

Corporate Finance, 2nd European Edition

Chapter Twenty Six: Short-Term Finance and Planning

Case Study: ITV

Strategic corporate planning is traditionally thought to involve long-term investment and capital structure decisions. However, short-term financial planning is just as important. For example, the British television company, ITV, used very tight working capital management in order to improve its overall net debt position in 2010. This was then used as the basis to develop a five-year strategic plan to recover market share from other companies, such as British Sky Broadcasting.

Read the following news stories about ITV:

<http://www.ft.com/cms/s/0/a159e078-9ec7-11df-931a-00144feabdc0.html>

<http://fool.uk-wire.com/Article.aspx?id=201008030700134141Q>

<http://www.iii.co.uk/investment/detail?code=cotn:ITV.L&display=news&it=le>

Watch the video:

<http://www.ft.com/cms/s/0/a159e078-9ec7-11df-931a-00144feabdc0.html>

1. Download ITV's financial accounts and carry out a ratio analysis of its short-term cash management. Provide an overview using your own calculations of how ITV have improved things over the past few years.
2. Discuss the changes that ITV plan to implement in their five year plan. How do you think their short-term financial planning strategy will be affected?