

MS-41

Management Programme

ASSIGNMENT
For
January 2022 and July 2022 sessions

MS – 41: Working Capital Management
(Last date of submission for January 2022 session is 30th April, 2022
and for July 2022 session is 31st October)



School of Management Studies
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
MAIDAN GARHI, NEW DELHI – 110 068

ASSIGNMENT

Course Code	:	MS - 41
Course Title	:	Working Capital Management
Assignment code	:	MS-41/TMA/JAN/2022
Coverage	:	All Blocks

Note : Attempt all questions and submit to the coordinator of your study centre. **Last date of submission for January 2022 session is 30th April, 2022 and for July 2022 session is 31st October, 2022.**

Q1. Discuss the Role of Central Bank in designing and implementing monetary and credit policy. What are the important policy measures announced as a part of the latest credit policy.

Q2. You are to prepare Cash Flow Statement from the Balance Sheets of alpha Ltd.

Assets	2020 (Rs.)	2021 (Rs.)	Liabilities	2020 (Rs.)	2021 (Rs.)
Buildings	8,00,000	10,00,000	Share Capital	17,00,000	18,35,000
Plant & Machinery	2,50,000	3,70,000	Reserves	40,000	83,700
Fixtures & Fittings	5,000	6,000	Profit & Loss appropriation A/c	1,00,000	1,30,000
Cash	2,000	2,200	Provision for Dividends	70,000	50,000
Debtors	1,00,000	45,000	Creditors	1,00,000	95,000
Accounts Receivable	8,000	9,000	Bank Overdraft	8,000	18,000
Stock	4,00,000	3,43,700	Bills Payable	14,000	13,000
Prepaid Expenses	3,000	3,100	Loan on Mortgage	10,000	70,000
Investments	1,64,000	1,70,000			
Goodwill	3,00,000	3,43,700			
Preliminary Expenses	10,000	2,000			
	20,42,000	22,94,700		20,42,000	22,94,700

Additional information

- (i) Depreciation is charged on building at 3 percent of cost of Rs. 9,00,000 on plant; machinery at 8 percent of cost Rs. 4,00,000 and fixtures & fittings at 5 percent of cost Rs. 8,000.
- (ii) Interest received Rs. 3,000 on investments was used in writing down the book value of investments.
- (iii) Dividends declared for 2020 was paid and interim dividend of Rs. 20,000 was paid out of Profit & Loss Appropriation Account.

Q3. What is a Commercial Paper (CP)? Discuss the terms and conditions laid down by companies for issuing CP. Describe the procedure followed in India for issuing commercial paper.

Q4. If you are a manager of an MNC, under what circumstances would you consider using Euro-Currency markets? What advantages or disadvantages these markets would offer compared to borrowing from domestic markets?

Q5. Taking a suitable example explain how maximum permissible bank finance is determined under the three methods of lending.