Dyine Cash Conversion cycle !-

the Course conversion cycle (coe) & a metric that measures that time (in days) is taky for a company to convert Ity instruments in smentary and other resources is to Cash flows from sales. It reflects the efficiency weith which a company manages is working Capital. The CCC helps a company understanding how long each dollar invested in operations its tried up before it is converted into Cash.

The formula for the Cash conversion cycle is

CCC = Days Inventory outstanding (D10) + Days sales

Outstanding (D50) - Days payables outstanding (Dp0)

Key Components +

Day Inventory Outstanding (DIO):

The average number of days the company takes to turn its inventory into sales. A lower Dio indicates efficient inventory management.

DIO = Average anventory × 365.

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Day Sales outstanding (DSO): The average number of days It takes the company to Collect payment after Making a Sales. A houser Deo means the company is collecting payments from customes Quickly. DSO = Total credit Sales 4365 der exage, heret of severine activisies, oppositing

Days payable outstanding (DPO):

The gierage number of days the company takes to pay its suppliers after receiving inventory A higher Opo is generally better for cash follow as the company can hold onto its count forger

Dpo = Cobis

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