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## Introduction

Apple is an American multinational firm. It is the second largest information technology company in the world after Samsung when compared with the perspective of revenues. It develops many new types of personal computers and laptops range. The most fascinating products are iPhone, iPod and Mac computers. This is the first company that introduced touch screen technology in the phones. Now Apple Company has many of its mind blowing products. If we talk about at the financial position of the company then we see that this year company fixed asset turnover and total asset turnover and equity turnover is increased. Fixed asset turnover also showed an improvement in the company. But a trend of decline in operating cycle is to be seemed in the company that is due to some mismanagement among the financial issues. In this report we are going to talk about the cash management of company and different financing approaches of company. This company is also investing a lot of money on research and development of new products.

## Financial Management of Company

According to the report of business today the balance sheet of the company reflects that there is huge cash in the hands of management. Now a day’s analyst are saying to the company that there cash management is not so much appealing they must divide their cash among shareholders . even one of their largest shareholder of company sued against the company for not paying sufficient dividends. There is a need to revise their cash management strategy (Gitman, Moses & White, 1979).   
There are four main factors that affect credit policy of Apple Company. First one is the competition. Apple has greater competition with Samsung Company. Company holds many of its cash in hands because they always in hurry of new technological advancement to keep them competitive in the market. Now company has many competitors in the market who are producing many new technologies at cheaper rate than apple products. So this is a tough task for the company to keep in competition. Other three factors include unit price, economic condition and consumer type. Unit price of items of apple are relatively higher and consumer type are also an important factor because their big target market are those who are interested in technological advancements. Economic conditions are also a big factor in deciding credit policy of the company. Apple Company mostly introduces its products for the customers that have big interest in information technology and the prices of their phones and laptops are very high. But it is fact that the quality of apple products is very good and this is a big competitive advantage of this firm (Amihud & Mendelson, 1988)   
Tight short term monetary policy means in days of Inflation Company raise short term interest rate to increase the cost of borrowing and eventually take capital from open markets to its funds. This policy is applied in period of economic growth. And the reverse is done in case of easy short term financial management. In this case cost of borrowing is decreased and eventually shares are sold out to the market. Many companies monitor their accounts receivables by identifying the customer credit policy and knowing about the effect of lagging behind and know about the bed debts of the company (Diamond & Rajan, 2001). Apple Company tries to recover its accounts receivables to neither fast its operating cycle but apple company from fast few years neither showing that their accounts receivables are nor collecting in time.   
The average collection time period of company are also increased which is not a good performance of the financial management team. Maturity matching principles means that current assets are used to finance the short term assets and fixed assets are used to finance the long term assets. Current assets are those which are used within the time periods of one year. If in a company maturity mismatch occurs that leads to the extra cash or less deposits. It means financing a long term asset with short term liability may cause the short run of cash at any time of the asset life. And if a long term asset is financed with short term liability then there are chances of shortage of cash. Therefore it is necessary for the company that it will use maturity matching principle for financings its assets. Statistics shows that long term debt financing id increased for this company it means now apple is relying on more its debts rather than equity. It is not so much good for the sake of the company (Jorion, 2000)

## Conclusion

It is concluded that apple company should change its financial management policy because there is much more cash accumulation is seen in the hands of management which is not a good sign for the company as well as this thing is making their shareholders unhappy. Now fixed asset turnover also increased which shows much more investment is done in fixed assets. But long term debt also increased which shows company is going towards much more debt policies. But there is not an evident of maturity mismatching in the company assets. Annual reports show that account receivables of the company are declining day by day which is not a good sign for the company. As a result whole operating cycle and cash conversion cycle also declined.

## References

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