 PUNJAB TECHNICAL UNIVERSITY M.B.A

M.B.A. (SEMESTER – 3TH / 4TH) WORKING CAPITAL MANAGEMENT

Time : 03 Hours
Maximum Marks : 75

Instruction to Candidates:

- 1) Section - A is compulsory.
- 2) Attempt any Nine questions from Section - B.

Section - A

Q1) (15 x 2 = 30)

- a) Define Permanent asset investment.
- b) Describe operating cycle.
- c) What is the objective of Financial Manager in Cash Management?
- d) What is meant by balance averaging?
- e) What is meant by Control in Concentration System?
- f) Define collection float.
- g) Define zero balance account.
- h) Define Accounts Receivable.
- i) Identify some cost associated with Accounts Receivable.
- j) Describe Interest rate.
- k) What are control devices?
- l) What is the general objective of Accounts Receivable?
- m) Why do companies offer cash discount?
- n) Describe Cash Forecasting.
- o) Explain the term strategies.

Section - B

(9 x 5 = 45)

- Q2) Explain the meaning of the credit terms, 2/10, 1/30, 1/45. N/60.
- Q3) What are the five traditional *is* the financial manager might consider in evaluating credit worthiness of potential customer?
- Q4) Why should a financial manager focus on cash flow rather than earning?
- Q5) In what sense do cash forecasts function as a control device?
- Q6) What is the objective of the Financial Manager in Cash Management?
- Q7) Discuss in detail the cost of holding inventories.
- Q8) Explain in detail cash concentration strategies.
- Q9) How commercial paper differ from factoring?
- Q10) How to determine optimum level of working capital?
- Q11) Explain recommendations of Tandon Committee for banking policy.
- Q12) Discuss in detail levels of working Capital Investment.
- Q13) Explain hedging via interest rate.