

# [Master of business administration essay sample](https://assignbuster.com/master-of-business-administration-essay-sample/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

What will your outlook towards maintenance of liquid assets to ensure that the firm has adequate cash in hand to meet its obligations at all times? Definition:
An Asset is said to be liquid if it is easy to sell or convert into cash without any loss in its value. Bank notes and Checking accounts are the most liquid assets. Description:
A Liquid Asset allows any individual or a company to access cash at any time they want. At the time of investing, the investor must keep some of the liquid assets in his portfolio so that he can have an easy hand on his money during an emergency. Cash is highly a liquid asset followed by the banking accounts, checkable account, short –term promissory notes, treasury bills and other government bonds. Objectives:

To ensure that the company always has enough cash to meet its legal obligations and avoid illiquidity. i. e., to maintain adequate short term financial flexibility. To obtain the required funds from eternal sources at the right time in the right form and the best possible terms. To ensure that the companies assets and liabilities, current and long term, financial and operating operations are utilized properly. To forecast and plan for the financial requirement of future operations. To make all decisions and recommendations on the basis of one primary criterion, maximizing the long term value of the organization. Liquid Asset:

Liquid asset is an asset that can be converted in to cash quickly and with minimal impact to the price received. Liquid assets are generally regarded in the same light as cash because their prices are relatively stable when they are sold in the open market. Liquid assets are cash on hand or any tangible or intangible item that can be converted quickly and easily into cash, typically within 20 days, without losing much of their value. These assets are among the most basic types of financial resources used by consumers, business and investors. Cash and checking accounts are the two most obvious forms of liquid assets.