

Operating Cycle

14th June 2023



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Presenter

Sarah Charlton | Consultant | DG Legal

Sarah has a BSc (Hons) in Applied Accounting and is a Fellow member of the Association of Chartered and Certified Accountants. Her career spans over 35 years working within the legal sector, fulfilling roles from COFA through to CEO. During her career she has worked with a number of legal regulators, professional bodies and government organisations. Sarah has been a member of the Institute of Legal Finance & Management throughout her career, qualifying as a Fellow member in 2005. Sarah also served as chairperson between 2010-2012 and continues to serve as an Executive Council Member. To view Sarah's full bio, please visit: <https://dglegal.co.uk/the-team/sarah-charlton/>

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Today's Session



What is an operating cycle?



What are the key stages?



How easily you can influence this?

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Background



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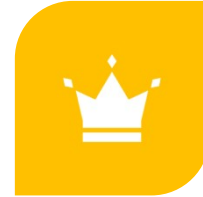
Why?



TURNOVER IS VANITY



PROFIT IS SANITY



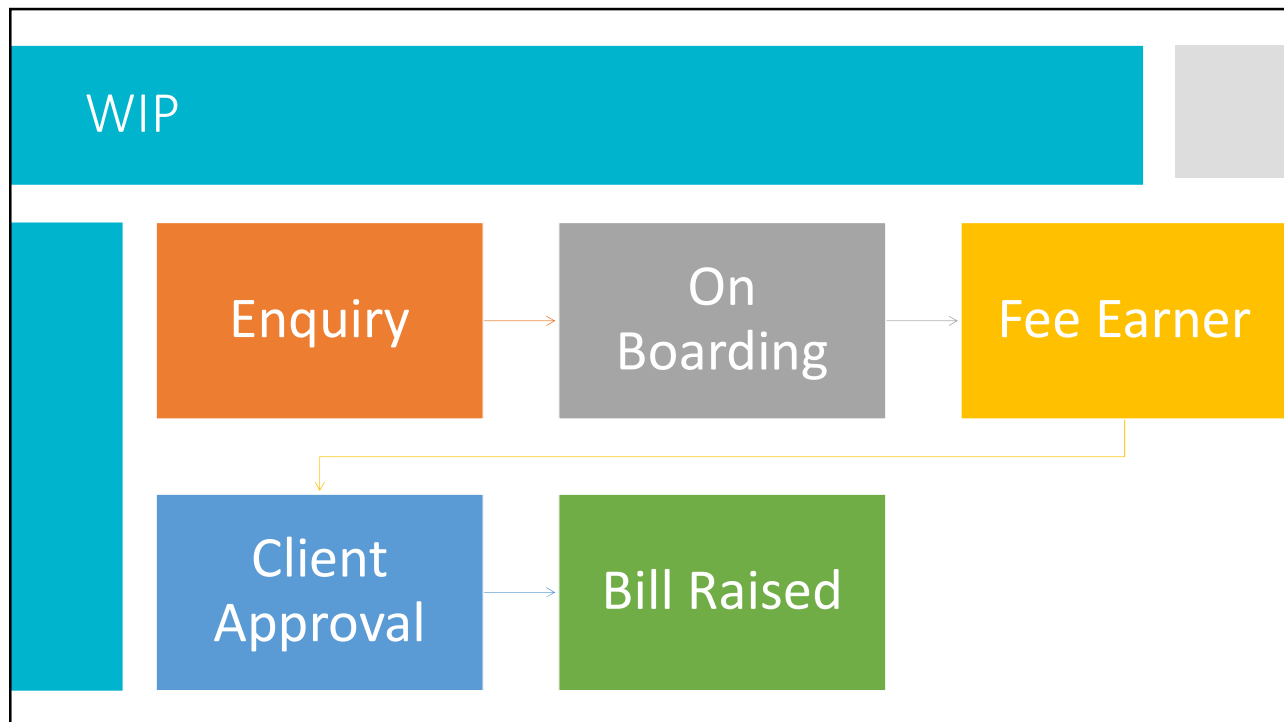
CASH IS KING

5

Key ingredients

$$100 + 50 - (30) = 120$$

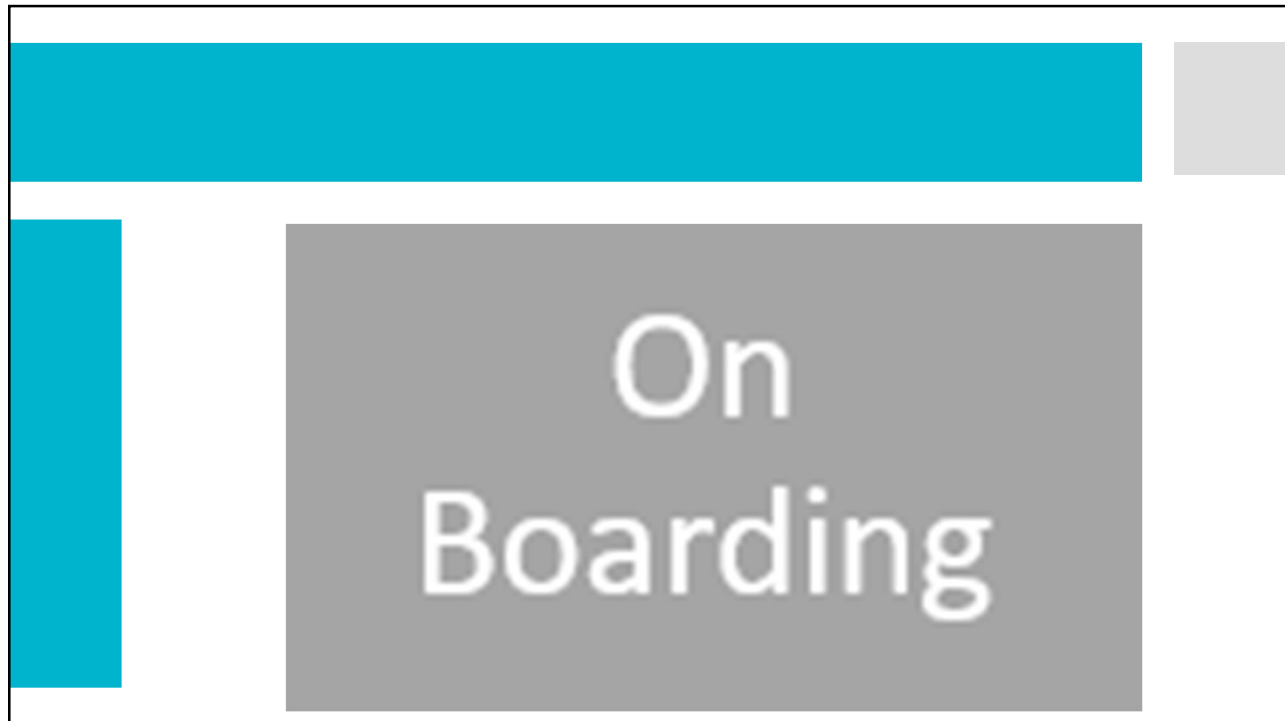
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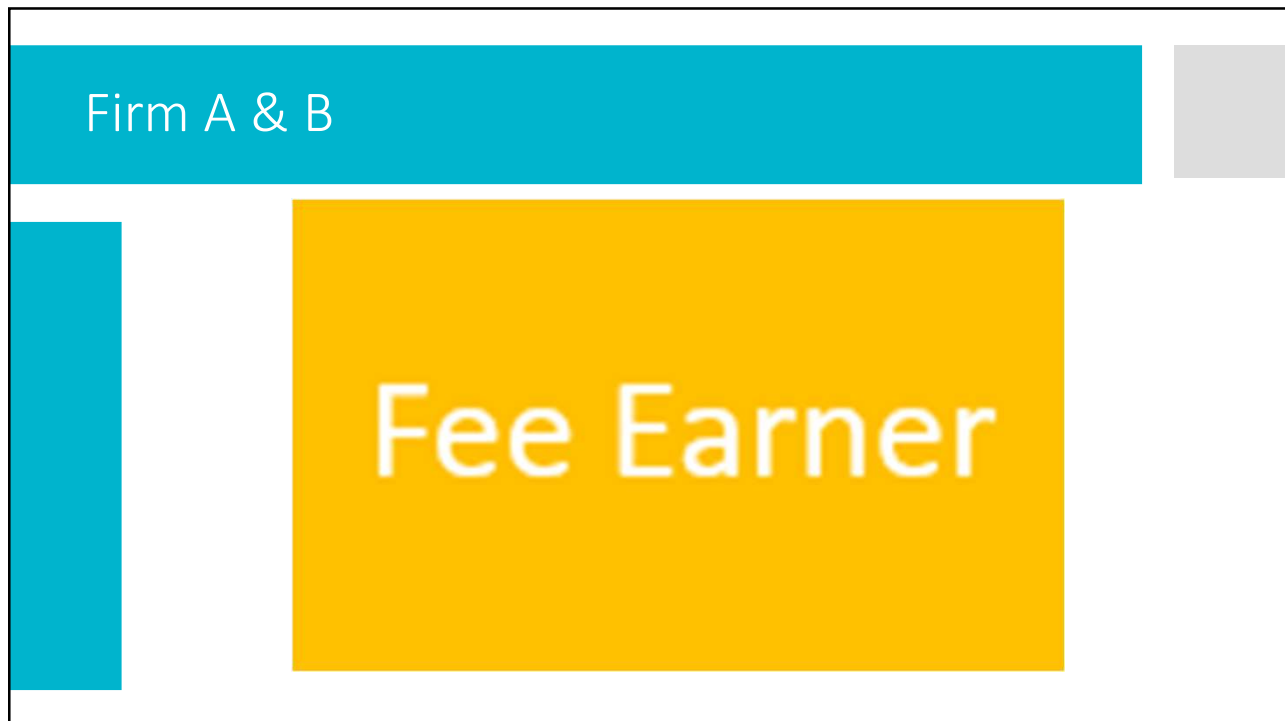
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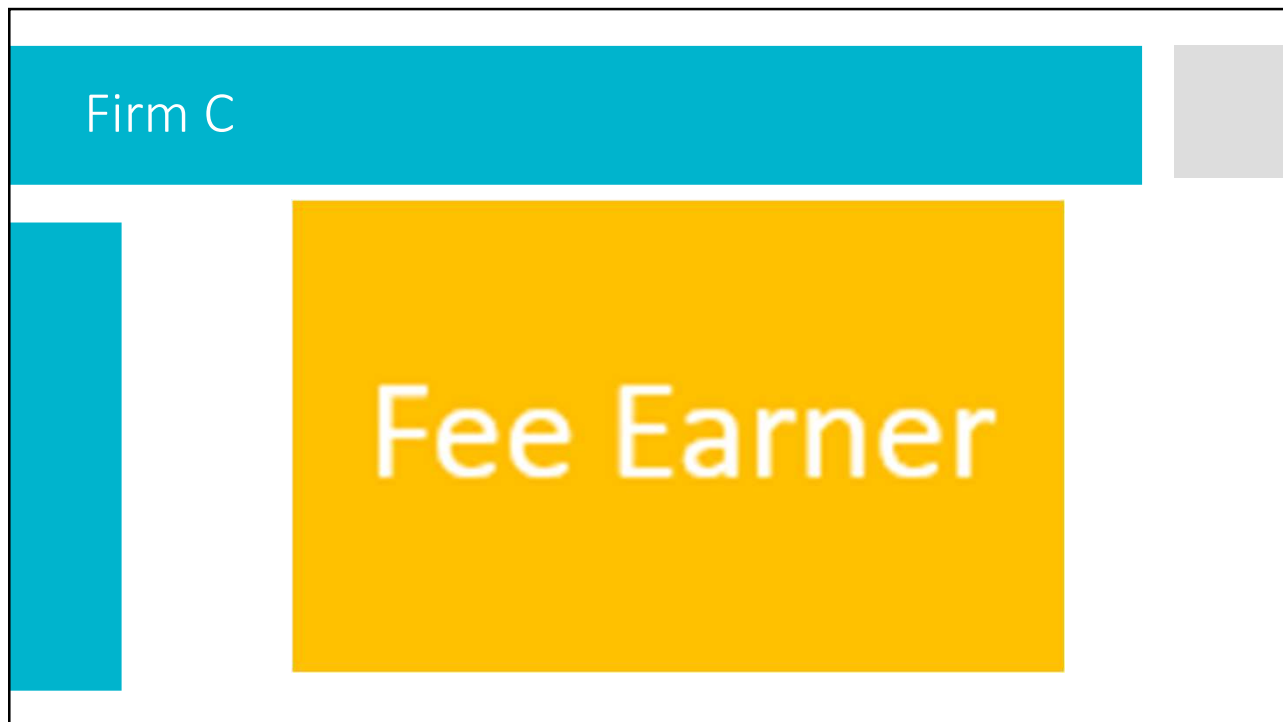
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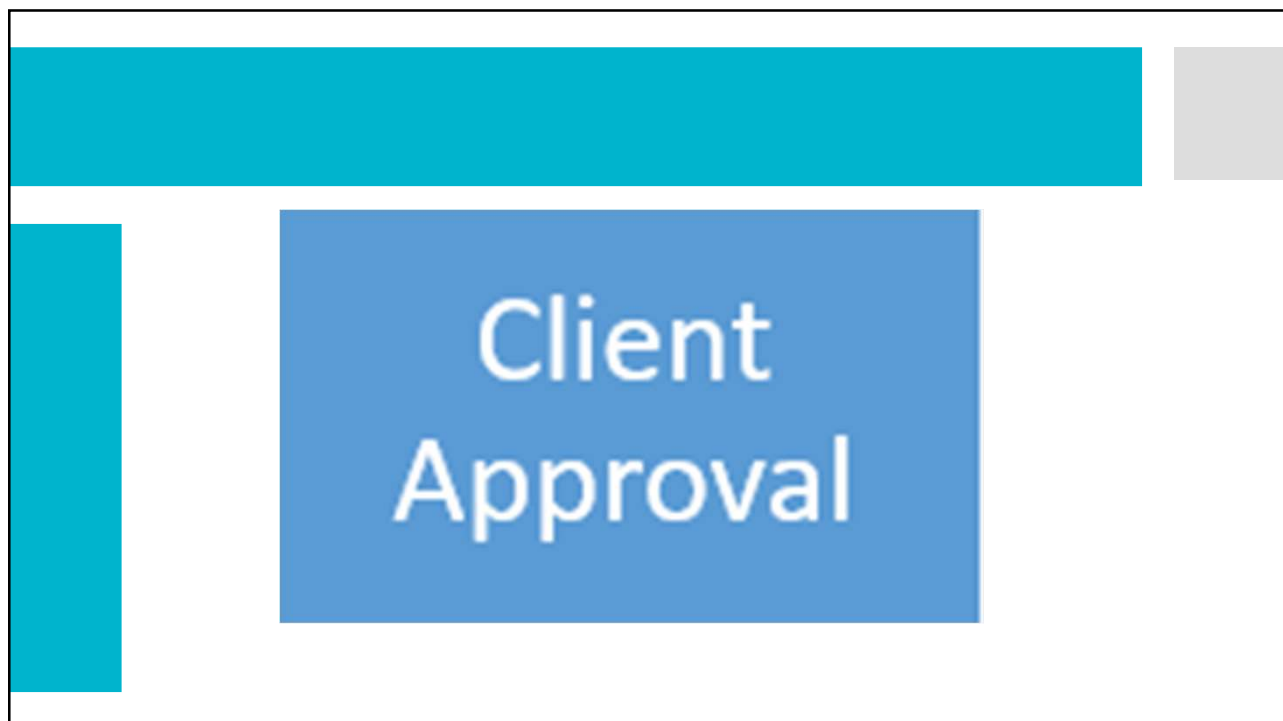
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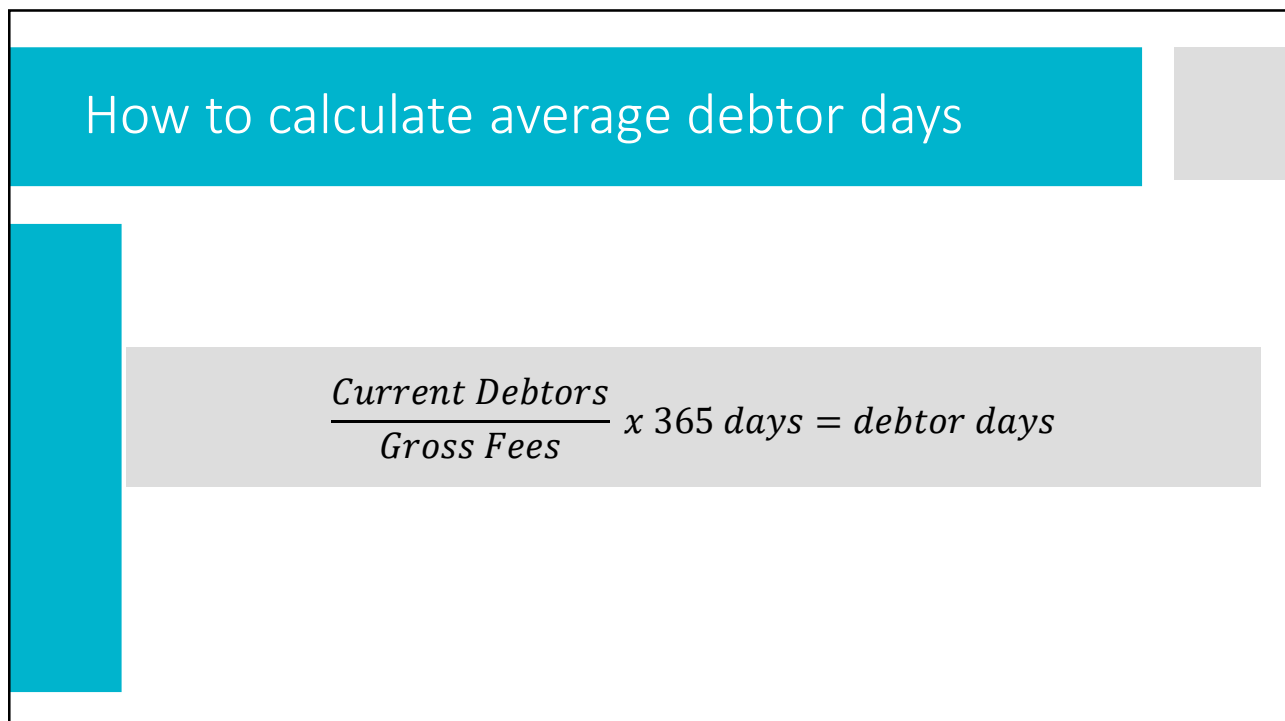
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Creditors

$$\text{Creditor days} = \frac{\text{Creditors}}{\text{Average daily purchases}}$$

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