

Debtor and Working Capital Management Training

Description

Course Objectives

On completion of this course you should be able to:

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- Distinguish between the internal working capital management function and an external interpretation of a firm's working capital position revealed by its published accounts, Calculate the working capital operating cycle and financing cycle from published accounting data and analyse the inter-relationships between the two,
- Define the dynamics of a company's credit-related funds system,
- Explain how the terms of sale, which comprise the credit period, cash discount and discount period, affect the demand for a firm's goods and services,
- Understand the impact of alternative credit policies on the revenues and costs, which are associated with a capital budgeting decision,
- Appreciate the disparities between the theory and practice of working capital management, given our normative wealth maximisation assumption.

Course Outline

Working Capital Management

- The Objectives and Structure of Working Capital Management
- The Objectives of Working Capital Management
- The Structure of Working Capital

The Accounting Concept of Working Capital: A Critique

- The Accounting Notion of Solvency
- Liquidity and Accounting Profitability
- Financial Interpretation: An Overview
- Liquidity and Turnover

The Working Capital Cycle and Operating Efficiency

- The Working Capital Cycle
- Operating Efficiency

Real World Considerations and the Credit Related Funds System

- Real World Considerations
- The Credit Related Funds System

Strategic Debtor Investment

The Effective Credit Price and Decision to Discount

- The Effective Credit Price
- The Effective Discount Price
- The Decision to Discount

The Opportunity Cost of Capital and Credit Related Funds System

- The Opportunity Cost of Capital Rate
- The Credit Related Fund System
- The Development of Theory

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The Strategic Impact of Alternative Credit Policies on Working Capital and Company Profitability

- Effective Prices and the Creditor Firm
- Alternative Credit Policies, Working Capital Investment and Corporate Profitability

Empirical Evidence and Theoretical Review

- The Theory
- The Empirical Evidence
- Late Payments and the Case for Legislation