



THIRUTHANGAL NADAR COLLEGE

(Belongs to the Chennaivazh Thiruthangal Hindu Nadar Uravinmurai Dharma
Fund)

Selavayal, Chennai-51.

A Self-Financing Co-educational College of Arts & Science

Affiliated to the University of Madras

Accredited with 'B' Grade by NAAC

An ISO 9001: 2015 Certified Institution

NAME OF THE DEPARTMENT: B.Com(CA)

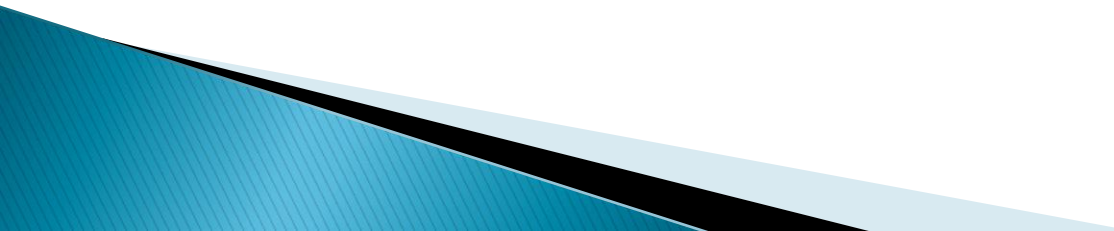
SUBJECT :FINANNCIAL MANAGEMENT

TOPIC :INTRODUCTION OF FINANCIAL MANAGEMENT

STAFF NAME :Dr.r.BHUVANESWARAN

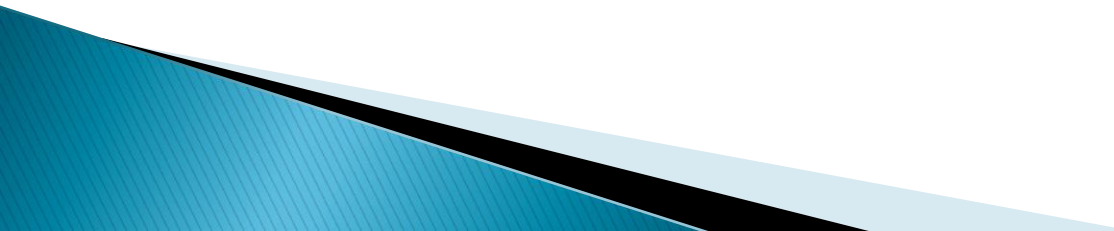
MEANING OF FINANCIAL MANAGEMENT

Financial management focuses on ratios, equities and debts. It also refers to the efficient and effective management of money (funds) in such a manner as to accomplish the objectives of the organization. It is the specialized function directly associated with the top management.



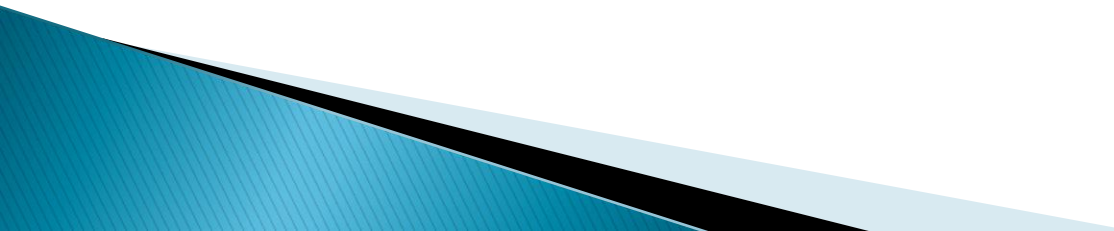
OBJECTIVES OF FINANCIAL MANAGEMENT

The objectives of financial management are given below

- 1. PROFIT MAXIMIZATION**
 - 2. WEALTH MAXIMIZATION**
 - 3. PROPER ESTIMATION OF TOTAL FINANCIAL REQUIREMENTS**
 - 4. PROPER MOBILIZATION**
 - 5. PROPER UTILIZATION OF FINANCE**
 - 6. MAINTAINING PROPER CASH FLOW**
 - 7. SURVIVAL OF COMPANY**
 - 8. CREATING RESERVES**
 - 9. PROPER COORDINATION**
 - 10. CREATE GOODWILL**
 - 11. INCREASE EFFICIENCY**
 - 12. FINANCIAL DISCIPLINE**
 - 13. REDUCE COST OF CAPITAL**
 - 14. REDUCE OPERATING RISKS**
 - 15. PREPARE CAPITAL STRUCTURE**
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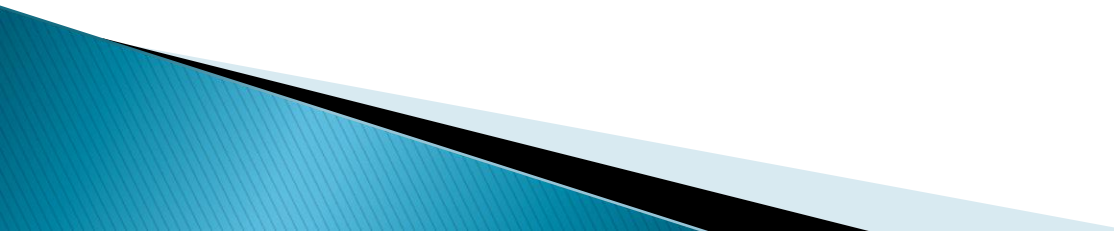
FUNCTIONS OF FINANCIAL MANAGEMENT

Some of the major functions of a financial manager are as follows:

1. Estimating the Amount of Capital Required
 2. Determining Capital Structure
 3. Choice of Sources of Funds
 4. Procurement of Funds
 5. Utilisation of Funds
 6. Disposal of Profits or Surplus
 7. Management of Cash
 8. Financial Control.
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MEANING OF FINANCE

Finance is when we grant or give some funds and manage the funds for some individual, or for business and for the government. ... In simple words, Finance is the management of money which can include investing, renting, saving, lending, budgeting, etc. It is giving its requirements for managing wealth and investing money.



IMPORTANCE OF FINANCE

Managing finances is a very important business aspect of today, which means having a chance to work toward a stable and rewarding career in financial management field. Financial planning helps in deciding what to spend, when to spend, how to spend and how much to spend according to the funds availability. Here are the below given 5 reasons on importance of finance in today's business such as –

1. Without financial management business cannot exist.

2. Adequate funds availability

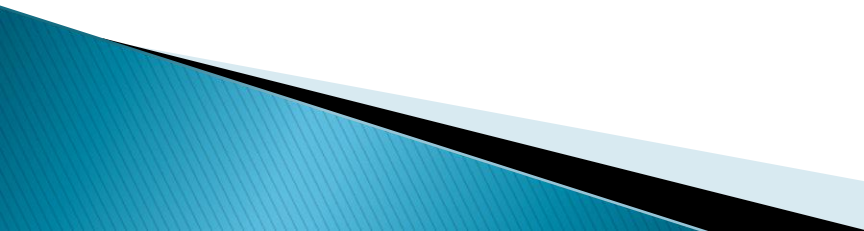
3. Cash flow management system

4. Always keeping long term goals

5. Financial Planning value and importance in a business

SOURCES OF FINANCE

Sources of finance for business are equity, debt, debentures, retained earnings, term loans, working capital loans, letter of credit, euro issue, venture funding etc. These sources of funds are used in different situations. They are classified based on time period, ownership and control, and their source of generation. It is ideal to evaluate each source of capital before opting for it.



Long-Term Sources of Finance

Share Capital or Equity Shares

Preference Capital or Preference Shares

Retained Earnings or Internal Accruals

Debenture / Bonds

Term Loans from Financial Institutes, Government, and Commercial Banks

Venture Funding

Asset Securitization

International Financing by way of Euro Issue, Foreign Currency Loans, ADR, GDR, etc.

Medium Term Sources of Finance

Preference Capital or Preference Shares

Debenture / Bonds

Medium Term Loans from

- Financial Institutes
- Government, and
- Commercial Banks

Lease Finance

Hire Purchase Finance

Short Term Sources of Finance

Trade Credit

Short Term Loans like Working Capital Loans from Commercial Banks

Fixed Deposits for a period of 1 year or less

Advances received from customers

Creditors

Payables

Factoring Services

Bill Discounting etc.



ROLE OF FINANCIAL MANAGERS IN FINANCIAL MANAGEMENT

Prepare financial statements, business activity reports, and forecasts,

Monitor financial details to ensure that legal requirements are met,

Supervise employees who do financial reporting and budgeting,

Review company financial reports and seek ways to reduce costs,

Analyze market trends to find opportunities for expansion or for acquiring other companies,

Help management make financial decisions.

