

Review Paper on Working Capital Practices and Investment Appraisal

Pednekar Shubham Pravin

Researcher, BAF Department

Suman Education Society's LN College, Borivali (East), Mumbai, Maharashtra, India

Abstract: *In the organisation, multiple individuals may be accountable for each component, and the manager must provide them with distinct, attainable goals so that they may work to maximise their working capital holdings. Net working capital is defined as a company's current assets less its current liabilities. Net working capital is the short-term capital required to operate a business. Working capital management includes accounts for short-term assets such as cash, inventory, and accounts receivable, as well as accounts for short-term liabilities such as accounts payable. The level of investment in each account varies from business to business and sector to industry. It also relies on business type and industry requirements. Due to the nature of their business, several companies, for instance, must invest heavily in inventories*

Keywords: Working capital, liquidity, investment, appraisal

REFERENCES

- [1]. Fekete, S., Damagum, Y. M., Mustata, R., Matis, D., Popa I., 2010, „*Explaining Accounting Policy Choices of SME's: An Empirical Research on the Evaluation Methods*”, European Research Studies, Vol. XIII, issue 1, pp.33-48.
- [2]. Gersick, K. E., Davis, J. A., Hampton, M. M. and I. Lansberg, 1997, “Generation to generation: Life cycles of the family business” (Boston, MA: Harvard Business School Press).
- [3]. García-Teruel, P. J. and P. Martínez-Solano, 2007, “Effects of working capital management on SME profitability”, International Journal of Managerial Finance, 3(2), 164–177.
- [4]. García-Teruel, P. J. and P. Martínez-Solano, 2010, “Determinants of trade credit: A comparative study of European SMEs”, International Small Business Journal 28, 215–233.
- [5]. Hall, B. and B. Young, 1991, “Factors Associated with Insolvency amongst Small Firms”, International Small Business Journal, 9(2), 54–63.
- [6]. Klapper, L. F., Sarria-Allende, V. and V. Sulla, 2002, “Small- and Medium-Size Enterprise Financing in Eastern Europe”, World Bank Policy Research Working Paper No. 2933. Available at SSRN: <http://ssrn.com/abstract=636295>.