

Attempt either Question 26 or Question 27

How can financial strategies affect the objectives of financial management?

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- apply relevant business case study/ studies and contemporary business issues
- communicate using relevant business terminology and concepts
- present a sustained, logical and cohesive response

Possible Plan

Introduction

- Briefly introduce financial management objectives (profitability, liquidity, efficiency, growth, solvency).
- State the importance of financial strategies in achieving these objectives.

Identification of Financial Strategies

- Identify key financial strategies: cash flow management, profitability management, growth strategies, and global financial management.
- Define each strategy using relevant business terminology.

Linking Strategies to Objectives

- Explain how cash flow management affects liquidity and solvency.
- Discuss how profitability management influences profitability and efficiency.
- Explore how growth strategies impact growth and long-term profitability.
- Analyse how global financial management supports growth and efficiency.

Case Study Application

- Use a specific business case study to illustrate cash flow management improving liquidity.
- Apply a case study to show profitability management enhancing profitability.
- Demonstrate growth strategies through a business example achieving growth objectives.

Conclusion

- Summarise the connection between financial strategies and financial management objectives.
- Highlight the importance of selecting appropriate strategies to meet business goals.

Apply: Use, utilise, employ in a particular situation

Demonstrate: Show by example



[Link to NESA Marking Guidelines](#)

[Link to NESA Marking Feedback](#)

Capital Structure: The mix of debt and equity financing used by a company to fund its operations and growth.

Cost Control: Strategies implemented to manage and reduce business expenses, enhancing profitability and financial performance.

Dividend Policy: A company's approach to distributing profits to shareholders, impacting retained earnings and investment capacity.

Gearing Ratio: A financial metric indicating the proportion of a company's debt to its equity, affecting financial risk and stability.

Liquidity Management: Ensuring a company has sufficient cash flow to meet short-term obligations, maintaining operational efficiency.

Profitability Ratios: Financial metrics used to assess a company's ability to generate earnings relative to revenue, assets, or equity.

Risk Management: Strategies to identify, assess, and mitigate financial risks, safeguarding a company's assets and ensuring stability.

Working Capital: The difference between a company's current assets and current liabilities, crucial for maintaining day-to-day operations.

