

Dezyne École College
Bachelor of Business Administration (B.B.A.) — Third Year, 5th Semester
Corporate Accounting
SET A

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

- Q1.** What is a Share Certificate? State its importance.
- Q2.** What do you mean by issuing of securities at a premium?
- Q3.** What are the types of debentures according to conversion?
- Q4.** What is meant by 'Redemption of Preference Shares'?
- Q5.** What do you mean by 'Buy-back of Shares'?
- Q6.** What is 'Future Maintainable Profit'? How is it used in goodwill valuation?
- Q7.** What do you mean by 'Intrinsic Value of Shares'?
- Q8.** Under what circumstances is the valuation of shares needed?
- Q9.** What is a Subsidiary Company? Give one example.
- Q10.** Mention any four situations for voluntary winding up of a company.

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

- Q1.** BSH Ltd. issued 40,000 equity shares of Rs.10 each at a premium of Rs.2 each. Amount payable: Rs.2 on application, Rs.4 on allotment (including premium), Rs.6 on call. Due to heavy oversubscription, allotment was made as: (a) Application for 23,000 shares allotted 10,560 shares; (b) Application for 48,000 shares allotted 14,200 shares; (c) Remaining applicants for 25,400 shares allotted 15,240 on pro-rata. Excess application money adjusted against dues, surplus returned. P (300 shares, pro-rata) failed to pay allotment; Q (450 shares) did not pay call money. Shares forfeited. 500 shares re-issued to R at Rs.9 per share. Show journal entries, cash book and Balance Sheet.
- Q2.** A Limited Company had already issued 4,000 5% Debentures of Rs.100 each. The company reserved the right to redeem them after 31st March 2016 at Rs.105. The Debenture Redemption Fund stood at Rs.2,17,000 invested outside the business. Directors gave notice to repay on 30th September 2016. Debenture-holders were offered: one new 7% debenture of Rs.100 at Rs.98 and Rs.7 in cash for each existing debenture. Holders of 2,800 debentures accepted; the rest were paid in cash (partly from current funds and partly by sale of investments realised at Rs.1,17,400, book value Rs.1,02,000). Set out the ledger accounts affected, ignoring interest.

Q3. What do you mean by Valuation of Goodwill? Why is valuation of goodwill needed? Explain all the methods of valuation of goodwill with examples.

Q4. The balances of Gama Ltd. as at 31st March 2016 show: Equity Share Capital Rs.10,00,000 (10,000 shares of Rs.100); Surplus in P&L (opening Rs.60,000 + current profit before tax Rs.5,40,000) = Rs.6,00,000; Depreciation Fund Rs.20,000; Creditors Rs.50,000; Machinery Rs.1,00,000; Investments (9% Govt. Securities) Rs.4,00,000; Stock Rs.4,00,000; Debtors Rs.4,80,000 (net); Cash Rs.2,00,000; Preliminary Expenses Rs.90,000. Additional info: Profit increasing trend Rs.20,000 for 3 years; Machinery worth Rs.2,00,000; Tax rate 50%; Normal rate of return 15%; Goodwill = 3 years' purchase of super profit (weighted average). Find the fair value of shares by actual rate of return method.

Q5. Thin & Co. Ltd. was absorbed by Thick & Co. Ltd. as on 30th June 2016. Purchase consideration agreed at Rs.3,36,000 paid in fully paid equity shares of Thick & Co. Ltd. Balance sheets of both companies are given. [Thick: Equity Shares Rs.7,50,000; Gen. Reserve Rs.1,50,000; P&L Rs.20,502; Workmen Fund Rs.12,000; Creditors Rs.58,567; Staff PF Rs.10,000; Tax Rs.12,000. Assets: Goodwill Rs.2,00,000; Plant Rs.3,12,000; Stock Rs.2,65,000; Debtors Rs.2,21,200; Cash/Bank Rs.14,869. Thin: Equity Shares Rs.2,00,000; Gen. Reserve Rs.50,000; P&L Rs.12,900; Workmen Fund Rs.9,000; Creditors Rs.30,456; Staff PF Rs.4,000; Tax Rs.5,000. Assets: Goodwill Rs.60,000; Plant Rs.1,00,000; Stock Rs.80,000; Debtors Rs.56,000; Insurance Rs.700; IT Refund Rs.6,000; Cash Rs.8,656.] Show ledger accounts in books of Thin & Co. Ltd. and prepare Balance Sheet of Thick & Co. Ltd. after amalgamation.

Q6. The Balance Sheet of H Ltd. and S Ltd. on 31st March 2016 are given. [H Ltd.: Equity Shares Rs.6,00,000; Gen. Reserve Rs.60,000; P&L Rs.80,000; Creditors Rs.75,000. Assets: Sundry Assets Rs.6,55,000; Investments 1,600 shares of S Ltd. @ Rs.100 each Rs.1,60,000. S Ltd.: Equity Shares Rs.2,00,000; Gen. Reserve Rs.25,000; P&L Rs.15,000; Creditors Rs.48,000. Assets: Sundry Assets Rs.2,88,000.] H Ltd. acquired shares of S Ltd. on 31st March 2016. Prepare the Consolidated Balance Sheet of H Ltd. and S Ltd. as on that date.

Q7. What do you understand by the term 'Statement of Changes in Financial Position'? How is it prepared? What are its advantages? Discuss with specimen format.

Q8. Write notes on any two of the following: (a) Issue and Forfeiture of Shares, (b) Accounting for Internal Reconstruction, (c) Indian Accounting Standard 3.

Q9. What is meant by Redemption of Debentures? What are the different methods and sources of redemption of debentures? Describe their characteristics.

Q10. How will you calculate goodwill by the Super Profit Method? Calculate the amount of actual average profit from the following: Goodwill = Rs.98,000 (5 years' purchase of super profit); Normal Rate of Return = 10%; Average Capital Employed = Rs.5,00,000. Also explain the concept of weighted average profit.

SET B

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

- Q1. Pass the journal entry for issue of shares at discount at the time of re-issue.
- Q2. Show the treatment of debentures issued as collateral security in a company's Balance Sheet.
- Q3. Enumerate the various methods and sources of redemption of debentures.
- Q4. How will you calculate goodwill by the Super Profit Method? Write the formula.
- Q5. What is the formula to calculate the value of equity shares if preference shareholders have no preference?
- Q6. When is internal reconstruction desirable? State any two circumstances.
- Q7. Name any 8 items written on the debit side of the Capital Reduction Account during internal reconstruction.
- Q8. What is Minority Interest in the context of a Consolidated Balance Sheet?
- Q9. Give the formula for goodwill in the context of a Consolidated Balance Sheet.
- Q10. Explain any two disadvantages of a Holding Company.

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

- Q1. What do you mean by Redemption of Debentures? What are the provisions relating to redemption of debentures? Explain each method with journal entries.
- Q2. A company issued 50,000 equity shares of Rs.10 each at a premium of Rs.3 per share. Amount payable: Rs.5 on application (including premium), Rs.5 on allotment, Rs.3 on first call. Applications were received for 80,000 shares. Allotment made pro-rata. Excess application money adjusted against allotment dues. One shareholder holding 500 shares failed to pay first call. His shares were forfeited and later re-issued at Rs.8 per share as fully paid. Show all journal entries and prepare the Balance Sheet extract.
- Q3. What is 'Internal Reconstruction'? When is it desirable? Name 8 items written on the debit side of Capital Reduction Account. Also explain the accounting treatment for internal reconstruction with specimen journal entries.
- Q4. A company's books show the following for goodwill calculation: Capital Employed Rs.8,00,000; Normal Rate of Return 12%; Profits for last 5 years: Year 1 – Rs.80,000; Year 2 – Rs.90,000; Year 3 – Rs.1,10,000; Year 4 – Rs.1,20,000; Year 5 – Rs.1,00,000. Non-recurring income of Rs.5,000 was

included in Year 3 profit. Goodwill is to be calculated on the basis of 4 years' purchase of super profit. Calculate goodwill using weighted average profit method (weights: 1, 2, 3, 4, 5 for years 1 to 5).

Q5. P Ltd. (Holding Company) holds 75% shares of Q Ltd. (Subsidiary Company). On 31st March 2024, their Balance Sheets show: [P Ltd.: Share Capital Rs.5,00,000; Reserves Rs.1,50,000; P&L Rs.80,000; Creditors Rs.70,000. Assets: Investment in Q Ltd. Rs.2,25,000; Other Assets Rs.5,75,000. Q Ltd.: Share Capital Rs.2,00,000; Reserves Rs.60,000; P&L Rs.40,000; Creditors Rs.50,000. Assets: Total Assets Rs.3,50,000.] Prepare the Consolidated Balance Sheet, computing Goodwill/Capital Reserve and Minority Interest.

Q6. Explain the different methods of valuation of shares: (a) Intrinsic Value Method, (b) Yield Method / Earning Capacity Method, (c) Fair Value Method. Illustrate each method with a numerical example.

Q7. What are the objects of a Holding Company? Explain the advantages and disadvantages of a Holding Company. Also define Minority Interest and explain how it is calculated in the Consolidated Balance Sheet.

Q8. A company has 10,000 equity shares of Rs.100 each and 2,000 10% preference shares of Rs.100 each. Net assets at fair value = Rs.16,00,000. Preference dividend is in arrears for 2 years. Calculate: (a) Intrinsic value of equity shares, (b) Intrinsic value of preference shares, assuming preference shareholders have priority for capital and arrears of dividend.

Q9. Write notes on any two of the following: (a) Redemption of Preference Shares — Methods and Accounting Treatment, (b) Buy-back of Shares — Purpose, Conditions and Journal Entries, (c) Debenture Redemption Reserve and its Legal Requirements.

Q10. From the following data prepare a Consolidated Balance Sheet of Alpha Ltd. (Holding Company) and Beta Ltd. (Subsidiary Company): [Alpha Ltd. holds 80% shares of Beta Ltd. acquired at a cost of Rs.2,40,000. Alpha's capital Rs.5,00,000; Reserves Rs.80,000; P&L Rs.50,000; Creditors Rs.70,000; Other Assets Rs.6,00,000; Investment in Beta Rs.2,40,000. Beta's capital Rs.2,00,000; Reserves Rs.50,000; P&L Rs.30,000; Creditors Rs.40,000; Total Assets Rs.3,20,000.] Calculate goodwill or capital reserve and minority interest.

SET C

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

Q1. Define 'Debenture'. How does it differ from a Share?

Q2. What is 'Debenture Redemption Reserve'? Why is it maintained?

Q3. What is 'Capital Reduction Account'? In what situations is it opened?

Q4. Define 'Amalgamation'. Distinguish between Merger and Purchase method of amalgamation.

Q5. What is 'Goodwill'? Name any two methods of its valuation.

- Q6. What is meant by 'Earning Capacity Method' of share valuation?
- Q7. What is a 'Holding Company'? How does it control a subsidiary?
- Q8. Define 'Pre-acquisition Profits' in the context of consolidated accounts.
- Q9. What is 'Capital Profit' and 'Revenue Profit' in the context of a Holding Company?
- Q10. What is 'Fair Value of Shares'? How is it calculated?

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

- Q1. A company redeemed 5,000 12% preference shares of Rs.100 each at a premium of 10%. The company issued 4,000 new equity shares of Rs.100 each at a premium of Rs.20 each to partly finance the redemption. The balance was met from the Profit and Loss Account. Show all necessary journal entries and prepare the Balance Sheet extract after redemption.
- Q2. X Ltd. issued 6,000 8% debentures of Rs.100 each at a discount of 5%, redeemable at a premium of 5% after 5 years. Pass journal entries for: (a) Issue of debentures, (b) Annual interest payment (tax rate 30%), (c) Writing off discount on issue, (d) Creating Debenture Redemption Reserve, (e) Redemption of debentures at the end of 5 years.
- Q3. Ram Ltd. decided to undergo internal reconstruction. Capital consists of: 10,000 equity shares of Rs.100 each and 2,000 10% preference shares of Rs.100 each. The scheme of reconstruction includes: (a) Equity shares reduced to Rs.60 each; (b) Preference shares reduced to Rs.80 each; (c) Directors waive Rs.20,000 fees; (d) Goodwill Rs.50,000 written off; (e) Machinery revalued down by Rs.30,000; (f) P&L debit balance Rs.40,000 written off. Pass the necessary journal entries and prepare the Capital Reduction Account.
- Q4. ABC Ltd. and XYZ Ltd. agreed to amalgamate and form a new company ABCXYZ Ltd. on 1st April 2024. Balance Sheets: [ABC Ltd.: Equity Capital Rs.3,00,000; Reserves Rs.50,000; Creditors Rs.40,000. Assets: Machinery Rs.2,20,000; Stock Rs.80,000; Debtors Rs.60,000; Cash Rs.30,000. XYZ Ltd.: Equity Capital Rs.2,00,000; Reserves Rs.30,000; Creditors Rs.25,000. Assets: Machinery Rs.1,50,000; Stock Rs.60,000; Debtors Rs.35,000; Cash Rs.10,000.] Purchase consideration: ABC – Rs.3,70,000; XYZ – Rs.2,40,000. Prepare ledger accounts in the books of both transferor companies and opening Balance Sheet of ABCXYZ Ltd.
- Q5. M Ltd. holds 60% shares in N Ltd. On 31st March 2024, the Balance Sheets are: [M Ltd.: Equity Capital Rs.10,00,000; Gen. Reserve Rs.2,00,000; P&L Rs.1,00,000; Creditors Rs.50,000. Assets: Investments in N Ltd. Rs.3,60,000; Other Assets Rs.9,90,000. N Ltd.: Equity Capital Rs.4,00,000; Gen. Reserve Rs.1,00,000; P&L Rs.60,000; Creditors Rs.40,000. Assets: Total Rs.6,00,000.] Prepare Consolidated Balance Sheet. N Ltd.'s reserves at the date of acquisition were: Gen. Reserve Rs.60,000; P&L Rs.20,000.

Q6. Explain the concept of 'Statement of Changes in Financial Position' (Fund Flow Statement). How is it prepared? Distinguish between Fund Flow Statement and Cash Flow Statement. State the advantages of each.

Q7. Write notes on any two of the following: (a) Accounting for Amalgamation under Purchase Method, (b) Minority Interest — meaning, calculation and treatment in Consolidated Balance Sheet, (c) Capital Reserve in context of Consolidated Accounts.

Q8. A company's paid-up capital consists of 5,000 6% preference shares of Rs.100 each and 20,000 equity shares of Rs.10 each. Net assets available for distribution = Rs.9,80,000. Preference dividend in arrears = 2 years. Using the intrinsic value method, calculate: (a) Value per preference share (assuming preference shareholders have priority), (b) Value per equity share. Also calculate fair value if the yield rate is 10% and equity earnings per share is Rs.2.50.

Q9. What is meant by Valuation of Goodwill? Under what circumstances is goodwill valued? Explain with full worked examples: (a) Average Profit Method, (b) Super Profit Method, (c) Capitalisation Method.

Q10. Explain the accounting treatment for issue of debentures in the following cases: (a) Issued at par, redeemable at par; (b) Issued at a discount, redeemable at par; (c) Issued at par, redeemable at a premium; (d) Issued at a discount, redeemable at a premium. Also explain how loss on issue of debentures is written off.

Dezyne École College

Bachelor of Business Administration (B.B.A.) — Third Year, 5th Semester Micro Finance

SET A

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

- Q1.** What is Micro Finance? Give a brief definition.
- Q2.** State any four salient features of Micro Finance.
- Q3.** Who are the primary target groups of Micro Finance programmes?
- Q4.** How does Micro Finance contribute to poverty alleviation in rural areas?
- Q5.** What is the role of Micro Finance in Women Empowerment? State two points.
- Q6.** Define 'Micro Finance as a Tool for Development'. Give one example.
- Q7.** Name any two Micro Finance delivery methodologies used in India.
- Q8.** What is a Self-Help Group (SHG)? State its role in Micro Finance.
- Q9.** What is meant by 'Reach versus Depth of Impact' in Micro Finance debates?
- Q10.** State any two criticisms of Micro Finance programmes.

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

- Q1.** Explain the meaning and definition of Micro Finance. Discuss in detail the salient features and benefits of Micro Finance for the rural poor. How does it differ from conventional banking?
- Q2.** Describe the target groups of Micro Finance. How has Micro Finance played a significant role in poverty alleviation in rural India? Illustrate with suitable examples.
- Q3.** Discuss the relationship between Micro Finance and Women Empowerment. How does access to micro-credit change the social and economic status of women in developing countries?
- Q4.** Explain how Micro Finance acts as a tool for development. Discuss its impact on income generation, employment, education, and healthcare in rural communities.
- Q5.** Trace the evolution and character of Micro Finance in India from the 1970s to the present day. How has the role of NABARD and RBI shaped the growth of Micro Finance in India?
- Q6.** Describe the major Micro Finance delivery methodologies used in India, namely the SHG-Bank Linkage Model, MFI Model, and Grameen Bank Model. Compare their strengths and limitations.
- Q7.** Analyze the present state of Micro Finance in India and discuss its future prospects. What reforms are needed to scale Micro Finance operations effectively?

Q8. Explain the debate on interest rates in Micro Finance. Why are Micro Finance interest rates generally high? What measures can be taken to make them more affordable for the poor?

Q9. Discuss the issue of gender in Micro Finance debates. How does targeting women borrowers benefit households and communities? What challenges do women face in accessing Micro Finance?

Q10. What are the benefits and limitations of Micro Finance? Discuss the key Micro Finance standards and principles that institutions must follow to maintain ethical and sustainable operations.

SET B

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

Q1. Distinguish between Micro Finance and Micro Credit.

Q2. What is 'Financial Inclusion'? How does Micro Finance promote it?

Q3. Name any two innovative Micro Finance models operating in India.

Q4. What is Monitoring and Evaluation (M&E) in the context of Micro Finance?

Q5. State two emerging issues in the Micro Finance sector in India.

Q6. What is meant by 'Scale of Micro Finance Operations'? Why does it matter?

Q7. How do Micro Finance Institutions (MFIs) differ from commercial banks?

Q8. What is 'Social Intervention' in Micro Finance? Give one example.

Q9. Define 'Over-indebtedness' in the context of Micro Finance challenges.

Q10. State any two Micro Finance principles laid down by international bodies.

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

Q1. What is the meaning and concept of Micro Finance? Discuss in detail its key benefits for the target groups — women, rural poor, and small entrepreneurs — with suitable examples from India.

Q2. Explain the role of Micro Finance in poverty alleviation. How do micro-credit, micro-savings, and micro-insurance together address the multiple dimensions of poverty? Support with field-level evidence.

Q3. Describe some innovative and creative Micro Finance models operating in India, such as the Business Correspondent Model, Village Banking, and Graduated Lending. How do these models address outreach gaps?

Q4. What is Monitoring and Evaluation (M&E) in Micro Finance? Discuss the key findings that emerge from M&E exercises and how they help improve programme design and delivery.

Q5. Explain the emerging issues in the Micro Finance sector in India, including over-indebtedness, MFI governance, regulatory gaps, and digital lending risks. How should policymakers respond to these challenges?

Q6. Discuss the relationship between Micro Finance and financial institutions. How do banks, NBFCs, and SHG federations collaborate in delivering Micro Finance? What is the role of NABARD and SIDBI?

Q7. Explain the social interventions associated with Micro Finance programmes. How do health, literacy, nutrition, and legal awareness campaigns complement financial services in empowering the poor?

Q8. Critically analyze the criticisms of Micro Finance. Does Micro Finance really reduce poverty or does it merely create a debt trap? Support your answer with evidence from India and other countries.

Q9. What is the scale of Micro Finance operations in India? Discuss the challenges of scaling up Micro Finance while maintaining the depth of outreach to the poorest and most marginalized groups.

Q10. Discuss the Micro Finance debates on the use of loans. How do clients actually use micro-loans? Is productive use of credit always ensured? What is the impact on household consumption, assets, and income?

SET C

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

Q1. What are the 'Salient Features' that distinguish Micro Finance from informal moneylending?

Q2. Name any two government programmes in India that use Micro Finance as a strategy.

Q3. What is the Grameen Bank Model? State its key principle.

Q4. Define 'Depth of Outreach' in Micro Finance. How is it measured?

Q5. What is a 'Micro Finance Institution (MFI)'? Name any two prominent MFIs in India.

Q6. State two ways in which Micro Finance supports women's empowerment at the household level.

Q7. What is meant by 'Moral Hazard' in the context of Micro Finance lending?

Q8. Define 'Portfolio at Risk (PAR)'. Why is it a key indicator for MFIs?

Q9. State any two Micro Finance standards related to client protection.

Q10. What is the NBFC-MFI category? When was it introduced by the RBI?

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

Q1. Define Micro Finance and discuss its meaning in a developing country context. What are its salient features and how do these features make it suitable for serving the unbanked population of India?

Q2. Micro Finance has been described as a powerful tool for development. Critically evaluate this statement with reference to its impact on livelihood promotion, rural entrepreneurship, and sustainable development goals (SDGs).

Q3. Trace the evolution of Micro Finance in India from early cooperative movements to modern NBFC-MFIs. How have key milestones — such as the Malegam Committee Report and RBI regulations — shaped the sector?

Q4. Explain the SHG-Bank Linkage Programme (SBLP) as a Micro Finance delivery methodology. Discuss its phases, achievements, and limitations. How does it compare to the MFI lending model?

Q5. What are the present challenges and future opportunities of Micro Finance in India? Discuss the role of technology, digital payments, and FinTech partnerships in expanding the reach of Micro Finance services.

Q6. Discuss in detail the Micro Finance debates around interest rates. How are interest rates determined by MFIs? Are high interest rates justifiable? What regulatory measures exist to protect borrowers in India?

Q7. Explain the Micro Finance Standards and Principles, including the SMART Campaign Client Protection Principles and the Universal Standards for Social Performance Management (USSPM). How do these protect borrowers?

Q8. What are the key findings from Monitoring and Evaluation (M&E) of Micro Finance programmes in India? Discuss methodologies used for impact assessment and what evaluations reveal about long-term poverty outcomes.

Q9. Examine the relationship between Micro Finance and Social Interventions. How do non-financial services such as skill training, health camps, and legal aid strengthen the impact of Micro Finance on marginalized communities?

Q10. Write a comprehensive critical analysis of Micro Finance, discussing both its achievements and failures. How should the sector evolve to balance financial sustainability with its social mission of serving the poorest of the poor?

Dezyne École College

Bachelor of Business Administration (B.B.A.) — Third Year, 5th Semester Working Capital Management

SET A

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

- Q1. Define Working Capital. Write its formula.
- Q2. What is Gross Working Capital? Give one example.
- Q3. What is Permanent Working Capital?
- Q4. Name any four components of Current Assets.
- Q5. Define Corporate Liquidity.
- Q6. What is the Baumol Model of Cash Management?
- Q7. What is the Lower Limit (L) in the Miller-Orr Model?
- Q8. Define Inventory Management.
- Q9. What is ABC Analysis in inventory control?
- Q10. What is Economic Order Quantity (EOQ)?

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

- Q1. Define Working Capital. Distinguish between Gross Working Capital and Net Working Capital with suitable examples.
- Q2. Explain the Working Capital Cycle (Operating Cycle). What are its components and how does it affect business liquidity?
- Q3. Discuss the importance of Working Capital Management in ensuring smooth business operations. Give real-life examples.
- Q4. Explain the Baumol Model of Cash Management. Describe its assumptions, formula, and solve a numerical example.
- Q5. Describe the Miller-Orr Model for determining the optimum cash balance. What are its assumptions and how does it work?
- Q6. What is Receivable Management? Discuss the objectives and various factors that influence receivable policy.

Q7. Define Economic Order Quantity (EOQ). Derive the EOQ formula and explain with a practical numerical example.

Q8. What are the different kinds of inventories maintained by a manufacturing firm? Explain each with suitable examples.

Q9. Discuss the major benefits and costs of holding inventories. Why is it important to balance both?

Q10. Explain ABC Analysis and VED Analysis in inventory control. Can both be used together? Justify with examples.

SET B

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

Q1. What is Net Working Capital? Write its formula with example.

Q2. What is Temporary (Variable) Working Capital?

Q3. Name any four components of Current Liabilities.

Q4. What is a Conservative Working Capital Policy?

Q5. Define Financial Flexibility. Why is it important for a business?

Q6. What is the Beranek Model of Cash Management?

Q7. What is the Return Point (Z) in the Miller-Orr Model?

Q8. What is Just-in-Time (JIT) inventory model?

Q9. What is the Reorder Point (ROP)? Write its formula.

Q10. Define FIFO method of inventory valuation.

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

Q1. What are the different levels of Working Capital Investment? Explain Permanent and Temporary Working Capital with suitable business examples.

Q2. What is a Working Capital Policy? Discuss the three main types (Conservative, Aggressive, Moderate) with their features, advantages, and disadvantages.

Q3. What are the objectives of Cash Management in a business? Explain how cash management contributes to financial stability.

Q4. Discuss the key factors that influence the determination of the optimum cash balance in a firm.

Q5. Compare and contrast the Beranek Model and the Stone Model for cash management. When is each model preferred?

- Q6. How can a firm strike a balance between a liberal and conservative credit policy? Discuss the types of receivable policies with trade-offs.
- Q7. Explain the Just-in-Time (JIT) inventory model. What are its advantages and limitations? Give real-life examples.
- Q8. Explain any three inventory valuation methods (FIFO, LIFO, Weighted Average) with examples. Which method is most suitable during inflation and why?
- Q9. Differentiate between ABC Analysis and VED Analysis. Explain how VED Analysis is used in spare parts and hospital management.
- Q10. What is short-term financing? Discuss various sources of short-term finance used for managing working capital.

SET C

PART A — Short Answer Questions (2 Marks Each) [Total: 20 Marks]

Answer ALL 10 questions. Each answer should not exceed 50 words.

- Q1. What is the Working Capital Cycle (Operating Cycle)? Write its formula.
- Q2. What is Reserve or Contingency Working Capital?
- Q3. What is an Aggressive Working Capital Policy?
- Q4. What is Cash Budgeting?
- Q5. What is a Receivable Policy? State its main objective.
- Q6. What is Float Management in Cash Management?
- Q7. What is the Stone Model of Cash Management?
- Q8. What is VED Analysis? What does V, E, D stand for?
- Q9. Define LIFO method of inventory valuation.
- Q10. What is Maintenance, Repair, and Operating (MRO) inventory? Give an example.

PART B — Long Answer Questions (10 Marks Each) [Total: 50 Marks]

Attempt any FIVE questions. Each answer should not exceed 400 words.

- Q1. Compare and contrast Permanent Working Capital and Temporary Working Capital. Give two real-life examples of each.
- Q2. Write a short note on Conservative and Aggressive Working Capital Policies. Which type is suitable for startups and why?
- Q3. Discuss in detail the major techniques of Cash Management used in modern business organizations (Cash Budgeting, Float Management, Centralized Cash Management, etc.).
- Q4. Explain the concept of Managing Corporate Liquidity and Financial Flexibility. What are its objectives and strategies?

Q5. Explain the Stone Model of Cash Management in detail. How is it better than the Miller-Orr Model? Discuss its advantages and limitations.

Q6. Discuss the impact of a strict credit policy on sales, liquidity, and bad debts. Design a receivable policy for a mid-sized firm and justify your choices.

Q7. What is the Reorder Point (ROP) Model? How is it calculated? Give a numerical example. How does it differ from EOQ?

Q8. Discuss the functions and objectives of Inventory Management. What are the different inventory control techniques used by businesses?

Q9. How do companies like Infosys, D-Mart, or Zomato implement Working Capital Management strategies? Discuss with real-life examples from the notes.

Q10. Explain Receivables Turnover Ratio and Aging Schedules as tools for monitoring receivables. Why are they important for cash flow management?