**CORPORATE FINANCE**

**Learning Outcome 3: ACTIVITY 7**

## **Different types of risk and risk management techniques**

Risk is a critical factor in financial management. A financial decision can have major implications for the success or even survival of a business.

Look back to the results of your analysis in LO3 Activity 1.

#### Required: in small groups

From your research:

1. Reflect on the key financing decision that you considered as part of LO3 Activity 1.
2. Outline each of the following risk management techniques:
   1. Sensitivity analysis
   2. Scenario analysis
   3. Expected values
   4. Simulations.
3. For the techniques that you outlined in (2), explain the risks that might have been considered when making this decision.
4. Prepare a short presentation on your findings.