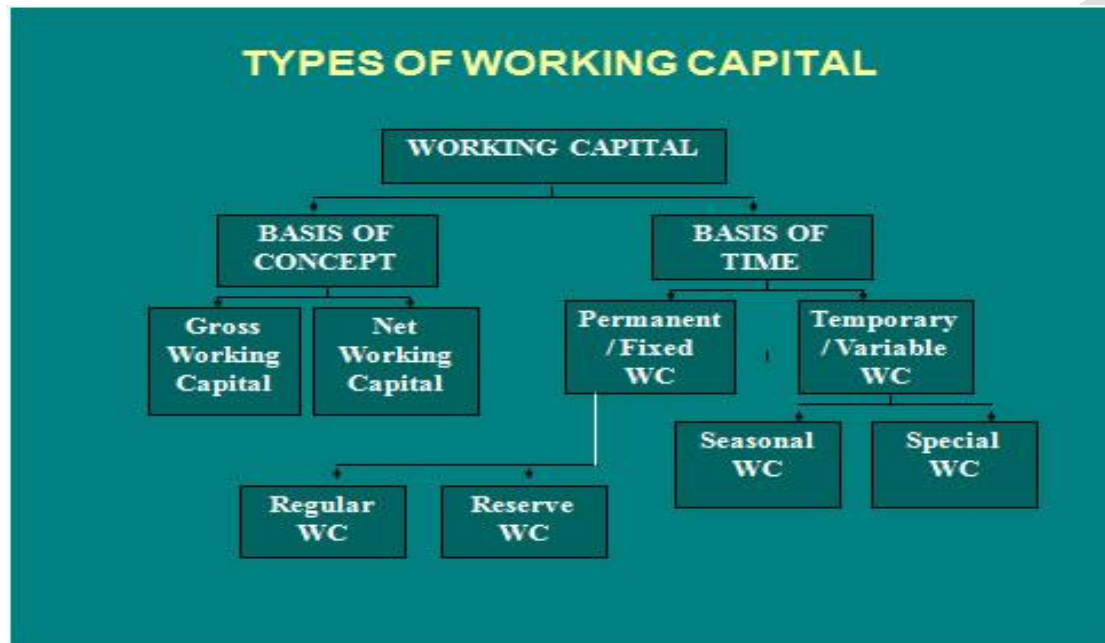
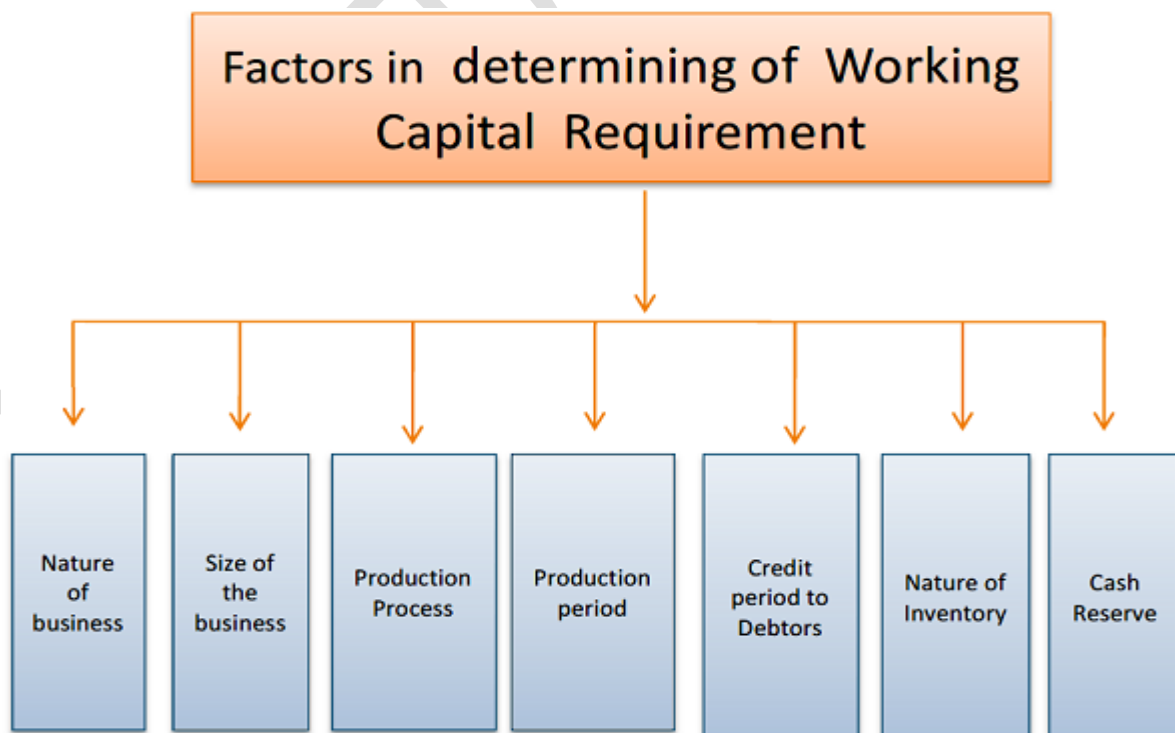


## ➤ Types of Working Capital



## ➤ Factors determining working capital requirements.



## ➤ Estimation of Working Capital Requirements

Statement of Working Capital Requirements		Amount ₹
<b>Current Assets :</b>		
(i) Stock of Raw Material (For....month's consumption)		.....
(ii) Work-in-Process (For...months) :	.....	
(a) Raw Materials	.....	
(b) Direct Labour	.....	
(c) Overheads	.....	
(iii) Stock of Finished Goods (For....month's sales) :		.....
(a) Raw Materials	.....	
(b) Labour	.....	
(c) Overheads	.....	
(iv) Sundry Debtors or Reccivables (For ....month's sales) :		.....
(a) Raw Materials	.....	
(b) Labour	.....	
(c) Overheads	.....	
(v) Payments in Advance (if any)		.....
(vi) Balance of Cash (Required to meet day-to-day expenses)		.....
(vii) Any other (if any)		.....
<b>Less : Current Liabilities :</b>		
(i) Creditors (For....month's purchases of raw materials)	.....	
(ii) Lag in payment of expenses (Outstanding expenses.....months)	.....	
(iii) Others (if any)	.....	
Working Capital (C.A.-C.L.)		.....
Add : Provision/Margin for Contingencies		.....
Net Working Capital Required		.....

NOTE: ABOVE MENTIONED TABLES ARE ONLY ILLUSTRATIVE AND NOT EXHAUSTIVE. PLEASE EXPLAIN THE ANSWERS IN DEATAIL WITH PROPER EXAMPLES WHEREVER NECESSARY. ALSO REFER NOTES & BOOK(S) FOR THE SAME.

### Important Questions

- Classification of Working Capital
- Factors determining working capital requirements.
- Rewrite the following statement of changes in working by calculating the missing figures:  
(Figures in Rs.)

Particulars	31.12.2018	31.12.2019	Working Capital Increase/(Decrease)
<b>(A) Current Assets</b>			
Stock	1,00,000	?	20,000
Debtors	?	70,000	?
Cash	10,000	15,000	?
Bank	25,000	?	25,000
Bills Receivables	30,000	25,000	?
Prepaid Expenses	5000	?	1,000
	(A) ?	?	-
<b>(B) Current Liabilities</b>			

Creditors	20,000	?	(10,000)
Bills Payable	10,000	5,000	?
Outstanding Wages	3,000	?	1,000
Outstanding Salary	?	4,000	?
<b>(B)</b>	40,000	?	-
<b>Working Capital (A-B)</b>	?	?	-
Increase in working capital			35,000
			60,000

d. The cost sheet of PQR Ltd. gives the following data:

Particulars	Cost per unit (Rs.)
Raw Material	50
Direct Labour	20
Overheads (including depreciation of Rs.10 per unit)	40
Total Cost	110
Profit	20
Selling Price	130

Average raw material in stock is for one month. Average material in work in progress is for half month. Credit allowed by suppliers is one month. Debtors are allowed credit period of one month. Average 25% of the sales are on cash basis. Cash balance is expected to be Rs.1,00,000. Finished goods lie in the warehouse for one month.

Prepare an Estimate of Working Capital needed to finance a level of activity of 54,000 units of output. Production is carried on evenly throughout the year and wages and overhead accrue similarly.

State clearly any assumption you make.