**CORPORATE FINANCE**

**Learning Outcome 5: ACTIVITY 2**

**Wealth maximisation**

Businesses do not exist in isolation from the contexts in which they operate. Whilst wealth maximisation remains the primary objective of business, there is a need to take account of a range of other factors. The objectives of financial management include the need to balance wealth maximisation with these factors.

#### Required: In small groups

1. Explain the concept of a business as an investment agency.
2. Explain the nature of the ‘agency problem’.
3. Discuss the paramount importance of shareholders in a capitalist system.
4. Explain the ‘other factors’ that businesses need to take account of as well as wealth maximization.
5. Prepare a short presentation on your findings.