14.10.16

Finance :

To assess the success of strategy used through profit. Reflect any decision into numbers.

- First step to identify the company target (ROI, Profit, Market Share)
- Sec. Step what is the strategy used to achieve it. (assess the environment & the market)
- Third step analyze the major profit segments (see revenue & Sales are high in which segment).
- Make sure that the strategy used resulted in positive impact which is clear in my numbers.
- Best utilization of Assets is to generate Sales & Profit.

Investment in
↳ Assets (I expect) → inc. Sales / inc. Profit } ROI

Debt or Equity
(two sources of assets)

Need to see if the ROI is acceptable or not. (the results can show wrong investment decision or financed by wrong method)

Objective of any Company:

1. Maximize wealth of share holder.
2. Increase market price of stock.
3. Best utilization of assets (expansion, growth, acquisition, dividends)

- Assess the financial situation of my Company (through ratios)
  - (Profitability, liquidity, Cash Flow, Debt) to assess both Company strategy applied & as an investor should I invest or not.
- Assess the external source of finance (to expand)
  - Raise debt from banks
  - Encourage Investors to invest
  - Issues bonds to people

  } → if non are applicable it can result in liquidity problems