

# CASH FLOW MANAGEMENT & ANALYSIS

## COURSE OVERVIEW

This concise course equips you with vital skills for optimizing cash flow and working capital, the lifeblood of business vitality and value. Despite profits indicating long-term growth potential, many profitable businesses fail due to poor cash management. You'll learn how to manage cash effectively, prepare cash flow statements via direct and indirect methods, and perform precise cash flow forecasting and analysis to maintain business solvency and drive shareholder value.

## TARGET COMPETENCIES

- Connections between financial statements
- Articulation of cash flow information
- Oversight of working capital and cash flow
- Tactics for cash liquidity enhancement
- Financial forecast and budget alignment
- Interpretation of cash flow analysis
- Cash flow metric proficiency

## COURSE OBJECTIVES

By completely attending this course, participants will be able to:

- Interpret financial statement interrelations.
- Enhance cash flow statement analysis skills.
- Understand cash and working capital links.
- Optimize working capital strategies.
- Apply cash flow forecasting techniques.
- Use relevant ratios and metrics to assess performance.
- Constructing the cash flow statement.
- Preparing cash forecast.

## TARGET AUDIENCE

Treasury Staff, Commercial Managers, Supply Chain and Procurement Team Members, Receivables and Payables Team Members, Planning and Budgeting Managers Financial & Management Accountants, Capital Investment and Project Team Members

# **COURSE METHODOLOGY**

The course uses a mix of interactive techniques, such as brief presentations, application of theories presented, and demonstrations of real-life examples. It will also include many group and individual exercises to exchange experience and apply knowledge acquired throughout the course.

## **COURSE OUTLINE**

### **RELATIONSHIPS BETWEEN FINANCIAL STATEMENTS**

- Principles of Financial Statements
- Income statement
- Balance sheets
- Cash flow statements
- The Vital Difference between Profit and Cash Flow
- Cash vs. accrual accounting
- Fundamentals of Cash Flow and Working Capital
- Cash and cash equivalents

### **PRESENTATION OF CASH FLOW**

- Analyzing and Interpreting the Cash Flow Statement
- Elements of a cash-flow statement
- Operating cash flow
- Investing cash flow
- Financing cash flow
- Methods in calculating operating cash flow
- Direct versus indirect methods
- The Drivers of Cash Flow, Liquidity and Solvency
- Trade-off between liquidity and profitability

### **CASH FLOW AND WORKING CAPITAL MANAGEMENT**

- How Working Capital Drives Financial Performance
- Understanding the Working Capital Cycle
- Conservative working capital management
- Aggressive working capital management
- Working capital optimization
- Practical Tools to Optimize Inventories

### **CASH FLOW AND WORKING CAPITAL MANAGEMENT (Cont.)**

- Minimizing Cash Float and Accelerating the Cash Cycle
- Cash conversion cycle
- Accounts receivable factoring, pledging and assignment.
- Suppliers' early payment discount

### **ALIGNING BUDGETS AND CASH FORECASTS**

- Why to forecast cash flow
- Who is involved
- Cash Flow Forecasting Methods
- Use of budgets as a start point
- Revenue and expenditure patterns
- Impact of capex and investment activities
- Use of rolling forecasts
- Sensitivity Testing Cash Flow Forecasts
- Ensuring that cash-flow forecasts align with budgets

### **CASH FLOW RATIOS**

- Ratio relating liquidity vs turn over ratios
- External financing index ratio
- Cash sources component percentages ratio
- Financing policies ratio
- Operating cash index ratio
- Operating cash inflow ratio
- Operating cash outflow ratio
- Long-term debt payment ratio
- Productivity of assets ratio
- Cash flow adequacy ratio
- Reinvestment ratio
- Dividends payout

To register or for complete course information

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