# Module: Working Capital Management

### Topics

This topic includes the following four topics:

Topic 1: Managing Cash

Topic 2: Managing Accounts Receivable

Topic 3: Managing Inventory

Topic 4: Sources of Temporary Financing

## Topic 1: Managing Cash

This topic examines different cash management techniques including advances in electronic payment and how to invest any surplus cash balances.

### Readings

Introduction, Section 1.1

### Learning Problems

Access the Module Learning Problems and complete the problems listed to reinforce your learning of this topic. Use the Module Learning Problem Answer Keys to check your work.

#### **Module Learning Problems**

Managing the Float at Anders Inc.

Locked Boxes at Edson Telecom

Investing in Treasury Bills at ABBA Company

**Module Learning Problem Answer Keys**

Managing the Float at Anders Inc.

Locked Boxes at Edson Telecom

Investing in Treasury Bills at ABBA Company

## Topic 2: Managing Accounts Receivable

This topic studies how different credit policies can be used to maximize a firm’s sales and profits.

### Readings

Section 1.2

### Learning Problems

Access the Module Learning Problems and complete the problems listed to reinforce your learning of this topic. Use the Module Learning Problem Answer Keys to check your work.

#### **Module Learning Problems**

Optimal Credit Terms at Dexter Industries

Optimal Credit Terms at Jackson Inc.

Optimal Credit Terms at Hoboken Company

**Module Learning Problem Answer Keys**

Optimal Credit Terms at Dexter Industries

Optimal Credit Terms at Jackson Inc.

Optimal Credit Terms at Hoboken Company

## Topic 3: Managing Inventory

This topic investigates the different technologies and techniques a firm can employ to efficiently manage its inventories.

### Readings

Section 1.3

### Learning Problems

Access the Module Learning Problems and complete the problems listed to reinforce your learning of this topic. Use the Module Learning Problem Answer Keys to check your work.

#### **Module Learning Problems**

EOQ, Safety Stock, Re-order Point at Ashern Inc.

EOQ, Safety Stock, Re-order Point at York Ltd.

**Module Learning Problem Answer Keys**

EOQ, Safety Stock, Re-order Point at Ashern Inc.

EOQ, Safety Stock, Re-order Point at York Ltd.

## Topic 4: Sources of Temporary Financing

This topic explores alternative sources of temporary financing in addition to a bank line of credit.

### Readings

Sections 1.4 and 1.5

### Learning Problems

Access the Module Learning Problems and complete the problems listed to reinforce your learning of this topic. Use the Module Learning Problem Answer Keys to check your work.

#### **Module Learning Problems**

Specific Assignment Accounts Receivable at York Ltd.

Specific Assignment Inventory at Hansen Inc.

Factoring of Accounts Receivable at Willobey Industries

Operating Loan versus Factoring at Hecla Ltd.

**Module Learning Problem Answer Keys**

Specific Assignment Accounts Receivable at York Ltd.

Specific Assignment Inventory at Hansen Inc.

Factoring of Accounts Receivable at Willobey Industries

Operating Loan versus Factoring at Hecla Ltd.

## Module Summary

This module examined the methods companies use to effectively manage their investment in cash, accounts receivable, and inventory; how they invest any surplus cash; and the different sources of temporary financing available to fund seasonal changes in NWC.