

CAT PAPER 10

THE SYLLABUS

The aim of the paper is to develop the knowledge and understanding of the way organizations managing their working capital effectively - especially managing inventory, payables and receivables; planning and controlling cash flows; raising finance for their operations; evaluating capital expenditure projects and making short term investment decisions.

Candidates will be expected to understand the main principles and objectives of working capital management, cash flow management, short term and long term investment decisions, sources of finance, and to be able to apply these when required in scenario questions.

Multiple Choice Questions (MCQs) are now part of CAT Paper 10 exams. It takes about 20% of the exam paper. All writing questions will have computational and discursive elements. The discursive content will be roughly at 30 to 40% of the question.

JUNE 2009 EXAM

The questions covered various aspects of the topics such as NPV, cash flow forecasting, cash surplus investment, treasury function, long term financing, cost of offering trade credit, method of payments, credit controlling, long term securities.

THE DEC 2008 EXAM

The questions set covering many key aspects of the syllabus such as NPV, cleared fund forecasting, working capital cycle, sources of finance.

LOOKING FORWARD

Previous CAT paper 10 questions repeatedly tested core areas of the syllabus. It is no doubt that this trend will continue into the future exams with a minor variations.

It is good to be noted that simply producing numbers is not sufficient for a pass at Paper 10. Candidates must equip the fundamental knowledge and demonstrate

their abilities to address various issues and expect to discuss more complex issues on managing finances.

Concentrate on your theoretical understanding of the study topics, supplement your study with regular reading of relevant articles. Prepare for the lecture and do not be afraid to ask questions. Practicing more questions is the key for passing the exams.