Unit 4 - Week 3

Assignment-3

The due date for submitting this assignment has passed. Due on 2019-08-21, 23:59 IST. As per our records you have not submitted this assignment.

1) The correct order of the stages of operating cycle is:

- The raw material and inventory stores stage > work-in-progress stage > receivables stage > finished goods inventory stage
- The raw material and inventory stores stage > receivables stage > work-in-progress stage > finished goods inventory stage
- The raw material and inventory stores stage > work-in-progress stage > finished goods inventory stage > receivables stage
- Any of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
*The raw material and inventory stores stage > work-in-progress stage > finished goods inventory stage > receivables stage*

2) Which one of the followings is a method of estimating working capital requirements?

- Current Assets Holding Period Method
- Ratio of Sales Method
- Ratio of Fixed Investment Method
- All of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
### All of the above

#### 3) Which of the followings may not be a reason of prolonged operating cycle? 1 point

- Purchase of materials in excess of requirements
- Failure to get trade/cash discounts
- Getting credit from suppliers, employees
- Inability to purchase during seasons

No, the answer is incorrect.
Score: 0
Accepted Answers:
* Getting credit from suppliers, employees

#### 4) Which of the following step(s) can help to reduce the operating cycle? 1 point

- Proper purchase Management
- Production Management
- Proper HR Management
- All of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
* All of the above

#### 5) Current assets to total assets ratio is normally calculated to study: 1 point

- the effect of level of current assets on profitability
- the effect of level of current assets on profitability
- the effect of level of current assets on profitability and risk
- None of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
* the effect of level of current assets on profitability and risk

#### 6) An increase in the ratio of Current Assets to Total Assets will result in: 1 point

- Increased profitability as well as risk
- Decreased profitability as well as risk
- Increased profitability but decreased risk
- Decreased profitability but increased risk

No, the answer is incorrect.
Score: 0
Accepted Answers:
* Decreased profitability as well as risk

#### 7) The effect of decrease in current liabilities to total assets Ratio would be: 1 point

- Profitability will decrease
- Risk will decrease
- No effect
- Both profitability and risk will decrease

No, the answer is incorrect.
Score: 0
Accepted Answers:
Both profitability and risk will decrease

8) The major disadvantage(s) of Hedging Approach is/are:

- Frequent efforts are required to arrange funds  
- The risk is increased as the firm is vulnerable to sudden shocks  
- The cost of financing is higher  
- Both a & b

No, the answer is incorrect.  
Score: 0  
Accepted Answers:  
Both a & b

9) As per conservative approach of WCM, the level of Net working capital would normally be:

- Highest  
- Lowest  
- Nil  
- None of the above

No, the answer is incorrect.  
Score: 0  
Accepted Answers:  
Highest

10) Efficient management of working capital demands

- Building any level of inventory in the firm  
- Creating optimum level of inventory in the firm  
- Creating minimum level of inventory in the firm  
- Creating maximum level of inventory in the firm

No, the answer is incorrect.  
Score: 0  
Accepted Answers:  
Creating optimum level of inventory in the firm

11) Gross Working Capital is the capital invested in

- Total Assets  
- Total Assets minus Total Liabilities  
- Total Current Assets  
- Current Assets minus Current Liabilities

No, the answer is incorrect.  
Score: 0  
Accepted Answers:  
Total Current Assets

12) Inadequate working capital in a firm might lead to:

- Loss of Reputation of the firm  
- Inability to pay day-to-day expenses  
- Difficulty in undertaking profitable projects  
- All of the above

No, the answer is incorrect.  
Score: 0
Accepted Answers:

All of the above