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VARANASI



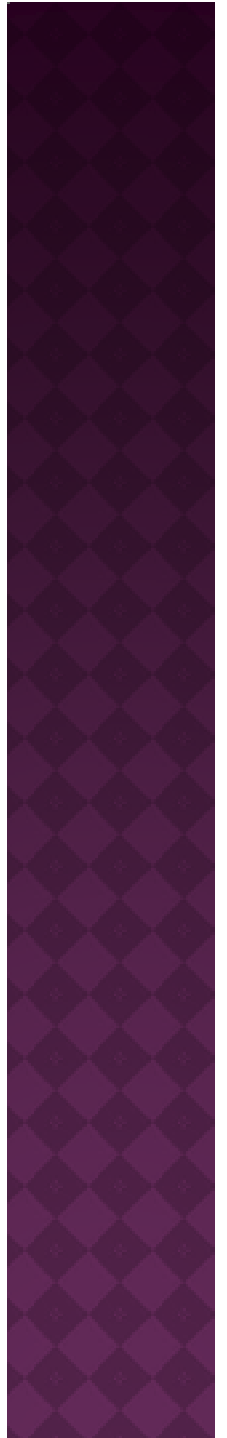
M.COM 1ST SEMESTER
SUBJECT- COMMERCE
PAPER- FINANCIAL MANAGEMENT
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- FINANCIAL MANAGEMENT : NATURE , SCOPE AND OBJECTIVES

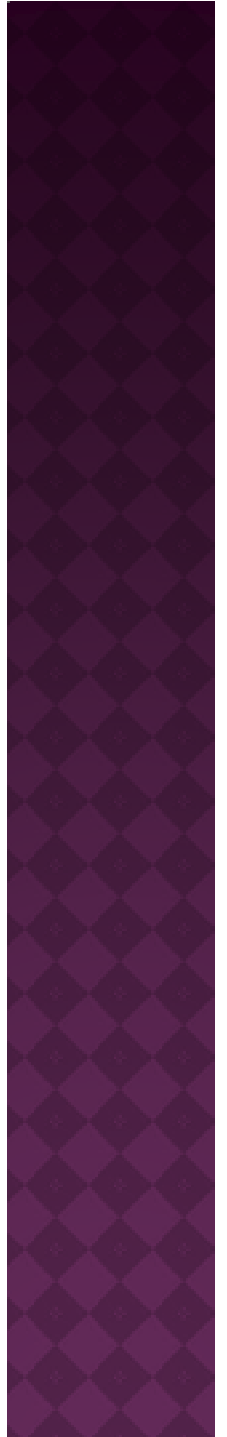


DEFINATION OF FINANCIAL MANAGEMENT

- ◉ According to prof. Bradley, “FINANCIAL MANAGEMENT is the area of business management; devoted to a judicious use of capital and a careful selection of sources of capital; in order to enable a spending unit to move in the direction of reaching its goal”.
- ◉ According to Osborn, R.C., “The finance function is the process of acquiring and utilising funds by a business.”

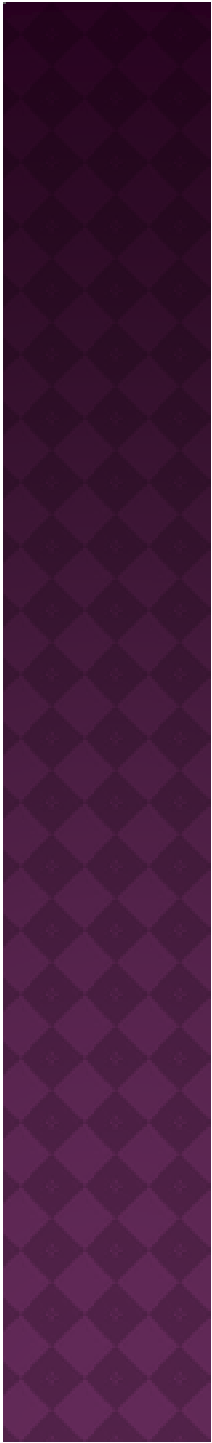
MEANING OF FINANCIAL MANAGEMENT

- Financial management is related to the finance system of those organisations which are established and run with a profit objective. In wider sense , financial management is a combination of two words ‘Financial’ and ‘ Management’ meaning making arrangement to get a job done in a most efficient and best possible manner.



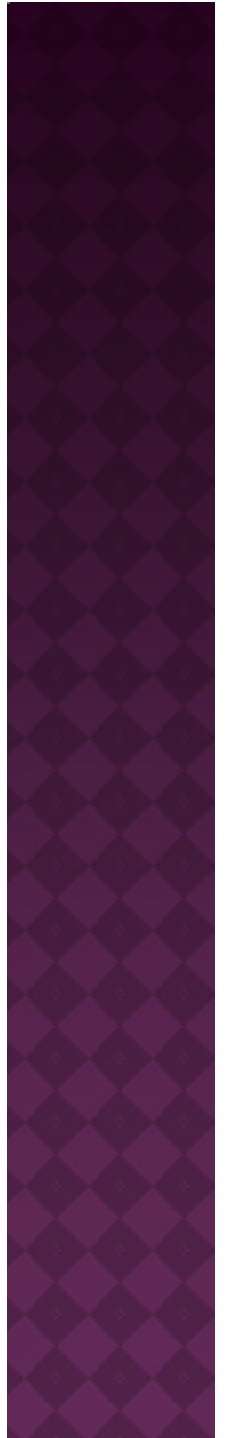


PRINCIPLE OF
FINANCIAL
MANAGEMENT

- RISK RETURN TRADE- OF
 - TIME VALUE OF MONEY
 - LEVERAGE
 - VALUATION
 - PORTFOLIO EFFECT
 - MATCHING PRINCIPLES
 - LIQUIDITY V/S PROFITABILITY
- 

CHARACTERISTICS OF MODERN FINANCIAL MANAGEMENT

- 1) Focal point of decision making
- 2) Continuous administrative function
- 3) Measure of performance
- 4) Business co-ordination
- 5) Centralised nature



LIMITATIONS OF FINANCIAL MANAGEMENT

- Efficient financial management is dependent on accuracy and adequacy of financial data.
- Difficulty in ascertaining financial effects of various managerial decisions.
- Often subjective rather than objective.
- Financial manager lacks knowledge of related subjects.
- Uneconomical for small organisation.

FUNCTION OF FINANCIAL MANAGEMENT

- ❖ Financial planning
- ❖ Procuring capital funds
- ❖ Financial administrative
- ❖ Organisation of finance function
- ❖ Effective assets management



MAXIMISATION OF WEALTH

- ❑ Profit maximisation
- ❑ MAINTENANCE OF LIQUIDITY
 - ❑ Proper utilisation of fund
- ❑ Meeting of financial commitments

QUESTIONS

- ◉ **Short Answer Type Question :**
- ◉ Q.1) Define financial management.
- ◉ Q.2) What is profit maximisation objective?

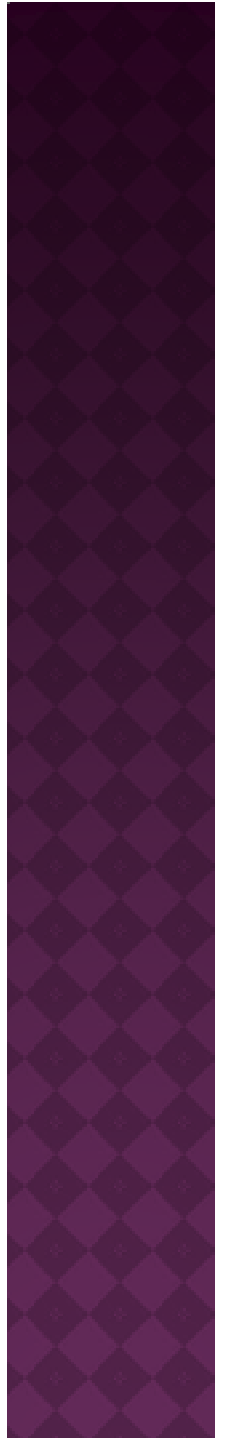
- ◉ **Long Answer Type Question :**
- ◉ Q.1) Discuss the utility and limitation of financial management.
- ◉ Q.2) What do you understand by financial management? How does modern financial management differ from traditional financial management.

REFERENCE

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- ◉ DR. Gupta S.P. - Financial management, Edition :2019, Sahitya bhawan publications

KEY WORDS

- ◉ Shareholder's wealth
- ◉ Profit maximisation
- ◉ Investment decision
- ◉ Dividend decision



THANKYOU

