

3.7 Cash Flow: Activity D

QUESTIONS: 20 MARKS, 40 MINUTES

1. Outline the meaning of the term 'working capital'. **[3 marks]**
2. Analyse why Ms. Burton is finding it so difficult to control her working capital. **[7 marks]**
3. Evaluate three ways in which Ms. Burton could try to reduce the finance tied up in working capital. **[10 marks]**