School of Business
Bachelor of Business Administration
Mid Term Examination - Mar 2024

Duration : 90 Minutes
Max Marks : 50

Sem VI - D1UA606T - Working Capital Management

General Instructions
Answer to the specific question asked
Draw neat, labelled diagrams wherever necessary
Approved data hand books are allowed subject to verification by the Invigilator

1) Analyze the meaning, nature, and scope of Working Capital Management (WCM) in modern business environments. K4 (4)

2) Explain the key performance indicators (KPIs) commonly used to evaluate the efficiency and effectiveness of Receivables Management processes, and how can organizations leverage K5 (5)

3) Evaluate the role of credit limits as a critical element of credit policy in mitigating credit risk exposure K5 (5)

4) Identify the consequences of ineffective monitoring and control of receivables on a company's cash flow and financial health? K3 (6)

5) Define and discuss the concept of safety stock in inventory management, highlighting its importance and how it contributes to ensuring optimal inventory levels for businesses. Subsequently, provide insights into how safety stock can be determined and managed effectively in a business context, using a relevant case study or scenario to illustrate its practical application. K4 (8)

6) A country's economy is heavily dependent on exports, but during a financial crisis, global demand plummets, leading to a sharp decline in export revenues. How can the government implement policies to stabilize the economy and prevent a deep recession? K5 (10)

7) A company has the following inventory transactions for Product X during the month of January: K6 (12)

   Jan 1: Beginning inventory - 100 units at $10 each
   Jan 15: Purchase - 200 units at $12 each
   Jan 25: Sale - 150 units
   Jan 30: Purchase - 100 units at $14 each
   Calculate the value of ending inventory and cost of goods sold using the FIFO method.