

G 18001412



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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, JUNE 2018

Second Semester

Faculty of Commerce

FM 02 C08—FINANCIAL MANAGEMENT STRATEGIES

(2012 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **five** questions.*

Each question carries 1 weight.

1. What is Gross working capital ?
2. Name four motives of holding cash.
3. What do you mean by Lock box system ?
4. What are the components of ordering cost ?
5. What is XYZ Analysis ?
6. Explain the technique of 'Perpetual Inventory System'.
7. Write notes on double bin system.
8. What is safety stock ?

(5 × 1 = 5)

Section B

*Answer any **five** questions.*

Each question carries 2 weights.

9. What is working capital ? Explain the various ways of analysing working capital.
10. Discuss problems associated with cash management.
11. What are the determinants of the size of investment in receivables.
12. Briefly explain the role of financial manager in inventory control.
13. Narrate the uses and application of cash.





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14. Explain the components of working capital.
15. Discuss the problems of cash management.
16. Narrate the different levels of stock.

(5 × 2 = 10)

Section C

*Answer any **three** questions.
Each question carries 5 weight.*

17. Discuss the concept of working capital. Also explain its classification.
18. “Most business need cash funds not only to get the business of buying and selling started, but they are also need at unstated periods extra funds to meet contingencies”. Discuss the advantages conferred upon the business having ample funds.
19. What is the importance of inventory management of a business ? Write notes on operating control of inventories.
20. What system of control would you suggest to keep the investment receivables within reasonable limits ?
21. Prepare an estimate of working capital requirements from the following information of a trading concern :
 - (a) Projected annual sales 1,00,000 Units.
 - (b) Selling price Rs. 10 per Unit.
 - (c) % of net profit on sales 25%.
 - (d) Average credit period allowed to customers 10 weeks.
 - (e) Average credit period allowed by suppliers 5 weeks.
 - (f) Average stock holding in terms of sales requirements 10 weeks.
 - (g) Allow 10% for contingencies.





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22. From the following forecast information, prepare cash budget for the month April, May and June 2015 :

Month	Sales	Purchase	Wages	Overheads
February	90,000	66,000	4,000	6,000
March	80,000	60,000	4,000	6,000
April	96,000	88,000	6,000	7,000
May	1,00,000	60,000	5,000	8,000
June	1,20,000	70,000	6,000	7,200

Additional information :

1. Customers are allowed a credit period of one month.
2. Creditors allow a time-lag of two months for making payment.
3. Wages of a month are paid in the next month.
4. Other expenses of a month are paid in the first week of the next month.
5. A machinery is to be bought for cash in May for Rs. 32,000.
6. Balances of cash on 1st April 2015 is Rs. 8,000.
7. All purchases and sales are on credit terms.

(3 × 5 = 15)

