Assignment - 10

Define cash conversion cycle:

The cash conversion cycle (CCC) is a metric that measures the length of time it takes for a company to sell its inventory collect accounts receivable and pay its accounts payable. The ... indicator of a company's efficiency in managing its working capital and cash flow

$$CCC = DIO (+) DSO = DPO$$

Days inventory outstanding (DIO):-

The average number of days its takes to sell inventory.

Days sales outstanding (DSO):-

The average number of days it takes to collect payment after a sale.

Days payable outstanding (DPO):-

The average number of days a company takes to pay its suppliers.

A lower CCC means the company is able to ... its cash move quickly. Company is taking longer ... current its resources into cash.