Unit 2 Finance for Strategic Managers			
Unit aims	The learners will develop knowledge, understanding and skills that will enable them to analyse internal and publicly available financial information. This will help to inform strategic decision-making.		
Unit level	7		
Unit code	Y/650/5361		
GLH	60		
Credit value	15		
Unit grading structure	Pass-Merit-Distinction		
Assessment guidance	To achieve this unit learners must produce work which demonstrates achievement of the learning outcomes at the standards provided by the assessment criteria. Learners must relate their work to the ATHE assignment scenario and use real life examples to illustrate their points. Learners will need to demonstrate their full understanding of the use of financial information in business decision-making. Learners can use their own experience or provide examples of businesses from their research to exemplify the points which are made. Learners will need to access and interpret published business accounts. Additional assessment guidance is provided in the ATHE assignment. Learner work should demonstrate substantial coverage of the unit indicative content.		
Learning outcomes The learner will demonstrate that they:	**Assessment criteria The learner can:**		
	Pass	**Merit**	**Distinction**
1. Understand the importance of financial data in formulating and delivering business strategy	1.1 Evaluate the sources of financial data which can be used to inform business strategy 1.2 Assess the importance of financial data and information in relation to business strategy 1.3 Analyse the risks related to financially based business decisions		
2. Can use financial analysis as a tool for strategic decision-making	2.1 Interpret financial statements to assess the viability of an organisation	2M1 Make recommendations to an organisation based on the analysis and	2D1 Recommend methods and tools that allow businesses to analyse financial

	2.2 Conduct a comparative analysis of financial data using ratio analysis	interpretation of the financial information 2M2 Assess the limitations of ratio analysis as a tool for strategic decision-making	data for strategic decision-making
3. Can evaluate proposals for strategic capital expenditure in an organisation	3.1 Review techniques for appraising strategic capital expenditure projects 3.2 Evaluate business proposals for capital expenditure in an organisation	3M1 Assess the importance of cash flow management when evaluating proposals for capital expenditure	3D1 Assess the impact of a capital expenditure proposal on the strategic direction of an organisation

Indicative Content

LO1 Understand the importance of financial data in formulating and delivering business strategy

- Sources of financial information: internal (internal accounting systems, payroll etc.), external (suppliers, Companies House, the Budget etc.)
- Financial information: profitability, cash flow, business value, financial stability, cost projections
- Need for financial information: assessing finance requirements, obtaining finance, reporting to owners, shareholders, and stakeholders, setting, and meeting targets, appraising new projects, managing risk, internal needs v external needs
- Business risks: strategic, market, compliance, operational, risk modelling

LO2 Use financial analysis as a tool for strategic decision-making

- Published accounts: purpose, provide information to shareholders/stakeholders, users – for example, shareholders, potential shareholders, managers, employees, lenders, creditors, suppliers, customers, community, competitors, annual reports, including main financial statements (statements of financial position, income statements, sources and statements of cash flows), director's report, audit report, notes to accounts etc., internal management accounts versus published financial accounts, structure of financial statements – content and requirements, limitations of published accounts.
- Comparative analysis: comparison between years, comparison between businesses, Industry comparisons, benchmarking.
- Ratio analysis: reasons for using ratios, advantages and limitations, ratio categories, including profitability, liquidity, efficiency, capital, and investor

LO3 Evaluate proposals for strategic capital expenditure in an organisation

- Types of expenditure, difference between capital and revenue expenditure (definitions, decision making, treatment in financial statements)
- Investment appraisal techniques: payback, accounting rate of return, net present value, internal rate of return, discounted cash flow, cost benefit analysis, value for money.
- Long term and short-term finance: definitions of long term and short term, importance of matching finance to project

- Sources of finance: range of sources, external and internal sources, role of markets, Role of government, long term and short term, advantages and disadvantages of each source, implications of each source, for example gearing
- Cash flow management: cash flow forecasts v cash flow statements, managing inventory, trade payables, trade receivables, etc., budgetary control processes – budgets and variances

Suggested Resources

Atrill, P., 2017, Financial Management for Decision-Makers, Harlow: Pearson

Annand, D. and Dauderis, H., 2019, Introduction to Financial Accounting: International Financial Reporting Standards (Lyryx), Lyryx

Cox, D., 2017, Business Accounts (Fifth Edition), Osborne Books

Elliot, B. and Elliot, J., 2019, Financial Accounting and Reporting, Harlow: Pearson

Karadag, H., 2015, Strategic Financial Management for Small and Medium Sized Companies, Emerald Group Publishing

Kumar, R., 2017, Strategic Financial Management Casebook, Academic Press

Lunt, H., 2022, Fundamentals of Financial Accounting, Elsevier Ltd

Mowen, M. M., Hansen, D. R. and Heitger, D. L., 2022, Managerial Accounting: The Cornerstone of Business Decision-Making, Cengage learning

Thomas, A., and Ward, A., 2019, Introduction to Financial Accounting, 9th Edition. McGraw Hill

Websites

https://www.accaglobal.com/gb/en.html - ACCA Learner Accountant site with some relevant articles

https://www.fasb.org/ - Financial Accounting Standards Board

www.iasplus.com - International accounting standards

Unit 2 Finance for Strategic Managers - Supporting information	
Opportunities for Synoptic Teaching and Learning	
Learners and tutors will have the opportunity to link the learning from this unit with the content of other units.	
Learning Outcome	**Teaching and learning links to other unit LO/AC**
LO1 Understand the importance of financial data in formulating and delivering business strategy	Unit 1 Strategic Planning, LO2 Review an organisation's strategy and business plans
LO2 Use financial analysis as a tool for strategic decision-making	Unit 9 Quantitative Methods, LO2 Analyse and evaluate raw business data to inform decision-making
LO3 Evaluate proposals for strategic capital expenditure in an organisation	Unit 8 International Finance, LO3 Understand capital requirements and working capital management in an international context
Opportunities for Synoptic Assessment	
Some of the AC require knowledge from one or more of the LOs. The knowledge and understanding developed in LO1 Understand the importance of financial data in formulating and delivering business strategy, underpins the development of the skills required in LO2 and LO3.	

Opportunities for Skills Development within this unit	
Employability Skills	**Study Skills**
Working Independently – Using your own initiative, time management, e.g., planning, setting targets, meeting deadlines, working under pressure and self-organisation **(LO1, LO2, LO3)** **Communication skills** – Taking the right action with the information gathered. Written communication eg appropriate formats, style and tone, spelling, punctuation and grammar **(LO1, LO2, LO3)** **Problem-solving** – Using analytical skills, e.g. research skills, handling information, consulting multiple sources, categorising information. Using critical thinking skills, e.g., listening	**Using sources of information** – Accessing information ie choosing current, sufficient, relevant and reliant sources **(LO1, LO2, LO3)** **Thinking skills** - Using analytical skills, eg research skills, handling information, consulting multiple sources, categorising information. Using critical thinking skills, eg listening to/reading all information, identifying and interpreting others' positions, arguments and conclusions, weighing up opposing arguments (avoiding jumping to conclusions, spotting fake ideas/news), drawing conclusions **(LO1, LO2, LO3)**

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