



Working capital management

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Chapter preview

In this chapter, we focus on working capital and explain why its effective management is important to the financial success of entities. We also look at the concept of the cash-conversion cycle and its component elements. Emphasis is placed on the need for efficient management of the cash-conversion cycle with particular attention being paid to the management of inventories, debtors and creditors. A number of techniques that can be employed to help in this regard are discussed.