

The Financing Plan as a Tool for Analyzing the Financial Strategy of Economic Institutions «a Case Study of The SAIDAL Group 2017-2022»

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Abstract:

This study aims to highlight the role of the financing plan as a tool for financial strategic management, by understanding the organization's long-term trends and objectives. Financial strategy provides clear goals and directions for the future and plays a crucial role in achieving the success and continuity of the institution. Thus, it helps achieve a balance between risks and returns and enhances the institution's ability to grow and develop sustainably.

The study concludes that the financing plan is a very important tool in financial strategic management due to its significance in studying the financial needs of the institution and attempting to provide the necessary liquidity to cover them. Through the practical study of a pharmaceutical conglomerate, it became apparent that it follows a renewal investment strategy, as well as a strategy of diversification in the financing mix. Regarding dividend distribution, it follows a strategy of semi-fixed dividend distribution.

Keywords: *Financing Plan; Financial Planning; Financial Strategy.*

Jel Classification Codes: *G32; G34; L25.*

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1. INTRODUCTION.

The rapid changes in the surrounding environment of an institution make its survival, continuity, growth, and expansion largely dependent on its ability to adapt to this environment and achieve high levels of performance across its various components. This can only be achieved by adopting and scientifically and effectively implementing the modern management methods. Among these methods is the adoption of strategic management by the senior management of the institution in its administrative practices. This approach allows the institution to define a clear mission and vision based on an analysis of its internal environment (strengths and weaknesses) and its external environment (opportunities and threats) to adopt a strategic choice that can be effectively implemented and monitored to improve its performance.

Financial planning is considered one of the most important functions of financial management as it serves as the foundation upon which key strategic decisions are made in the company. The future and sustainability of the company largely depend on it. Therefore, it is essential to address it specifically in financial management.

1.1. Problem Statement: Based on the foregoing, the main problem statement can be posed as follows:

How does the financing plan contribute to the analysis of the financial strategy of economic institutions?

This problem can be broken down into the following sub-questions:

- What is meant by financial strategy? What is its significance for economic institutions?
- What is meant by financial planning? What is his role in directing the organization's financial strategy?
- What is meant by the financing plan? What is its importance as a tool for financial planning and drawing financial strategies?

1.2. Study Hypotheses: To answer the previous questions, the following hypotheses can be proposed:

- **H₁:** Financial strategy consists of the objectives, and guidelines related to the financial aspect within the institution;
- **H₂:** Financial planning involves future predictions associated with the financial aspect;
- **H₃:** The financing plan is an effective tool for estimating future financial needs and balancing resources with uses.

1.3. Research Methodology: This article relies on the descriptive, analytical, and case study methodologies due to the nature of the subject matter.

1.4. Importance of the Study: The research derives its significance from the crucial role played by economic institutions, which necessitates their understanding of the financial strategies required to maintain their sustainability and growth.

1.5. Study Objectives: This study aims to:

- Identify the concepts related to financial strategy and financial planning within economic institutions;
- Understand the financing plan as a tool for financial planning;
- Recognize the various financial strategies governing economic institutions;
- Clarify the importance of the financing plan as a tool for financial strategic management;
- Develop a financing plan for **SAIDAL Group** and attempt to assess the various financial strategies adopted during the period 2017-2022.

1.6. Study Scope: The study scope can be divided into spatial and temporal boundaries as follows:

- a. **Spatial Boundaries:** This study is limited to **SAIDAL Group** as a leading pharmaceutical manufacturing institution in Algeria;
- b. **Temporal Boundaries:** The temporal boundaries encompass the period from 2017 to 2022.

1.7. Previous studies: The most important studies addressing financial strategy and financial planning are as follows:

a. **Researchers study:** R.Jasiyah, Suriadi, I.Wayan Sujana, titled: «**Optimizing A Financial Strategy For A Strong Business Sustainability**»: (Jasiyah, Suriadi, & Sujana, 2024)

This article addresses the problem of how to activate financial strategy for economic institutions to ensure business sustainability. The researchers argue that there are many important factors influencing business success, including financial strategy. They also consider financial affairs as the foundation of company operations, which must be managed well through financial management. Achieving long-term sustainability and organizing business require a well-thought-out financial strategy. Financial strategy is one of the pillars of business, and financial sustainability in the business context refers to a form of accountability in making financial strategic decisions.

b. **Researchers study:** V.Grozdanovska, K.Bojkovska, N.Jankulovski, titled: «**Financial Management And Financial Planning In The Organizations**»: (V.Grozdanovska, K.Bojkovska, & N.Jankulovski, 2017)

This article addresses the issue of financial planning and control of financial activities within economic institutions. The researchers explained that financial management refers to the application of general management principles to various expected financial resources. This includes planning, organizing, directing, and controlling financial activities. They concluded that financial planning is the process of setting goals, policies, procedures, programs, and budgets related to financial activities. This ensures the presence of effective and appropriate financial and investment policies, ensures the availability of adequate funds,

maintains a reasonable balance between outgoing and incoming funds, ensures fund providers, prepares growth and expansion programs that help the company survive in the long term, reduces uncertainties regarding changing market trends that the company may face, and ensures stability and profitability.

c. Researchers study: J.Calandro, R.Flynn, titled: «**On Financial Strategy**»: (Calandro J. Jr & Flynn.R, 2007)

This article addresses the issue of the interaction between strategic activities associated with financial aspects within economic institutions. It suggests that in today's rapidly changing business world, success is often achieved through simultaneous operations. However, critical functions of finance and strategy are frequently practiced in isolation. The researchers advocate for an approach that temporally links critical strategic and financial activities throughout a firm, leading to better executive decision-making, as well as increased understanding and support throughout the company. They also consider that financial strategy is not simply a linkage between vital disciplines, but a way to capitalize on the interaction of each within a comprehensive framework to create value over time.

d. Researchers study: S. Slater, Thomas J. Zwirlein, titled: «**The Structure Of Financial Strategy: Patterns In Financial Decision Making**»: (S. Slater & Thomas J. Zwirlein, 1996)

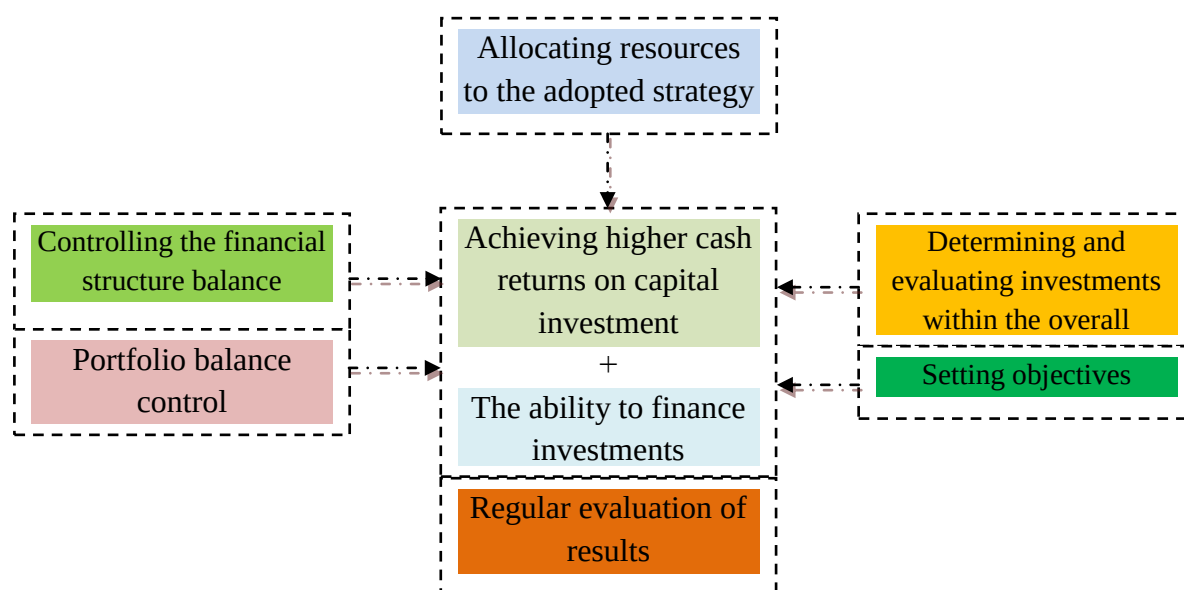
This article addresses the issue of the impact of financial strategy on value creation, as well as how to coordinate financial decisions to serve the financial strategy of the organization. The researchers highlight that a company's financial strategy has significant potential to influence shareholder value creation. They argue that it is the outcome of the company's decisions related to investment, financing, and dividend distribution. The aim of this study was to elucidate how companies coordinate these decisions and how the resulting financial strategies are related to performance and other key operating characteristics.

2. The Nature Of Financial Strategy.

2.1. Concept of Financial Strategy: According to **A.D. Shandler**, "Strategy involves identifying the long-term goals and objectives of the enterprise, and then selecting methods of implementation and allocating resources to achieve these goals and objectives". (D. Schall & W. Haley, 1991, p. 185)

As for financial strategy, it is defined as: a set of coherent orientations that determine, on the financial side, the desired relationships of the enterprise with its environment, while controlling the financial means that allow the realization of this, and generally includes financial strategy for all types and forms of enterprises, goals, objectives, and orientations related to the financial side that the enterprise aims to achieve in the medium and long term. These objectives should not conflict with the general objectives included in the comprehensive strategy; rather, they should be consistent and harmonious with them. Thus, financial strategy seeks to maximize the financial value of the enterprise and achieve a balance between assets and liabilities or commitments while maintaining sufficient cash flow or liquidity for the enterprise. Financial strategy also aims to maximize the financial value of work by focusing on financing sources, the required duration, dividend distribution, stocks and their types.

Figure N° (01): Financial Strategy and Value Creation in the Enterprise.



Source: Erich Helfert, Financial Analysis Tools and Techniques, Mc Grew Hill edition, USA, 2001, p 394.

3. The Importance of Financial Strategy in Enterprise Operations.

3.1. Financial Strategy as a Tool to Address Environmental Challenges: In the era of globalization, the business environment has acquired an international dimension, making it difficult to adapt due to numerous economic, financial, and social variables. To confront this situation, enterprises must adopt an effective financial strategy to ensure the efficient management of their funds, thereby bolstering investment projects. (Brealey, R, Myers, S, & Allen, F, 2017, p. 215)

3.2. Financial Strategy as a Tool for Growth: Growth is not a random phenomenon but rather the result of a set of strategic decisions. Each enterprise has a specific approach to selecting the appropriate strategy. (Ross, S. A, Westerfield, R. W, Jordan, B. D, & Roberts, G. S, 2019, p. 216)

3.3. Financial Strategy as a Mechanism for Creating Financial Value in the Enterprise: Achieving cash returns is the essence of realizing the expected value from allocating financial resources. Financial strategy contributes to this framework by making value-creating activities efficient and enabling the utilization of financial resources within a specific strategic approach. (Berk, J & DeMarzo, P, 2016, p. 217)

3.4. Financial Strategy and Achieving Competitive Advantage through Performance Improvement: All enterprises experience constant change, requiring their management to continuously adjust their strategic choices during implementation stages if these changes necessitate it. (Brealey, R, Myers, S, & Allen, F, 2017, p. 197)

The importance of financial strategy can be summarized as follows: (Pike, R & Neale, B, Corporate Finance and Investment: Decisions & Strategies, 2009, p. 254)

- Achieving the best possible performance by understanding the organization's long-term trends and goals;
- Providing clear goals and directions for the future through strategic planning;
- Identifying internal and external factors that may lead to significant changes in the organization, such as introducing new products, expanding into markets, or exploring new markets;
- Assisting decision-makers in understanding the correct trends for decision-making and helping managers address key issues;
- Organizing significant financial and marketing decisions related to the organization's direction.

4. Components of a Financial Strategy.

(<https://www.linkedin.com/pulse/financial-strategy-components-tamoor-ul-hassan/>, pp. 2024/03/25, 17:25)

4.1. Financing Decision: Access to sufficient funds is essential for implementing numerous strategic plans.

4. 2. Investment Decisions: Investment decisions are integral to financial strategy. Financial investment involves allocating funds into securities such as shares, debentures, real estate, mortgages, and more. An investment operation is considered successful when, after thorough analysis, it ensures the safety of the principal amount and delivers a satisfactory return. Safety is a key characteristic associated with investment.

4. 3. Dividend Decisions: The finance manager's decision regarding dividends holds significant importance. It dictates the portion of profits to be distributed among shareholders versus the portion to be retained for funding the company's long-term growth. The primary goal of dividend policy is to maximize the firm's value for its shareholders.

4. 4. Working Capital Management: Working capital, essential for a company's daily operations, encompasses the management of current assets. Efficient management of working capital is crucial as it can enhance shareholder wealth. Sources of working capital encompass trade credit, bank loans, bill discounting, overdraft facilities, and more. Strategic decisions regarding working capital management are inherently influenced by the trade-offs between liquidity and profitability.

4. 5. Cash Flow Management: Cash flow management for a firm involves maintaining liquidity and minimizing financial costs. Additionally, the finance department aims to reduce tax liabilities. Multinational corporations face challenges in navigating diverse monetary, political, and financial landscapes across their operating countries. Therefore, strategic decisions in this context require meticulous consideration.

These components can be represented in the following figure:

Figure N° (02): Components of a Financial Strategy



Source: Tamoor ul Hassan, <https://www.linkedin.com/pulse/financial-strategy-components-tamoor-ul-hassan/> (Accessed on 25/03/2024 at 20:15).

5. Financial Planning and Its Role in Guiding the Financial Strategy of the Enterprise.

5.1. Definition of Financial Planning: It is defined as predicting the financial needs of the company or foreseeing the situations and problems related to the project's future, estimating all financial requirements for expansion and profit realization. It includes four variables representing financial planning tools: (Pike, R, Neale, B, & Linsley, , Corporate Finance and Investment: Decisions & Strategies, 2015, p. 228)

- **Additional Financing Required:** This refers to the external financing needed to increase the size of assets to meet the increase in sales;
- **Working Capital Management:** This refers to the working capital cycle, which is the period between using cash to purchase materials necessary for sale or manufacturing, manufacturing and selling them, then collecting the associated rights and converting them into cash;
- **Capital Structure:** This refers to the mix of sources from which the project obtained funds to finance its investments;
- **Budgeting:** Budgeting is a detailed financial plan for the future, typically presented quantitatively.

5.2. Objectives of Financial Planning.

- **Interactions (Participation in Work):** Financial planning illustrates the interrelationships between the decisions made by the enterprise;
- **Choices:** Financial planning provides the enterprise with an opportunity for preparation, analysis, and comparison of several scenarios in a practical manner;
- **Risk Avoidance:** Predicting potential risks to the enterprise makes it more cautious and

prepared for such occurrences; (Brealey, R, Myers, S, & Allen, F, 2017, p. 195)

– **The objective of financial planning is to consolidate planning for various functions into a single cohesive document**, precisely defining objectives to evaluate the effectiveness of the enterprise and estimate the results to achieve those objectives. The financial planning process systematically produces budget estimates, and the greater the estimate, the more accurate and focused the data becomes; (Pike, R, Neale, B, & Linsley, , Corporate Finance and Investment: Decisions & Strategies, 2015)

– **Simplifying the financial plan for objectives**, which should be standardized in accordance with the financial rules of the enterprise, based on their importance. Financial planning is linked to the current circumstances of the enterprise and is periodically evaluated to ensure the achievement of those objectives;

– **Formulating policies and rules guiding individuals' thinking in financial matters**, including: (Ross, S. A, Westerfield, R. W, Jordan, B. D, & Roberts, G. S, 2019, p. 217)

- ✓ Financing policies;
- ✓ Choosing between asset acquisition or leasing policies;
- ✓ External investment policy.

5.3. Conditions for Optimal Financial Planning: For financial planning to effectively analyze the interactions between financial planning elements related to invested capital, its composition, dividend policy, liquidity and financing, supply management, and various options, it is required to develop a financial plan consisting of the following components:

- Clear identification of the strategic, operational, and financial objectives of the enterprise;
- Clear identification of the economic and non-economic assumptions underlying the plan;
- Clear identification of the strategies of the activities practiced by the enterprise;
- Summary of the expected capital program and the time frame for spending;
- Summary of the expected financing program with identification of funding sources and the timing of obtaining each. (Berk, J & DeMarzo, P, 2016, p. 127)

5.4. Stages of Financial Planning.

– **Identification of Primary and Subsidiary Objectives:** This stage involves identifying the main financial objective, which revolves around the optimal utilization of capital to increase the efficiency of production factors and available resources in the establishment. This objective is then broken down into medium-term and short-term objectives, and while other subsidiary objectives can be set, it's essential that these align with the main objective; (Brealey, R, Myers, S, & Allen, F, 2017, p. 238)

– **Drawing Financial Policies:** These serve as a guide for financial management personnel when making decisions. When formulating these policies, it's important to ensure they serve

the interests of the establishment and are not in conflict with other policies in different departments of the establishment;

- **Translation of Financial Policies into Detailed Procedures:** This step ensures precise implementation and simplifies the administrative process; (Pike, R & Neale, B, Corporate Finance and Investment: Decisions & Strategies, 2009, p. 199)

- **Providing the Necessary Flexibility for Financial Procedures:** Management must always be prepared to adjust or even completely change short-term financial goals, policies, and financial procedures to take advantage of changing circumstances and conditions.

6. The Concept Of Financing Plan As A Tool For Financial Planning In Drawing Financial Strategy.

(Brealey, R, Myers, S, & Allen, F, 2017, p. 224)

6.1. Concept of Financing Plan: It is a financial plan that includes some details on how to use funds as resources, as well as how to obtain these resources. The financing plan is used to develop partial plans specific to the enterprise and serves as a tool for the overall planning of the enterprise and a tool for monitoring its subsidiary departments. (Moubarek. L, 2012, p. 169)

The financing plan can be considered a multi-year estimate document, prepared for a period ranging from three to five years, and includes: (J.Barreau & J.Delahaye, 2002, p. 420)

- Permanent resources that the institution will use to finance its activities over the coming years;
- Stable expenditures that the institution must cover during the same years.

6.2.The importance of the financing plan: lies in the fact that the institution continually faces various investment opportunities, whether in expanding its fixed production assets, replacing depreciated assets, or substituting them with more profitable ones. This presents the institution with a number of potential investment opportunities. In reality, selecting the most efficient investment avenue among others - assuming the necessary resources for its financing - is one of the most important and fundamental functions of financial management. This decision entails the use of substantial funds, the effects of which extend over long periods of time, whether in cases of success or failure. Thus, the liquidity, profitability, and even the existence and continuity of the institution in its activities depend on the efficiency demonstrated by financial management in setting long-term utilization policies, or what is known as capital expenditure policy. (Pike, R & Neale, B, Corporate Finance and Investment: Decisions & Strategies, 2009, p. 215)

6.3.Uses of the financing plan: vary according to the size and nature of the institution. Among the most important are:

- When establishing the institution, the financing plan is considered a necessary tool for assessing its future and negotiating with various stakeholders to obtain the necessary resources for its activities;

– After establishment and moving towards the growth stage, the financing plan is used to achieve the following objectives: (Ross, S. A, Westerfield, R. W, Jordan, B. D, & Roberts, G. S, 2019, p. 229)

- ✓ Testing the effectiveness of the overall strategy and adjusting operational plans according to environmental variables, making appropriate corrections to the overall balance of the plan;
- ✓ Seeking the best possible matches between resources and uses, achieved during the correction of annual deviations in the plan;
- ✓ Justifying resorting to external financing sources;
- ✓ Estimating the company's ability to distribute profits to shareholders in the future.

6.4. Preparation of the financing plan: To prepare the financing plan, we need to go through at least two stages: (J.Barreau & J.Delahaye, 2002, p. 424)

- Preparing a plan without external financing, allowing for the determination of necessary external funding based on the balance accumulated at the end of the period;
- Preparing the financing plan, taking into account external funding;
- The obtained plan must be balanced, meaning a positive overall cash balance.

It should be noted that there is no official standardized template for a financing plan, and the following presentation refers to one of the models.

Table N° (01): Financing Plan Model

YEARS	01	02	03	04	05 ...
Expenditure:					
– Acquisition of Assets:					
○ Intangible					
○ Tangible					
○ Financial					
– Increase in Working Capital Requirements (WCR)					
– Expenses amortized over several years					
– Repayment of financial debts					
– Distribution of stock dividends					
Total					
Resources:					
– Self-financing capacity					
– Disposal or reduction of fixed assets					
– Increase in capital and subsidies					
– New financial debts					
Total					
Yearly change					
Initial cash balance					
Final cash balance					

Source : J.Barreau, J.Delahaye: *Gestion Financière*, 11^e édition, Dunod, Paris, 2002, p 421.

6.5. Problems in preparing the financing plan: One of the challenges facing financial management in preparing the financing plan is the difficulty in evaluating proposals for long-term usage or expenditure due to the complexity of investment decision-making. Evaluating alternatives only comes after assessing the proposals. Such evaluation enables the determination of the investment value of each proposal and ranks them according to priority. The main reason for this is that all proposals rely on predicting the future, which requires personal estimation by those involved. Therefore, it requires involving all subsidiary departments of the institution, including production, marketing, and others, for the following reasons: (Moubarek. L, 2012, pp. 170-171)

– **Duration of Effects:** The outcomes of decisions made have long-term implications. For instance, purchasing a machine with an eight-year lifespan entails a long waiting period to determine the final results of this measure, accompanied by a freeze of financial values during this period. This action becomes linked to future events, necessitating the knowledge of expected revenues from using this machine in the form of anticipated sales over its assumed lifetime to financially justify this decision. Additionally, failure to predict sales can lead to either overspending in capital expenditure or investing in productive assets less than required. If capital spending is below requirements, it results in either new assets not meeting the market's evolving standards, thus producing lower-quality output compared to competitors, or production volume falling short of market demand, resulting in the loss of a portion of the available market to the institution;

– **Synchronicity of Acquiring Production Assets:** In many cases, institutions err in estimating the appropriate time to acquire certain production assets. They may base their future strategy on tempting current orders, but after acquiring the assets and starting operations, time may have passed, and these orders may no longer have an impact due to customers shifting to other institutions or because those goods no longer appeal to consumers;

– **Quality of Production Assets:** Early prediction of the necessary requirements for the institution is crucial to benefit from the relative advantages of early action. It is known that production assets take a long time to produce, and typically, demand comes in a single batch from producing institutions for the goods experiencing increased demand in the market. If supply of the goods comes in a single batch from competing institutions, the acquired advantages decrease;

– **Competitiveness Capability:** Investment diminishes in many institutions not due to the small scale of investments but due to the low profitability of the investment. This is especially true if competitors succeed in offering goods of superior quality at a lower price;

– **Provision of Necessary Financial Resources:** To expand production assets in the institution, it is necessary to search for economically available and sufficient financial sources to cover the financing needs. Especially since spending is substantial, financial resources must be carefully considered to align with both the timing and cost of the assets.

7. Preparation and Analysis of the Financing Plan as a Financial Strategy Tool for SAIDAL Group.

In this section, the financing plan for **SAIDAL Group** will be prepared based on various balance sheet related to the study years as follows:

7.1. Preparation of the functional balance sheet: Since the financing plan is a multi-year funding schedule, it is built based on the functional balance sheet of the institution. Therefore, it is necessary to prepare the functional balance sheet according to its fundamental principles. The abbreviated functional balance sheet can be clarified without discussing how it is prepared due to its lack of significance:

Table N° (02): Functional Balance Sheet-Uses

Uses	2016	2017	2018	2019	2020	2021	2022
Stable uses	50,133,913,242.06	54,071,174,917.96	45,104,428,321.40	47,814,418,783.66	47,412,120,294.95	48,083,329,606.35	48,078,801,209.10
Intangible assets	327,518,201.73	327,115,598.37	494,271,636.59	607,317,616.05	610,224,755.02	610,224,755.02	709,830,625.69
Tangible assets	44,280,616,756.40	47,131,866,263.78	39,013,316,766.54	41,206,467,122.68	41,962,308,112.53	42,712,902,019.85	43,827,746,913.07
Financial assets	5,325,780,283.93	6,612,193,055.81	5,596,839,918.47	6,000,634,044.93	4,839,587,427.40	4,760,202,831.48	3,541,223,651.34
Common uses	16,380,393,395.99	16,972,689,060.52	17,462,972,100.86	16,201,838,766.10	17,495,785,663.29	21,215,547,084.02	23,483,133,169.71
C.u. for exploitation	12,092,090,464.40	10,770,927,565.55	12,774,788,372.53	12,745,825,108.05	13,292,839,557.03	16,041,276,256.85	20,120,961,131.17
Inventory	6,358,574,088.97	5,512,385,257.34	6,956,065,304.74	7,449,789,735.69	7,191,992,769.17	10,543,599,209.86	10,529,211,735.74
Customers	5,547,718,023.80	5,077,251,577.03	5,578,018,586.28	5,073,699,027.73	5,911,959,706.26	5,327,265,862.11	9,256,533,457.23
Taxes	185,798,351.63	181,290,731.18	240,704,481.51	222,336,344.63	188,887,081.60	170,411,184.88	335,215,938.20
C.u. outside of ex	1,274,026,973.18	1,376,535,835.95	1,410,058,303.68	1,455,426,580.98	1,334,944,087.58	1,321,423,656.57	1,487,066,606.33
Other creditors	1,255,466,985.99	1,357,995,866.76	1,391,498,314.49	1,436,866,591.79	1,316,384,098.39	1,302,863,667.38	1,468,506,617.14
Other current assets	18,559,989.19	18,559,989.19	18,559,989.19	18,559,989.19	18,559,989.19	18,559,989.19	18,559,989.19
Treasury uses	5,214,275,956.41	4,825,205,639.02	3,218,125,424.65	2,000,587,077.07	2,868,002,018.68	3,852,847,170.60	3,875,103,432.21
total	68,714,308,638.03	71,843,863,978.48	62,507,400,422.26	64,016,257,549.76	64,907,905,958.24	69,298,876,696.37	73,561,932,369.81

Source: Prepared by researchers based on financial balance sheets for the study years from 2016 to 2024, available on the website –cosob-: <https://www.cosob.org/etas-financiers-des-emetteurs/> The website was visited on (25/03/2024; At 19:16).

Table N° (03): Functional Balance Sheet-Resources

Resources	2016	2017	2018	2019	2020	2021	2022
Permanent resources	61,185,089,673.36	63,975,148,038.34	55,780,790,468.32	57,823,067,846.01	58,509,888,159.31	62,576,884,480.01	63,258,308,166.89
Private capitals	27,464,009,197.03	27,931,531,057.74	19,796,410,396.59	21,776,278,416.42	22,234,554,786.95	22,912,568,215.04	18,965,371,886.37
depletion, and amortization	22,323,771,980.64	22,724,919,388.25	22,933,056,460.37	23,582,078,672.49	24,220,355,481.81	24,487,391,057.70	28,681,132,070.07
aid expenses and deferred ch	1,345,087,321.65	1,346,632,170.47	1,433,885,167.65	1,446,788,017.73	1,626,040,712.04	1,021,362,673.15	1,028,540,134.63
Financial debts	10,952,141,174.04	11,972,065,441.88	11,537,438,443.91	11,017,922,739.37	10,428,937,178.41	14,155,282,504.12	14,583,354,275.82
Current resources	7,529,298,964.45	7,048,715,920.14	6,806,609,953.78	6,193,189,703.75	6,388,017,799.03	6,722,272,248.35	10,385,534,802.92
Exploitation resources	3,206,267,661.27	2,161,428,796.37	2,450,949,784.65	1,673,510,936.81	1,423,322,990.93	2,329,143,430.61	3,419,033,043.03
Suppliers	2,430,054,019.90	1,456,731,269.94	2,249,615,538.04	1,556,885,668.31	1,247,407,073.70	2,207,198,255.47	3,293,487,276.35
Taxes	776,153,641.37	726,697,526.43	201,334,246.61	116,625,268.50	175,915,917.23	121,945,175.14	125,547,764.68
R. beyond exploitation	3,512,927,838.77	4,107,579,876.60	3,734,753,856.30	3,708,972,235.69	4,052,684,542.80	4,038,233,979.11	3,080,009,086.66
Other debts	3,512,927,838.77	4,107,579,876.69	3,734,753,856.30	3,708,972,235.69	4,052,684,542.80	4,038,233,979.11	3,080,009,086.66
Treasury resources	810,163,444.41	797,707,247.08	620,906,312.83	810,706,531.25	922,010,265.30	354,894,830.63	1,804,489,875.23
total	68,714,308,637.81	71,843,863,978.48	62,507,400,422.30	64,016,257,549.76	64,907,905,938.24	69,298,876,690.36	73,561,932,369.81

Source: Prepared by researchers based on financial balance sheets for the study years from 2016 to 2024, available on the website –cosob-: <https://www.cosob.org/etas-financiers-des-emetteurs/> The website was visited on (25/03/2024; At 19:16).

7.2. Calculation of financial balance indicators: Various financial balance indicators can be calculated focusing on the need for working capital and its subsequent changes through the functional balance sheets that have been previously prepared. This can be achieved through the following table:

Table N° (04): Financial Balance Indicators

Years	2016	2017	2018	2019	2020	2021	2022
PERMANENT RESOURCES	61,185,009,673.36	63,975,148,058.34	55,700,790,468.52	57,823,067,846.01	58,509,888,159.21	62,576,604,450.01	63,258,398,366.89
STABLE USES	50,133,915,242.06	54,071,174,917.96	45,104,428,321.40	47,814,418,783.66	47,412,120,294.95	48,083,329,606.35	48,078,801,200.10
WORKINGCAPITAL	11,051,094,431.30	9,903,973,140.38	10,596,362,147.12	10,008,649,062.35	11,097,767,864.26	14,493,274,843.66	15,179,597,166.79
ΔWORKINGCAPITAL	/	(1,147,121,290.92)	692,389,006.74	(587,713,084.77)	1,089,118,801.91	3,395,506,979.40	686,322,323.13
CUEX	12,092,090,464.40	10,770,927,565.55	12,774,788,372.53	12,745,825,108.05	13,292,839,557.03	16,041,276,256.85	20,120,961,131.17
CREX	3,206,207,661.27	2,163,428,796.37	2,450,949,784.65	1,673,510,936.81	1,423,322,990.93	2,329,143,430.61	3,419,035,041.03
NWCEX	8,885,882,803.13	8,607,498,769.18	10,323,838,587.88	11,072,314,171.24	11,869,516,566.10	13,712,132,826.24	16,701,926,090.14
ΔNWCEX	/	(278,384,033.95)	1,716,339,818.70	748,475,583.36	797,202,394.86	1,842,616,260.14	2,989,793,263.90
CUOEX	1,274,026,975.18	1,376,555,855.95	1,410,058,303.68	1,455,426,580.98	1,334,944,087.58	1,321,423,656.57	1,487,066,606.33
CROEX	3,512,927,858.77	4,107,579,876.69	3,734,753,856.30	3,708,972,235.69	4,052,684,542.80	4,038,233,979.11	5,080,009,086.66
NWCOEX	(2,238,900,883.59)	(2,731,024,020.74)	(2,324,695,552.62)	(2,253,545,654.71)	(2,717,740,455.22)	(2,716,810,322.54)	(3,592,942,480.33)
ΔNWCOEX	/	(492,123,137.15)	406,328,468.12	71,149,897.91	(464,194,800.51)	930,132.68	(876,132,157.79)
NEED FOR WORKING CAPITAL	6,646,981,919.54	5,876,474,748.44	7,999,143,035.26	8,818,768,516.53	9,151,776,110.88	10,995,322,503.70	13,108,983,609.81
Δ NEED FOR WORKING CAPITAL	/	(770,507,171.10)	2,122,668,286.82	819,625,481.27	333,007,594.35	1,843,546,392.82	2,113,661,106.11
TREASURY ASSETS	5,214,275,956.41	4,825,205,639.02	3,218,125,424.65	2,000,587,077.07	2,868,002,018.68	3,852,847,170.60	3,875,103,432.21
TREASURY LIABILITIES	810,163,444.41	797,707,247.08	620,906,312.83	810,706,531.25	922,010,265.30	354,894,830.63	1,804,489,875.23
NET TREASURY	4,404,112,512.00	4,027,498,391.94	2,597,219,111.82	1,189,880,545.82	1,945,991,753.38	3,497,952,339.97	2,070,613,556.98
Δ NET TREASURY	/	(376,614,120.06)	(1,430,279,280.12)	(1,407,338,566.00)	756,111,207.56	1,551,960,586.59	(1,427,338,782.99)
Δ NET TREASURY	/	(376,614,119.82)	(1,430,279,280.08)	(1,407,338,566.04)	756,111,207.56	1,551,960,586.58	(1,427,338,782.98)

Source: Prepared by researchers based on the functional balance sheets depicted in tables N° (02) and (03).

We notice that the working capital is positive during all years of the study. This is because stable uses are entirely financed by permanent resources, leaving a significant portion of resources represented by total working capital. This is considered as a safety margin through which the institution can cover the needs of the cycle related to operations, both directly and indirectly.

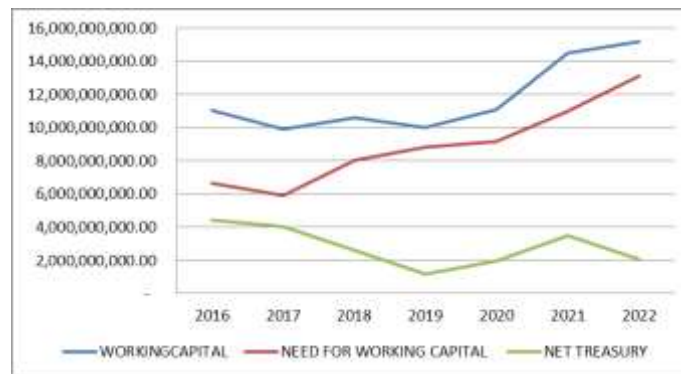
Upon careful reading, we notice that the working capital requirement for operations is positive for all years of the study, indicating the presence of operational needs. This means that ordinary resources for the operational cycle did not cover all the ordinary operational needs.

On the other hand, we observe that the working capital requirement for non-operational activities is negative for all years of the study, indicating that resources outside of operations covered all the non-operational needs, resulting in a negative working capital requirement for non-operational activities, meaning resources outside of operations.

Additionally, we notice that the working capital requirement for total working capital is positive, indicating that the institution was unable to finance the cycle's needs with its resources, necessitating resorting to total working capital to cover these needs.

On the other hand, we notice that the net treasury is consistently positive throughout all years of the study. This is because the total working capital exceeds the working capital requirement, which is beneficial for financial balance as having liquidity in the treasury ensures financial ease and prevents the institution from facing financial distress. However, it is advisable for the institution to invest a portion of these funds to benefit from them.

Both the total working capital, the working capital requirement, and the net treasury can be represented graphically as follows:

Figure N° (03): Evolution Of Financial Balance Indicators

Source: Prepared by researchers based on The table N° (04)

7.3. Calculation of self-financing capacity: The self-financing capacity can be calculated using the following general relationship:

$$\text{Self-financing capacity} = \text{Net result of the cycle} + \text{Depreciation, provisions, and impairment losses}$$

Based on the financial balance sheets for the study years from 2017 to 2022, the following table can be prepared, illustrating the method of calculating the self-financing capacity for the study years from 2017 to 2022:

Table N° (05): Self-Financing Capacity

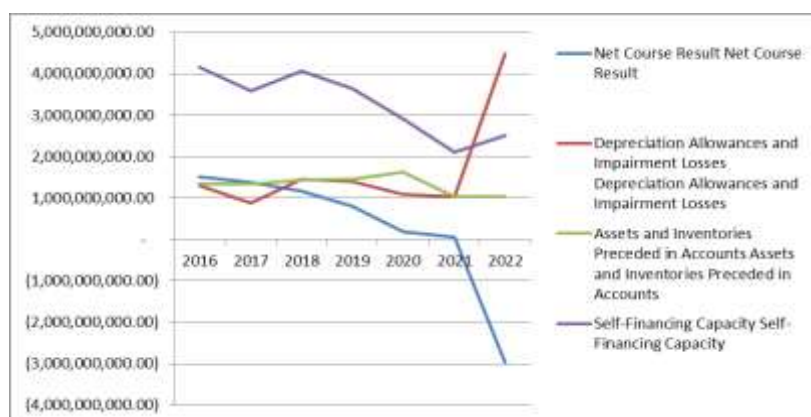
Years	2017	2018	2019	2020	2021	2022
Net Course Result	1,376,295,647.88	1,174,214,390.98	793,514,004.08	189,936,341.33	48,694,704.82	(2,987,159,711.62)
Depreciation Allowances and Impairment Losses	868,249,692.56	1,454,793,798.08	1,399,508,839.03	1,088,338,701.82	1,036,215,417.74	4,476,289,679.29
Assets and Inventories Preceded in Accounts	1,346,632,170.47	1,433,885,167.65	1,446,788,017.73	1,626,040,712.04	1,021,362,673.15	1,028,540,134.63
Self-Financing Capacity	3,591,177,510.91	4,062,893,356.71	3,639,810,860.84	2,904,315,755.19	2,106,272,795.71	2,517,670,102.30

Source: Prepared by researchers based on financial balance sheets for the study years from 2016 to 2024, available on the website –cosob-: <https://www.cosob.org/etas-financiers-des-emetteurs/> The website was visited on (26/03/2024; At 08:25).

Through the financial reading of Table N° (05), we notice the continuous decrease in the net result, which has negatively affected the self-financing capacity. Considering that the net result is the most important component of self-financing capacity.

And the self-financing capacity and its various components can be represented graphically as follows:

Figure N° (04): Evolution Of Self-Reliance Ability And Its Elements



Source: Prepared by researchers based on the table N° (05).

7.4. Calculating changes in fixed assets (intangible, tangible, and financial): The acquisition and disposal operations for fixed assets can be summarized through the following table:

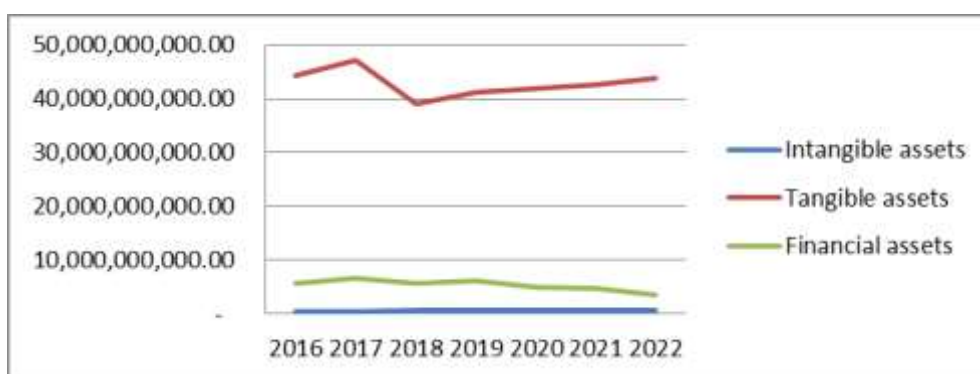
Table N° (06): Fixed Asset Changes (Intangible, Tangible, And Financial)

Years	2017	2018	2019	2020	2021	2022
Intangible Investments	(402,603.36)	167,156,038.22	113,045,979.46	2,907,138.97	0.00	99,605,880.67
Tangible Investments	2,851,249,507.38	(8,118,549,497.44)	2,193,150,356.34	755,840,989.85	750,593,907.32	1,114,844,893.22
Financial Investments	1,086,412,771.88	(1,015,353,137.34)	403,794,126.46	(1,161,046,617.53)	(79,384,595.92)	(1,218,979,180.14)

Source: Prepared by researchers based on the functional balance sheets depicted in tables N° (02) and (03).

The various developments in fixed assets can be represented as follows:

Figure N° (05): Evolution of Fixed Assets



Source: Prepared by researchers based on the table N° (06).

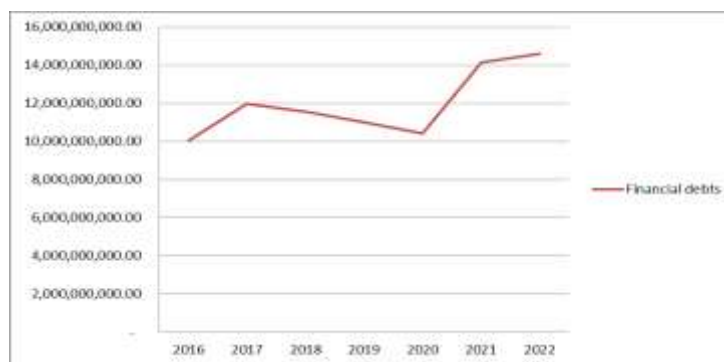
7.5. Calculating changes in financial debts: The repayment of financial debts and new borrowing operations can be summarized through the following table:

Table N° (07): Financial Debt Changes

Years	2017	2018	2019	2020	2021	2022
Paid Debts	2,320,963,394.01	11,937,250,946.57	1,117,533,483.31	1,817,495,441.99	1,515,901,830.61	1,863,947,957.13
New Debts	1,919,924,267.84	50,000,000.00	-	5,000,000.00	3,726,345,325.71	428,071,771.70

Source: Prepared by researchers based on the functional balance sheets depicted in tables N° (02) and (03).

The different developments in financial debts from repayments and acquiring new debts can be represented as follows:

Figure N° (06): Development Of Financial Debt Changes

Source: Prepared by researchers based on the table N° (07).

7.6. Calculating annual profit distributions: Since **SAIDAL Group** distributes semi-fixed profits per share, the total distributed profits can be determined considering that the number of shares in **SAIDAL Group** is 10,000,000 shares. The following table illustrates the per-share distribution and the total distributed to all shareholders:

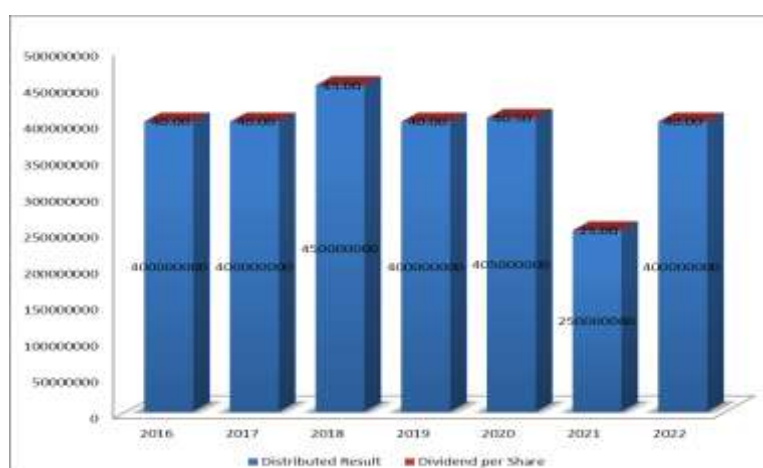
Table N° (08): Dividend SAIDAL Group

Years	2017	2018	2019	2020	2021	2022
The number of shares	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Dividend per Share	40.00	45.00	40.00	40.50	25.00	40.00
Distributed Result	400000000	450000000	400000000	405000000	250000000	400000000

Source: Prepared by researchers based on Shareholder data announced by the **SAIDAL Group** on the Algeria Stock Exchange (<https://www.sgbv.dz/?lang=eng>).

The annual distributions of profits per share as well as total can be represented as follows:

Figure N° (07): Evolution Dividend SAIDAL Group



Source: Prepared by researchers based on the table N° (08).

6.7. Preparation of the financing plan: As a final step, and after calculating the various elements included in the financing plan, the financing plan can be presented according to the following table:

Table N° (09): The financing plan for SAIDAL Group for 2017-2022

Years	2017	2018	2019	2020	2021	2022
Uses:						
Investment Outlays						
Intangible	0	167,156,038.22	113,045,979.46	2,907,138.97	0.00	99,605,880.67
Tangible	2,851,249,507.38	0	2,193,150,356.34	755,840,989.85	750,593,907.32	1,114,844,893.22
Financial	1,086,412,771.88	0	403,794,126.46	0	0	0
Δ NWC	-770,507,171.10	2,122,668,286.82	819,625,481.27	333,007,594.35	1,843,546,392.82	2,113,661,106.11
Paid Debts	2,320,963,394.01	11,937,250,946.57	1,117,533,483.31	1,817,495,441.99	1,515,901,830.61	1,863,947,957.13
Dividend Distribution	400,000,000	450,000,000	400,000,000	405,000,000	250,000,000	400,000,000
Total Uses	5,888,118,502.17	14,677,075,271.61	5,047,149,426.84	3,314,251,165.16	4,360,042,130.75	5,592,059,837.13
Resources:						
Self-Financing Capacity	3,591,177,510.91	4,062,893,356.71	3,639,810,860.84	2,904,315,755.19	2,106,272,795.71	2,517,670,102.30
Disposition or Reduction of Fixed Assets	402,603.36	9,133,902,634.78	0.00	1,161,046,617.53	79,384,595.92	1,218,979,180.14
New Financial Debts	1,919,924,267.84	50,000,000.00	0.00	5,000,000.00	3,726,345,325.71	428,071,771.70
Total Resources	5,511,504,382.11	13,246,795,991.49	3,639,810,860.84	4,070,362,372.72	5,912,002,717.34	4,164,721,054.14
Yearly Deviation	(376,614,120.06)	(1,430,279,280.12)	(1,407,338,566.00)	756,111,207.56	1,551,960,586.59	(1,427,338,782.99)
Initial Cash Balance	4,404,112,512.00	4,027,498,391.94	2,597,219,111.82	1,189,880,545.82	1,945,991,753.38	3,497,952,339.97
Final Cash Balance	4,027,498,391.94	2,597,219,111.82	1,189,880,545.82	1,945,991,753.38	3,497,952,339.97	2,070,613,556.98

Source: Prepared by researchers based on the tables from (02) to (08).

Through the financial reading of Table No. 09, which represents the financing plan for **SAIDAL Group** during 2017-2022, we can assess the various financial strategies related to important financial decisions within **SAIDAL Group**. These can be elucidated as follows:

- **Assessment of the investment strategy:** We observe that **SAIDAL Group** follows a renewal investment strategy by acquiring new investments while relinquishing a portion of existing ones. This strategy is primarily related to tangible assets, while for financial assets, we notice they are relatively stable throughout the study period.

- **Assessment of the financing strategy:** We notice that **SAIDAL Group** adopts a diversification strategy in its financing mix by relying on self-financing, acquiring new debts, and utilizing proceeds from the disposal of fixed assets. This is a sound financial strategy as diversifying the financing mix has several advantages, including leveraging positive financial leverage effects, tax savings, and diversifying financial risks associated with financing sources.
- **Assessment of the dividend distribution strategy:** We observe that **SAIDAL Group** follows a strategy of distributing fixed dividends by distributing semi-fixed dividends over the years. This instills confidence in investors as they receive semi-fixed annual returns.

8. CONCLUSION.

Through our analysis of this subject, it becomes clear to us that financial strategy aims to effectively achieve the financial goals of the institution, while the financing plan aims to determine how to finance these goals. Financial strategy includes important decisions such as investment, financing, and dividend distribution. Investment decisions aim to identify the best opportunities to use available capital to achieve maximum returns, while financing decisions concern how to obtain the necessary funds to finance investments, whether through debt, self-financing, or other means of financing. Dividend distribution decisions, on the other hand, aim to determine how to distribute dividends among shareholders.

On the other hand, it becomes evident to us that the financing plan is a tool to determine how to implement the financial strategy by identifying potential sources of funding and allocating them to various projects and activities. This includes balancing various types of financing, such as self-financing, debt, and equity.

In general, financial strategy and financing plan should align with the institution's goals and financial circumstances, enhancing sustainable growth and financial sustainability.

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9. Appendices.

The financial statements and various parameters for the **SIDAL** Group were sourced from the following websites:

- <https://www.cosob.org/etas-financiers-des-emetteurs/>;
- <https://saidalgroup.dz/>;
- <https://www.sgbv.dz/ar/>.