

## Assignment 8

### Negative working capital

when a company's current liabilities exceed its current assets, it results in negative working capital. it is not always adverse for a business. it shows that a business can sell inventory more efficiently and use revenue before settling supplier payments.

Negative working capital several positive perspectives ✓

### cash flow Management

companies that operate with negative working capital often have strong cash flow. they collect cash from sales before needing to pay suppliers; which can enhance liquidity.

### Efficiency in operations

It can indicate efficient inventory management and operational



practices. Firms that minimize excess inventory and manage receivables effectively can maintain negative working capital while still meeting customer demand.

### Competitive Advantage

Business with negative working capital may be able to invest cash in growth opportunities or marketing, gaining competitive edge over peers with higher working capital needs.

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