**Finance for Strategic Managers**

To develop financial skills required to understand and analyse financial information and to manage finance at a strategic level within a business. To understand the different business structures and financial reporting requirements.

**Indicative Content**

**1. Understand the role of financial information in business strategy**

Need for financial information

* Assessing finance requirements, obtaining finance, reporting to owners/ shareholders/ stakeholders, setting and meeting targets, appraising new projects, managing risk, internal versus external need

Business risks

* Strategic and market, compliance, operational, risk modelling

Financial information

* Profitability, cash flow, business value, financial stability, costs projections

**2. Be able to analyse published financial statements for strategic decision making purposes**

Published accounts

* Purpose of published accounts – provide information to shareholders/stakeholders; users of published accounts – e.g. shareholders, potential shareholders, managers, employees, lenders, creditors, suppliers, customers, community, competitors; annual reports (including main financial statements, director’s report, audit report, notes to accounts etc.); main financial statements (statements of financial position, income statements, sources and statements of cash flows); internal management accounts versus published financial accounts; structure of statements - content, requirements; weaknesses of published accounts

Interpretation

* Comparisons between years, comparisons between companies, industry comparisons, benchmarking, reasons for using ratios; difference between capital and revenue expenditure (definitions, decision making, treatment in financial statements)

Ratios and how to interpret them

* Profitability, liquidity, efficiency, capital, investor, limitations of ratio analysis

**3. Understand how businesses assess and finance non-current assets, investments and working capital**

Long and short-term finance

* Definitions of long-term and short-term, the importance of matching finance to project

Sources of finance

* Range of sources, external and internal sources, role of markets and government, long-term and short-term, advantages and disadvantages of each source, implications of each source for financial statements e.g. gearing

Cash flow management

* Cash flow forecasts, managing inventory, trade payables, trade receivables etc., budgetary control processes – budgets and variances – how to interpret them and investigate differences

Investment appraisal techniques

* Net present value, discounted cash flows, internal rate of return, payback, accounting rate of return, cost benefit analysis, value for money

**4. Understand different ownership structures and how they influence and measure financial performance**

Ownership structures

* Sole trader, partnership, limited company, public limited company; other less-used forms: charities, limited by guarantee, co-operatives, public sector organisations; international equivalents, financial implications (share structures, availability of finance); legal requirements: company law, business law; accounting standards and corporate social responsibility

Accountability and roles

* Stakeholder interests, control issues, shareholder versus sole trader, manager and owner, decision making interests, organisation strategy