



# *SCOPE OF FINANCIAL MANAGEMENT*





## *Capital Structure & Planning*

- In this scope of financial management, the professionals must create a plan for structuring this capital after forecasting the financial budget. They must first keep tabs on transactions and divide the available funds into various categories, such as the owner's risk capital, borrowed capital, and the short- and long-term debt-equity ratio.*



## Capital Budgeting

- This scope of financial management involves predictions about all business transactions and operating expenses are the responsibility of the company's financial management executives. They produce a probable estimate of the fixed capital and working capital the company will need within a specific time period based on this estimate. The financial experts must also forecast any additional funds that the business might receive from investors. They consequently develop a budget for the distribution of those money. Learn how to become a financial analyst.*





# *Financial Decision*

- *Financial choices can be made with reference to a variety of funding sources, investments, and cash flow management. The company can obtain capital from a variety of sources, including shareholders, banks, public deposits, and other lenders. The financial management division examines each of these sources carefully and selects the one with the highest profit and lowest liability.*



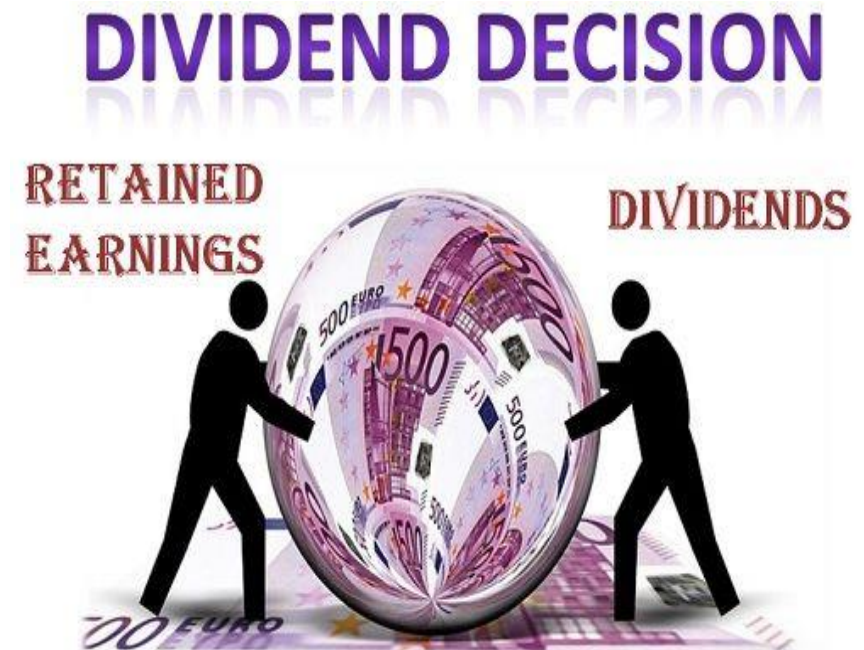
## *Working Capital Management*

- Another prominent decision that comes under the scope of Financial Management is working capital management. To determine the cash flow, financial executives first list the company's assets and liabilities. Short-term operational expenses and short-term liabilities are paid for with this cash flow. To manage working capital, the finance department examines a variety of ratios. They comprise the inventory ratio, the collection ratio, and the working capital ratio. The study's findings aid professionals in conducting efficient commercial operations.*



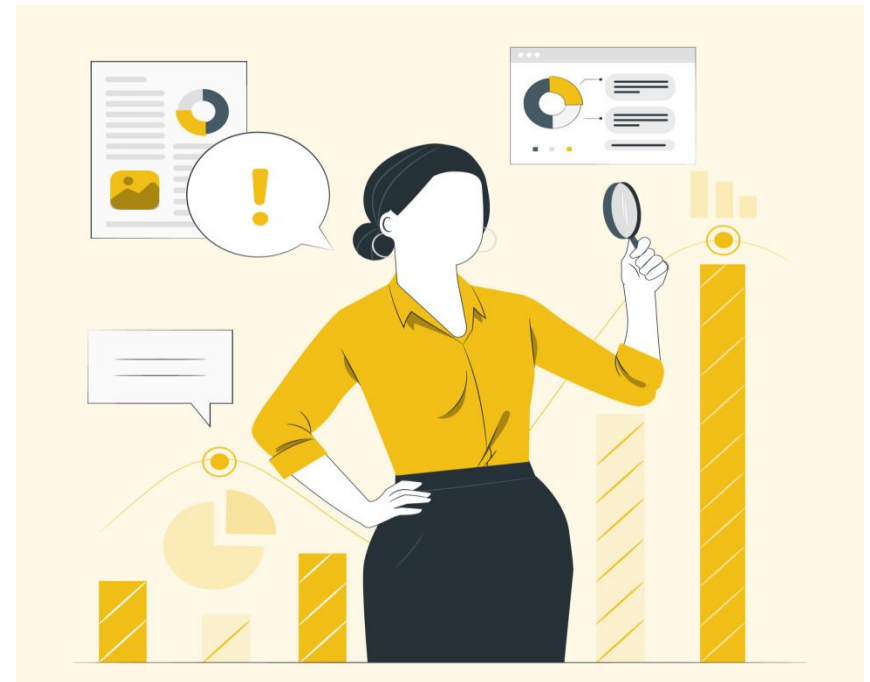
## *Dividend Decision*

- The dividend decision is the essential scope of financial management. A financial manager's primary goal is to maximise shareholder value while contributing to the reputation of the organisation. The choice to declare a dividend is fundamental to financial management. Dividends are payments made to shareholders and are determined using EPS.*



# *Managing and Accessing risk*

- *One of the essential processes that comes under the scope of Financial Management is managing and accessing risks. Risks frequently manifest themselves in unanticipated events or unanticipated market situations. Financial managers need to have a solid strategy in place to deal with these circumstances. Also, with the assistance of experts, they must anticipate potentially dangerous circumstances and make an effort to avoid them. Explore advantage of financial risk management and how to measure financial risk management.*





### *Market risk*

- *For public firms, market risk has an impact on the company's investments, reporting, and stock performance. Indicators of industry-specific financial risk, such as a pandemic that affects restaurants or the shift from a direct-to-consumer approach in retail, may also exist.*

### *Credit risk*

- *The consequences of, for instance, late payments from customers and a company's inability to pay obligations, which may negatively affect creditworthiness and valuation, which influences a company's capacity to borrow money at favourable rates.*

### *Liquidity risk*

- *Teams in charge of accounting and finance must keep an eye on present cash flow, forecast future cash needs, and be prepared to discharge working capital as required.*



# *Operational risk*

- Many finance teams are not familiar with this large group. The likelihood of a cyberattack, the need for cybersecurity insurance, the existence of disaster recovery and business continuity plans, and the crisis management techniques to be applied in the event that a senior executive is accused of fraud or misconduct are some examples of the subjects it might cover.*



# *Procedures*

- The procedure is the most essential scope of financial management. Financial data, including invoices, payments, and reports, are processed, and communicated by the finance department in accordance with policies established by the financial manager. Also, these written regulations outline who in the organisation is in control of and authorises financial decisions. For a variety of organisation types, there are policy and procedure templates accessible, so businesses don't have to start from scratch.*





ASSESSMENT



*Financial management mainly focuses on*

- a) Efficient management of every business*
- b) Brand dimension*
- c) Arrangement of funds*
- d) All elements of acquiring and using means of financial resources for financial activities*



*Thank  
you*

