

Hands-on course , 2  
day(s)  
Ref : SOR

## Participants

This course is for people who are asked to create and monitor budgets as well as manage the cash reserves.

## Pre-requisites

Knowledge of basic accounting mechanisms.

## Next sessions

# Practical aspects of cash management

*Learn how to draw up annual cash flow forecasts and so that they can be used as a powerful simulation tool. Be able to draw up reliable cash forecasts. Make cash more sustainable through actions to manage the WCR and anticipate customer defaults.*

## OBJECTIVES

Identify the sources of financial and accounting information required for the cash flow forecast  
Assess the cash position of your company through analysis of the various ratios  
Draw up a cash flow forecast budget  
Protect cash flow by checking the creditworthiness of your customers  
Optimize your WCR (Working Capital Requirement)

### 1) Accounting refreshers for cash flow management

### 2) Identifying the sources of information for the cash flow forecast

### 3) Assessing the cash position of the company

### 4) Drawing up a budget and a cash flow plan

### 5) Understanding and implementing a system of "customer solvency" monitoring

### 6) Implementing elements to improve the Working Capital Requirement.

## 1) Accounting refreshers for cash flow management

- Presentation and reading of the balance sheet: a snapshot of the assets of the company at a given point in time.
- The various items on the assets side of the balance sheet: fixed assets, receivables, amortizations, inventories, etc.
- The various items on the liabilities side of the balance sheet: equity capital, provisions, borrowings, debts, etc.
- The profit and loss account: the measurement of the economic activity of a company over a financial year.
- The components of the profit and loss account: revenues and operating, financial and exceptional costs.
- The notes to the financial statements: the explanations for variations from one financial year to the next.

### Workshop

*Hands-on work*

## 2) Identifying the sources of information for the cash flow forecast

- Understanding the operating cycle.
- Understanding the laws of cash receipts and payments.
- Developing investment and financing budgets in the medium and long term.
- Understanding the concept of normative Working Capital Requirement (WCR).

### Workshop

*Hands-on work Calculation of a normative Operational Working Capital Requirement (OWCR).*

## 3) Assessing the cash position of the company

- Carrying out a static analysis based on the balance sheet: the rule of financial balances.
- Analyzing the operating balances: determining the Working Capital Requirement (WCR).
- Using cash flow statements.
- Analyzing the situation from the profit and loss account: understanding and respecting the rule of optimization of margins.
- Determining the company's capacity for self-financing.
- Understanding the various traditional reasons why the annual cash flow forecast can be unreliable.

### Workshop

*Case study Analyze the top and bottom of the balance sheet. Present an operational balance. Calculate a Working Capital Requirement, assess the cash flow position of a company and analyze its ratios.*

## 4) Drawing up a budget and a cash flow plan

- Constructing the budget: the terminology and the concept of budget management.
- Understanding the importance of cash flow modeling.
- Drawing up a cash flow plan.
- Making the necessary adjustments on the basic accounting data.
- Developing and articulating the various budgets: sales, production, procurement, general services, etc.
- Implementing a budget check: (variations in costs and sales).
- Putting corrective actions in place.

### Workshop

*Hands-on work Draw up a cash flow forecast and analyze it. Calculate differences on the Turnover and expenses.*

## 5) Understanding and implementing a system of “customer solvency” monitoring

- Understanding the importance of setting up a customer monitoring system.
- Analyzing the solvency and profitability of customers: structural, liquidity, management and business activity ratios, etc.
- Securing the processing of your receivables into cash.
- Spotting the warning signs before a customer default.
- Understanding the legislation designed to prevent companies getting into difficulties (the seven stages of the law of 26/07/2005).
- Focus: reminder of the Law of Modernization of the Economy (LME) of 04/08/2008 on the new decrease in customer credit.

### **Workshop**

*Hands-on work Calculate and analyze structural and liquidity ratios and other indicators of customer solvency.*

## 6) Implementing elements to improve the Working Capital Requirement.

- Defining the financial balance of the company (WCR / Overall Net Working Capital (ONWC) / net cash).
- Understanding the actions to be implemented to improve the cash flow.
- Understanding the actions to be implemented to improve the company's margins.
- Optimizing your Working Capital Requirement: Cash culture
- Optimizing average settlement timescales.

### **Workshop**

*Hands-on work Optimizing your company's Working Capital Requirement, reducing customer settlement timescales.*