**SIA Module worksheet week 6**

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| Seminar **Questions** (to check and/or develop your relevant knowledge on investment appraisal) | **Answers** (write here in your own words & underline key concepts) | e.g. **Illustrate** from last year’s case study – find this data in the annual report of the target company or the exemplar assessment | NB - **Find** the equivalent data for the assessment case study you are tasked with analysing from available data |
| 1. What are the main risks attached to business acquisitions? | Management ability, familiarity with territory, competition rules, business continuity, time to realise synergies, integration | Which of these do you think applied in the case study last year?  Any or all of these could have applied |  |
| 1. Why do business risks differ from one company/sector to another? | Risks may be related to type of business activity, e.g. retail or manufacturing (reliability of supplies) or level/reliability of staff and technology | What were the main business risks identified by the target company?  Availability of restaurants/kitchens supplying food, delivery drivers, reliability of App |  |
| 1. How can risks be identified, analysed and mitigated? | By SWOT, PESTLE, stakeholder analysis, resource constraints, competence/capability analysis – need for back up plans | Were key risks identified for the business acquisition in the exemplar for last year’s case?  Market risk and financial risk |  |
| 1. Define the following terms    1. Revenue synergy    2. Cost synergy    3. Managerial synergy    4. Financial synergy    5. What if? analysis | See glossary | Find assumptions in the exemplar:   1. Revenue synergy high 2. Cost synergy low 3. Managerial synergy n/a 4. Financial synergy zero interest 5. What if? Analysis sensitivity mentioned |  |