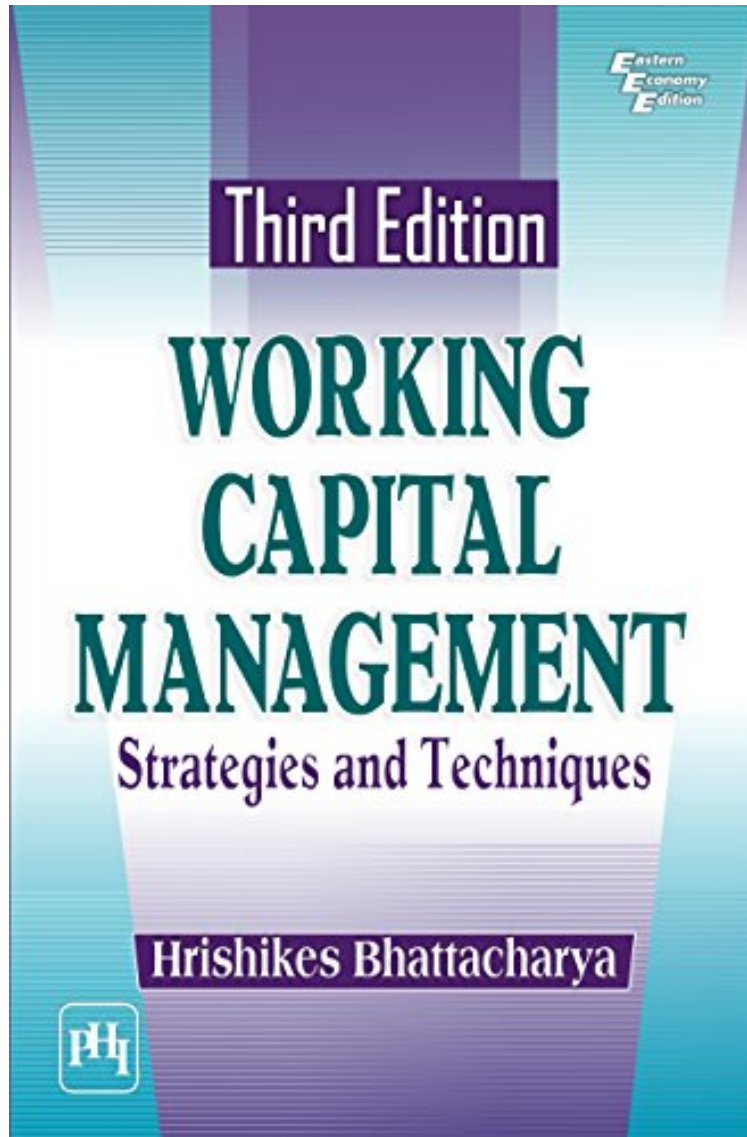


WORKING CAPITAL MANAGEMENT: STRATEGIES AND TECHNIQUES

HRISHIKES BHATTACHARYA

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HRISHIKES BHATTACHARYA : WORKING CAPITAL MANAGEMENT: STRATEGIES AND TECHNIQUES before purchasing it in order to gauge whether or not it would be worth my time, and all praised **WORKING CAPITAL MANAGEMENT: STRATEGIES AND TECHNIQUES:**

0 of 0 people found the following review helpful. A very good book By kia Overall this is a very comprehensive book explaining different WC strategies very well and deserves 5 star. But there is just one part that in my opinion, from

what I have learned in the past, is not a correct approach. In the section related to Long-Term Credit Policy Changes and specifically Capital Budgeting Approach section in order to evaluate different strategies, the opportunity cost is double counted. One time it is deducted from profit and then again it is used as discount rate to calculate NPV. In NPV approach we should just consider "actual costs" and not opportunity cost in measuring the profit but then we take into account opportunity cost in discount rate. But in this book it is deducted from profit first to reach cash flow and then again used for discounting future cash flows. I don't know but maybe there has been a justification for that and I am missing something here

Working capital is commonly understood as the fund needed to meet the day-to-day expenses of an enterprise. A finance manager finds that the funds for meeting these expenses get blocked in current assets. He therefore, looks for liquidity support in net working capital (NWC), which is equivalent to the excess of current assets over current liabilities. A banker also looks at the size of NWC as the long-term stake of the business in funding the current assets. But for a production manager, liquidity is synonymous to uninterrupted supply of material inputs to the production lines. Similarly for a marketing manager, if there is no production, his marketing outlets dry up despite demand in the market. While the finance manager discourages overstocking of inventory, the production manager and the marketing manager dread of being out of stock. In this conflict the goal of the organization often takes a back seat. This book aims at resolving these conflicts by adopting a techno-financial approach to working capital management. In the Third Edition a full chapter on Service Business: Risk Analysis and Working Capital Assessment has been incorporated, which is devoted to understand the nature of service business and the risks associated with it. It is followed by developing a model for assessment of working capital requirement of a service enterprise. Besides, the book is revised and updated extensively by incorporating the current researches in the field; particular mention can be made of Cash Pooling system, Bullwhip effect and newer approaches to inventory recording system. Throughout the book, every concept is presented with worked-out examples and case studies for easy comprehension of the subject. The book is primarily addressed to postgraduate students majoring in Finance and to those pursuing professional courses in Accounts (CA) and Cost Accounting (ICWA). The book will also be very useful to practising finance managers as well as to purchase/materials managers.