



SNS College of Technology

Coimbatore - 35



19BAE711 – Working Capital Management

Unit I – Introduction to Working Capital



Presented by

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1st Indian
Institution
to Implement

Design
Thinking
Curriculum

Redesigning Common Mind
and Business Towards



19BAE711 – WORKING CAPITAL MANAGEMENT

Syllabus

Unit – I INTRODUCTION TO WORKING CAPITAL

Operating Cycle, Production Cycle, Distribution Cycle, Pipeline Inventories, Factors Determining Working Capital Requirements, Importance of Optimum Working Capital, Working Capital Policy and Management, Profitability Vs Liquidity.





19BAE711 – WORKING CAPITAL MANAGEMENT

Syllabus

Unit – II TYPES OF WORKING CAPITAL & WORKING CAPITAL ESTIMATION

Permanent and Temporary, Financing Working Capital, Working Capital Monitoring and Control. Estimation Procedure, Working Capital Based on Operating Cycle, Different Components of Working Capital, Estimation of Working Capital Requirements.



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Syllabus

Unit – III INVENTORY MANAGEMENT

Inventory Control, Types, Safety Stock, Service level, Inventory control systems (simple problems).





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Syllabus

Unit – IV MANAGEMENT OF CASH AND RECEIVABLES MANAGEMENT

**Cash Management, Factors Affecting Cash Needs, Cash Budget, Control Aspects,
Managing the Float, Investment of Surplus Cash. Costs and Benefits of Receivables,
Credit Policy, Credit Evaluation, Credit Control, Factoring and Receivables
Management, Forfeiting, Evaluation of Credit Policies.**



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Syllabus

Unit – V WORKING CAPITAL FINANCING

Types of Spontaneous Sources, Trade Credit, Commercial Paper, Annualized Cost of Financing, Types of Bank Credit, Other Sources of Short Term Financing, Regulation of Bank Financing of working capital.





Topic ????????



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Lets Focus on

Working Capital

RETAILDOGMA

WORKING CAPITAL



WORKING CAPITAL

=



CURRENT ASSETS

-



CURRENT LIABILITIES





Meaning of Working Capital

Working capital is the money available to meet your current, short-term obligations. To make sure your working capital works for you, you'll need to calculate your current levels, project your future needs and consider ways to make sure you always have enough cash.

Working Capital

$$\text{Working Capital} = \text{Current Assets (Net of Depreciation)} - \text{Current Liabilities}$$





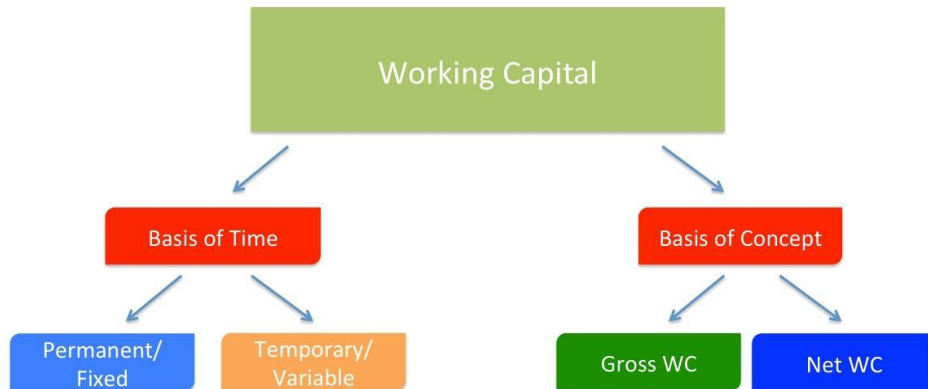
Working Capital - Example

Say a company has ₹100,000 of current assets and ₹30,000 of current liabilities. The company is therefore said to have ₹70,000 of working capital.





Types Of Working Capital

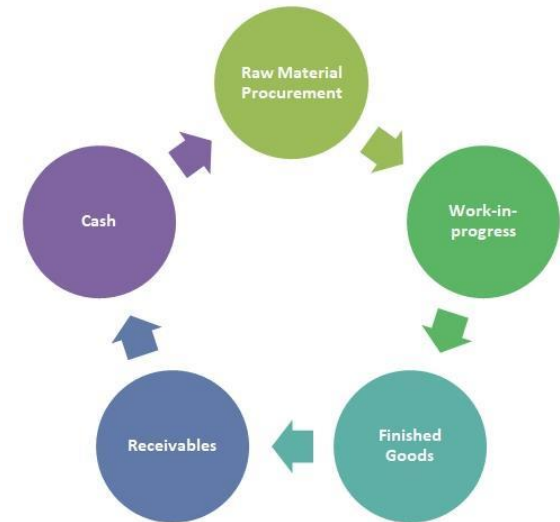


- 👍 Gross Working Capital
- 👍 Net Working Capital
- 👍 Permanent / Fixed
- 👍 Temporary/ variable



Operating cycle

An operating cycle refers to the time it takes a company to buy goods, sell them and receive cash from the sale of said goods. In other words, it's how long it takes a company to turn its inventories into cash.





Production cycle

The production cycle is **comprised of all activities related to the conversion of raw materials into finished goods**. The cycle has several distinct components, involving the design of products, their incorporation into a production schedule, manufacturing activities, and a cost accounting feedback loop





Distribution cycle

Creating a distribution cycle is how you schedule the distribution for a specific intervention in SCOPE. This involves defining details on the start and end dates of that cycle and the cash value that will be transferred to enrolled/activated households and individuals during that period.





Assessment

- 1) Working capital = _____ - Current liabilities
- 2) _____ Cycle refers how long it takes a company to turn its inventories into cash.
- 3) The production cycle is comprised of all activities related to the conversion of raw materials into finished goods.





Summary

Meaning of Working Capital

Types of Accounting working capital

Operating Cycle, Production Cycle,

and Distribution Cycle.

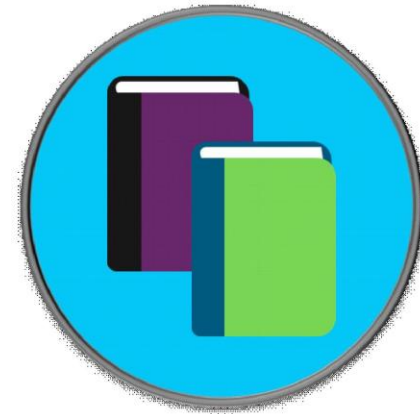
SUMMARY





Reference

- <https://www.investopedia.com/terms/w/workingcapital.asp>





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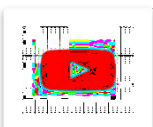
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