

ASSIGNMENT-8

Explain about negative working capital and its what perspective it will be good why?

Working capital occurs when a current assets

negative working capital
yes current liabilities exceed it current assets
+ any for means that a company
term ~~long or short~~

Like Ash. steel vases
term of input & like pagodas, short & fat
decades? This can sound alarming but in
an ordinary be a sign of efficiency

some loss in can burning model
de-rating on the

when negative working capital can be good business.

cash-flow \rightarrow business

cash-flow earning businesses
companies with high cash flow of low
benefit from negative
businesses like

company with 50% of the shares from the business client
on increasing can benefit from the business client
example set up a separate company

get one on inventory
working capital for example get
supermarkets or online retailers often get the cash
up front but have time before they
the mean + less divided need

from customer up front do
need to pay suppliers. ~~for~~ This means + has to
let of working capital by they many debts run
in working capital.

Let σ working cap.
with negative working capital.

PS + turnover Indicators:

~~Business~~ Business with quick inventory
turnover by short term sales such as fast
food chains by the e-commerce platforms can
operate with negative working capital. They
generate payments from customers (sometimes
by pre-delivering goods) but suppliers are paid on
credit terms creating a situation where liabilities
exceed assets.

supplier financing:

Companies may intermany extend their
payment terms with suppliers. Using this credit
of a form of short-term financing. This makes
them to keep less cash or working capital on hand
which gives return. Entirely that business is
using suppliers at kindly offered. Because the
business is using suppliers to finance one's working
turnover capital.

Why negative working capital can be beneficial

→ Lower financing costs.

Companies with negative working capital

do not need to seek out more working capital
to support growth. In fact, they can pay
operating costs or capital costs

=> Higher efficiency

It can affect operational efficiency
effectively in industry, where goods are sold in many
or parameters on which to represent

=> Focus on core activities

Focusing on core things serves to
reducing very close, external or internal
or spend up in working. ~~work~~

~~Handwritten scribble~~