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GURUDAS COLLEGE

(GOVT.SPONSORED)

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Date: 22.07.2021

B.Com Semester-VI (Honours & General)

Internal Assessment – 2021

Subject: Financial Management

Subject Code: DSE 6.2A

Time: (09:00am – 10:00am)

Full Marks: 10

Attempt any one: -

- 1) What is meant by Operating Cycle concept of working capital? State the factors to be considered in determining the working capital need of a firm. (4 + 6 = 10 marks)
- 2) From the following information, you are required to prepare a statement showing the working capital needed to finance a level of activity of 5,200 units of output per annum. (10 marks)

<u>Elements of Cost</u>	<u>Amount per unit (Rs.)</u>
Raw Materials	8
Direct Labour	2
Overheads	<u>6</u>
Total Cost	16
Profit	<u>4</u>
Selling Price	<u>20</u>

Additional Information:

Raw Materials are in stock on average one month.

Materials are in process, on average, half a month.

Finished goods are in stock on average 6 weeks.

Credit allowed to Debtors is two months.

Credit allowed by Creditors is one month.

Lag in payment of Wages is $1\frac{1}{2}$ weeks.

Cash in hand and at bank is expected to be Rs. 7,300. You are informed that production is carried on evenly during the year. Wages and Overheads accrue similarly.