Errata
Healthcare Finance: Modern Financial Analysis for Accelerating Biomedical Innovation
Andrew W. Lo and Shomesh E. Chaudhuri
Princeton University Press, 2023
(last updated 11/09/2022)

- p. 89: Change the following sentence from:

  "Working capital can be calculated from accounting data by subtracting a company's accounts payable (short-term debt the company owes to its creditors) from its accounts receivable (short-term money that clients and debtors owe to a company) plus its inventory."

  to:

  "Working capital can be calculated from accounting data by subtracting a company's current liabilities (the money owed by a company, such as accounts payable, that are due for payment within a year) from its current assets (assets, such as cash and cash equivalents, inventory, and accounts receivable, that can be conveniently converted into cash within a year). A more narrow formulation is sometimes used by analysts to calculate the working capital of the day-to-day operations of the business. This restricted formulation can be calculated by subtracting a company's accounts payable (short-term debt the company owes to its creditors) from its accounts receivable (short-term money that clients and debtors owe to a company) plus its inventory."

- p. 233, Figure 9.14: Second from the top leaf node, "$118.8M," should read "$116.8M."

- p. 376: Change the following sentence in the definition of working capital from:

  "It takes into account a company's inventory, accounts receivable, and accounts payable."

  to:

  "It is calculated by subtracting current liabilities from current assets and takes into account a company's cash and cash equivalents, inventory, accounts receivable, and accounts payable."