



**CAREER CLUSTER**

Finance

**CAREER PATHWAY**

Corporate Finance

**INSTRUCTIONAL AREA**

Financial Analysis

**BUSINESS FINANCE SERIES EVENT**

**PARTICIPANT INSTRUCTIONS**

- The event will be presented to you through your reading of the 21<sup>st</sup> Century Skills, Performance Indicators and Event Situation. You will have up to 10 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge).
- You will be evaluated on how well you demonstrate the 21<sup>st</sup> Century Skills and meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

**21<sup>st</sup> CENTURY SKILLS**

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- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions and solve problems.
- Communication – Communicate clearly.
- Creativity and Innovation – Show evidence of creativity.

**PERFORMANCE INDICATORS**

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- Explain the role of finance in business.
- Describe the nature of short-term financial management.
- Analyze the impact of accounts receivable collection on working capital cycle.
- Employ communication styles appropriate to target audience.
- Organize information.

## EVENT SITUATION

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You are to assume the role of a financial analyst at BOSTON FLOWERS. The controller (judge) wants to know how changes to accounts receivable collections may impact the company's working capital cycle. The controller (judge) wants to know the current number of days for the company's working capital cycle.

The company's current financial data:

- Sales on Credit: \$120,000 per month
- Average Collection Period: 45 days
- Current Accounts Receivable: \$180,000
- Cost of Goods Sold (COGS): \$80,000 per month
- Average Monthly Inventory: \$100,000
- Accounts Payable Period: 30 days

You will need to calculate the following ratios to obtain the current working capital cycle days:

- Days Inventory Outstanding (DIO)
- Days Sales Outstanding (DSO)
- Days Payable Outstanding (DPO)
- Cash Conversion Cycle (CCC, also known as working capital cycle in days)

The current average collection period is 45 days. The controller (judge) wants to know how the working capital cycle would change if the average collection period were reduced to 30 days.

You will provide the information to the controller (judge) in a role-play to take place in the controller's (judge's) office. The controller (judge) will begin the role-play by greeting you and asking to hear the information. After you have presented the information and have answered the controller's (judge's) questions, the controller (judge) will conclude the role-play by thanking you for your work.

## JUDGE INSTRUCTIONS

### DIRECTIONS, PROCEDURES AND JUDGE ROLE

In preparation for this event, you should review the following information with your event manager and other judges:

1. Participant Instructions, 21<sup>st</sup> Century Skills and Performance Indicators
2. Event Situation
3. Judge Role-Play Characterization  
Allow the participants to present their ideas without interruption, unless you are asked to respond. Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
4. Judge Evaluation Instructions and Judge Evaluation Form  
Please use a critical and consistent eye in rating each participant.

### JUDGE ROLE-PLAY CHARACTERIZATION

You are to assume the role of the controller at BOSTON FLOWERS. You have asked the financial analyst (participant) how changes to accounts receivable collections may impact the company's working capital cycle. You want to know the current number of days for the company's working capital cycle.

The company's current financial data:

- Sales on Credit: \$120,000 per month
- Average Collection Period: 45 days
- Current Accounts Receivable: \$180,000
- Cost of Goods Sold (COGS): \$80,000 per month
- Average Monthly Inventory: \$100,000
- Accounts Payable Period: 30 days

The financial analyst (participant) will need to calculate the following ratios to obtain the current working capital cycle days:

- Days Inventory Outstanding (DIO)
- Days Sales Outstanding (DSO)
- Days Payable Outstanding (DPO)
- Cash Conversion Cycle (CCC, also known as working capital cycle in days)

The current average collection period is 45 days. You want to know how the working capital cycle would change if the average collection period were reduced to 30 days.

The participant will provide information to you in a role-play to take place in your office. You will begin the role-play by greeting the participant and asking to hear the information.

During the course of the role-play, you are to ask the following questions of each participant:

1. Do the collection period and the accounts payable period need to match?
2. How can shortening the collection period potentially harm the company?

Once the financial analyst (participant) has presented the information and has answered your questions, you will conclude the role-play by thanking the financial analyst (participant) for the work.

You are not to make any comments after the event is over except to thank the participant.

## **SOLUTION**

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### **The nature of short-term financial management –**

Short-term financial management is concerned with managing a company's current assets and liabilities to ensure efficient operation and optimal cash flow management within a short timeframe, typically less than a year. It involves several key components and strategies that aim to maintain liquidity, enable smooth day-to-day operations, and ensure the firm can meet its short-term obligations. Components of short-term financial management may include (but not limited to):

- Working capital management includes managing cash, accounts receivable, inventory, and accounts payable to ensure adequate liquidity.
- Efficient cash management involves handling cash inflows and outflows to maintain an optimal cash balance. This includes forecasting cash needs, controlling cash collections and disbursements, and investing surplus cash.
- Accounts receivable management requires good internal policies regarding extending credit to customers. It also requires timely collection of receivables to ensure cash flow.
- Efficient management of inventory minimizes carrying costs while ensuring production and sales processes are not disrupted. Techniques like Just-in-Time (JIT) can be employed to optimize inventory levels.
- Managing payment obligations to suppliers and creditors efficiently by delaying payments to the extent feasible without incurring penalties helps optimize cash flow.

### **Calculations of the working capital cycle -**

- DIO is found by:  $\text{Average Inventory}/\text{COGS} \times 30 \text{ days}$  so  $\$100,000/80,000 = 1.25 \times 30 = 37.5$  days
- DSO is the same as the average collection period, but can be found by:  $\text{Accounts receivable}/\text{sales on credit} \times 30 \text{ days} = \$180,000/120,000 \times 30 = 45$  days
- DPO is the same as the accounts payable period of 30 days. This cannot be calculated as the value of accounts payable is not provided in the dataset.
- CCC is the same as the working capital cycle and is found by:  $\text{DIO} + \text{DSO} - \text{DPO}$  which is  $37.5 \text{ days} + 45 \text{ days} - 30 \text{ days} = 52.5$  days

- If the average collection period is reduced to 30 days the CCC result would be 37.5 days, found by  $37.5 \text{ days} + 30 \text{ days} - 30 \text{ days} = 37.5 \text{ days}$ .

Based on the calculations, the working capital cycle is currently 52.5 days. The main components of working capital for Boston Flowers are accounts receivable, accounts payable, and inventory. We are paying our vendors every 30 days; it is good policy to delay payments as long as possible to manage our liquidity. However, our customers are taking about 45 days to pay us. If we can reduce the time of collection to 30 days, it would improve the working capital cycle to 37.5 days (a reduction of 15 days in the working capital cycle). We may want to consider ways to reduce the days in inventory to improve the working capital cycle even more.

## EVALUATION INSTRUCTIONS

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The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

### Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event director and the other judges to ensure complete and common understanding for judging consistency.

<b>Level of Evaluation</b>	<b>Interpretation Level</b>
Exceeds Expectations	Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 <sup>th</sup> percentile of business personnel performing this performance indicator.
Below Expectations	Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 <sup>th</sup> percentile of business personnel performing this performance indicator.
Little/No Value	Participant demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps this person should seek other employment; would rank in the 0-49 <sup>th</sup> percentile of business personnel performing this performance indicator.



**BUSINESS FINANCE SERIES  
2026**

**JUDGE'S EVALUATION FORM**  
DISTRICT EVENT 1

Participant: \_\_\_\_\_

**INSTRUCTIONAL AREA:**  
Financial Analysis

ID Number: \_\_\_\_\_

Did the participant:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
<b>PERFORMANCE INDICATORS</b>						
1.	Explain the role of finance in business?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Describe the nature of short-term financial management?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Analyze the impact of accounts receivable collection on working capital cycle?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Employ communication styles appropriate to target audience?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Organize information?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
<b>21<sup>st</sup> CENTURY SKILLS</b>						
6.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
7.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
8.	Communicate clearly?	0-1	2-3	4	5-6	
9.	Show evidence of creativity?	0-1	2-3	4	5-6	
10.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
<b>TOTAL SCORE</b>						