The focus of financial strategic analyses is on Petro China Company Limited. The accounting entity is headquartered in Dong Cheng district. The company is listed in Hang Seng Index It is the second largest producer of oil and gas within china. The company was started as a limited liability company in 1999. Proper corporate management has led to the organization emerging as the most profitable form within assai. Effective from November 7, 2007 the entity became member of Hang Seng Index. The entity is committed toward the promotion of sustainability of its operations. It is worth noting that proper strategic financial management enhances the success and sustainability of an accounting entity.

Strategic corporate finance

Strategic corporate finance is a key determinant of the success of a firm. It involves proper allocation of the scarce resources within an organization. Funds are allocated to the most profitable projects, In corporate finance, the cost of capital should be lower than the returns. The board of directors in the entity is tasked with ensuring that the corporate strategy adopted in the organization is effective. In its corporate finance strategy, the dividends were issued on y ti the capital providers as debt financiers get repaid back the money with interest.

Corporate governance

In its 2014 to 2018 annual reports, the entity has made disclosures on its corporate governance approach. The entity has a list of independent directors who represents the shareholders interests in te management of the company, it also have a compensation committee that is comprised of directors., This process ensure that there is no conflict of interest between it and 5the directors. In 2017, the accounting entity revised its article of association ensur9imnh that they are in line with statutoybrequirenebr. Provisions are made the key leadership attr9vvutes in thenartoicke of asscjiatiin. The annual reports are also in line with the applicable e regulatory and legal requirements external audit of the finanicial statements have plklover the five year period has mae=de finanacikl ststtamnets nmore rliabke, In its copoprate governancre, the entyity has estabkihsed codes that are to be followed bby th investor. Director qualifications are clearly stated. The key resopnisbilities of such directors is also oputline. The level of compensation of trhe directors is also soine. In order toi boostits sustainability, effctuve coiopporate goverrnence porodecured tst the orgnizatiin has been disclosed.

Financial strategy

In oits financial strategy, the organization has made of of bothe debt and equity in f9inan cingh its operations. While the equity capita is not refundablem, debt financing have to be repaid and ends up attract8ibg nterets. Strike a etween debt fin anciing is thgus import. Total non current assets amounted to $1999.138 billion RMB. This was signfoicant improvement from the $1.98 trillion that was re[ported by the accounting entity in the previous accounting period. The equity oin 2018 amounted to $1.41 trillion as ompared to $ 1.38 troillion that was reported by the account9ong entoty oin 2017 accounting period. The mix of debt and equity enables the entituy to have diuverse source of money to finanmce its poperations. Buying ofd raw materials on credit requally p[rocides the entity with access to materials for production.

Investment strategy

The organization has made signfocnt level of investments. Acquisition of investments in 2018 costed the entity $2911 million, signfiocant ddecline froim the 2017 accuntimng period. In 2018, the entity made p[ayments to non controlling intesres although th e amount was very lw in 2018, the interest that th e entity received from inmvestmrnts amounted to $ 2953 a slight decline from 2016 and 2017 amounts. Such interest is vital in enhancing non operating profits. In 2018 the total non current assets amounted to $ 435222 million.This implies that the entity is making use of lower level of debt infinmancoing its operations and the equity levels are high. This has the poptential of cushioning the entity fronm the risk of falling into financial distress. The high ewquity levels have enhanced the entity’s solvency levels.

Ratio analyses and interpretation

Capital structure alterations

The capital structure indicates the mix of debt and equity that an entity utilizes in financing of its operations. In 2018, total equity was $1410658 million a significant increase from theprevious accounting period.

Dividend policy

There are various dividend policies that are adopted by an accounting entity. These policies includesthe nbo dividend, constant dividend and growth dividend options. Since 2016 the level of dividends generated by the accoiunting entity has continued to increase.. In 2018 the total amount of dividenbdsissued to the non controlling interest amounted to $15.207 billion. On the other hand, the dividends issued to the atual owners of the firm amounted to $27.369 billion as compared to $ 19.626 million that was reported by the accounting entity in 2017. The growth dividends ensures that as the level of income generated by an entity increases, the level of rewards to the shareholders equally goes up

Merger and acquisition activity

The acquisition method of accounting has been adopted by the accounting entity. It is consolidated based on the date that the entity gained control of the subsidiary. In 2018, payments due to acquisitions of subsidiaries amounted to $16 million. This was a sharp decline on the payment for subsidiaries in 2017 which amounted to $ 1106 million. The acquisitions are used to expand the operations of the entity. The earnings and asset and other information of the subsidiaries is consolidated in the financial report.