



Module III. Business

Entrepreneurial
Finance

Topic 7. Cash and Working
Capital

Lesson 1. Cash



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Cash...

One of the most important principles in financial management is a trade between risk and return as it relates to cash and working capital management.



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Once the topic is
completed and approved,
learners will be able to...



Understand importance of Cash and Working Capital



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*In this lesson, we
will learn..*

✓ More about importance of cash



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**In this part of lesson,
we will talk about:**

- Current assets
- Current liabilities
- Cash flow management



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The difference between current assets and current liabilities is called net working capital.

Net working capital = Current assets - Current liabilities



A close-up photograph of a hand in a red sleeve dropping a coin into a blue piggy bank. The piggy bank is smiling and has large eyes. The background is a soft-focus green wall.

Change in Cash Balance = Net Cash Flow =
Sources of Cash – Uses of Cash





What are Sources of Cash?



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What do you need to do?

Make your customers pay as soon as possible.

Postpone payment to suppliers as long as possible.



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Cash

What is included in the cash balance?



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Petty Cash

- Suitable for smaller purchases.
- An easy alternative to corporate cards at times.
- It reduces the need for managers to pay out of pocket for purchases
- Provides a convenient source of funds etc.



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Cash on Hand



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Checking and Savings Accounts and Marketable Securities

Bank of Ireland 



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Conclusions

Cash is the most liquid of all company assets. This is what the company mainly uses to settle debts and acquire goods. By generating enough cash, a company can meet its daily business needs and avoid taking on debt.



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