Section One
Chapter One
Nature of Financial Management

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Definition of financial management:

- ✓ Finance is a link between accounting, economics, and other related fields of study.
- ✓ In simple terms, financial management is the business function that deals with investing the available financial resources in a way that greater business success and return-on-investment (ROI) is achieved.

Definition of financial management:

- ✓ Gritman also defined it as "the art and science of money management" while others see financial management as the function that focuses on making decisions about the size and type of assets to be purchased, and the size and type of financing appropriate to each type of asset in order to achieve the objectives of the enterprise.
- ✓ financial management is defined as "the process of obtaining the management and financing of the resources necessary for an enterprise by financial means, under specific environmental conditions".

the financial function is distinguished from other functions in the project by the following:

First

- ✓ Infiltration in all aspects of the activity of the enterprise, where it is difficult to imagine any activity in the organization performing its tasks or achieving its objectives in isolation from financial needs.

Second

- ✓ Financial decisions are binding decisions of the enterprise in most cases, which requires extreme care when making these types of decisions.

the financial function is distinguished from other functions in the project by the following:

Third

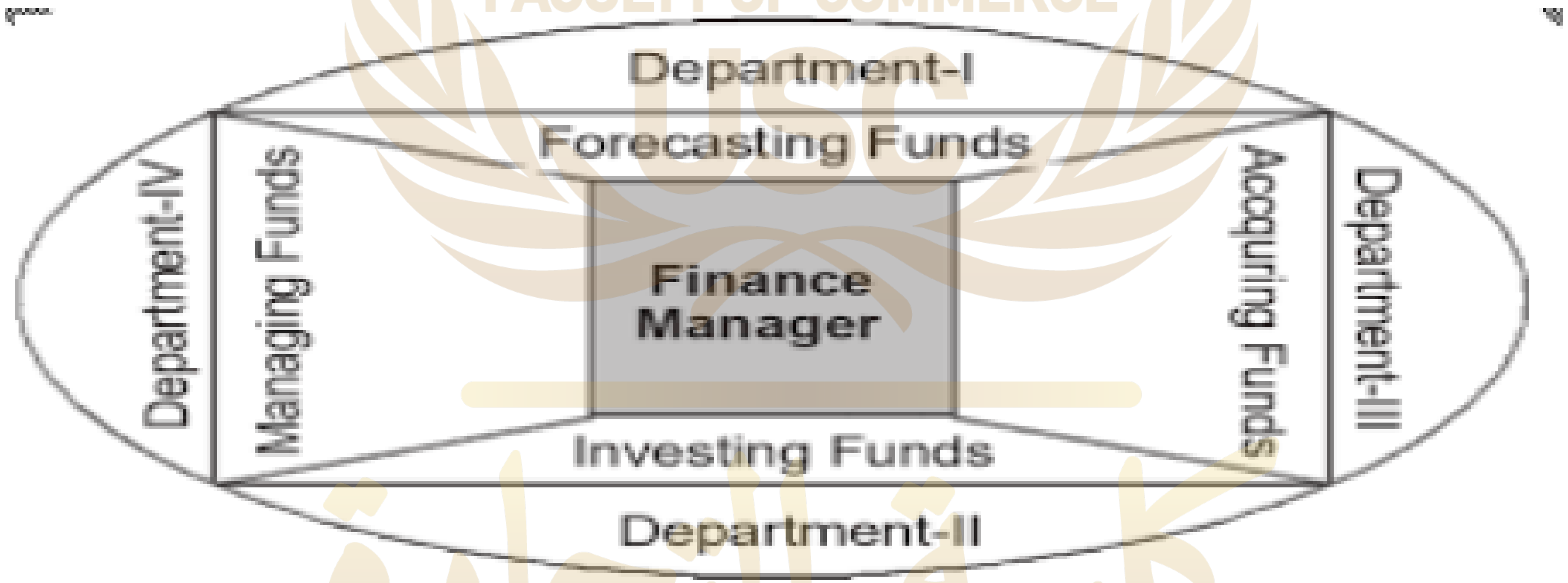
- ✓ Some financial decisions are fateful decisions that may affect the success of the institution or its ability to continue in the market such as merger, debt utilization or investment decisions.

Forth

- ✓ The results of financial decisions take a relatively long time to be recognized, which can lead to difficulty in fixing the defect or the possibility of remedying it, which reflects the need for special skills and high analytical abilities to make this type of decision.

The Role of the Financial Manager:

The financial management department of any company is handled by a financial manager.



The Role of the Financial Manager:

1. Forecasting and planning
2. Management of the structure of the assets of the enterprise
3. Management of the financing structure
4. Coordination and control
5. Dealing with financial markets
6. Risk Management

The Role of the Financial Manager:

Forecasting and planning

The CFO should collaborate and exchange views with senior officials of the company when developing the necessary plans to achieve the overall objectives, and determine what the company should look like in the future.

Management of the structure of the assets of the enterprise

These decisions relate to how these assets are acquired and optimally used and therefore involve not only an analysis of the profitability of those assets but also the size of the enterprise and its growth rate.

The Role of the Financial Manager:

Management of the financing structure

The third aspect of the CFO's responsibilities is to finance the assets of the enterprise by determining the best combination of internal and external sources of funding.

Coordination and control

The CFO must also coordinate with other officials of the organization to ensure the efficiency of carrying out the various activities of the company.

The Role of the Financial Manager:

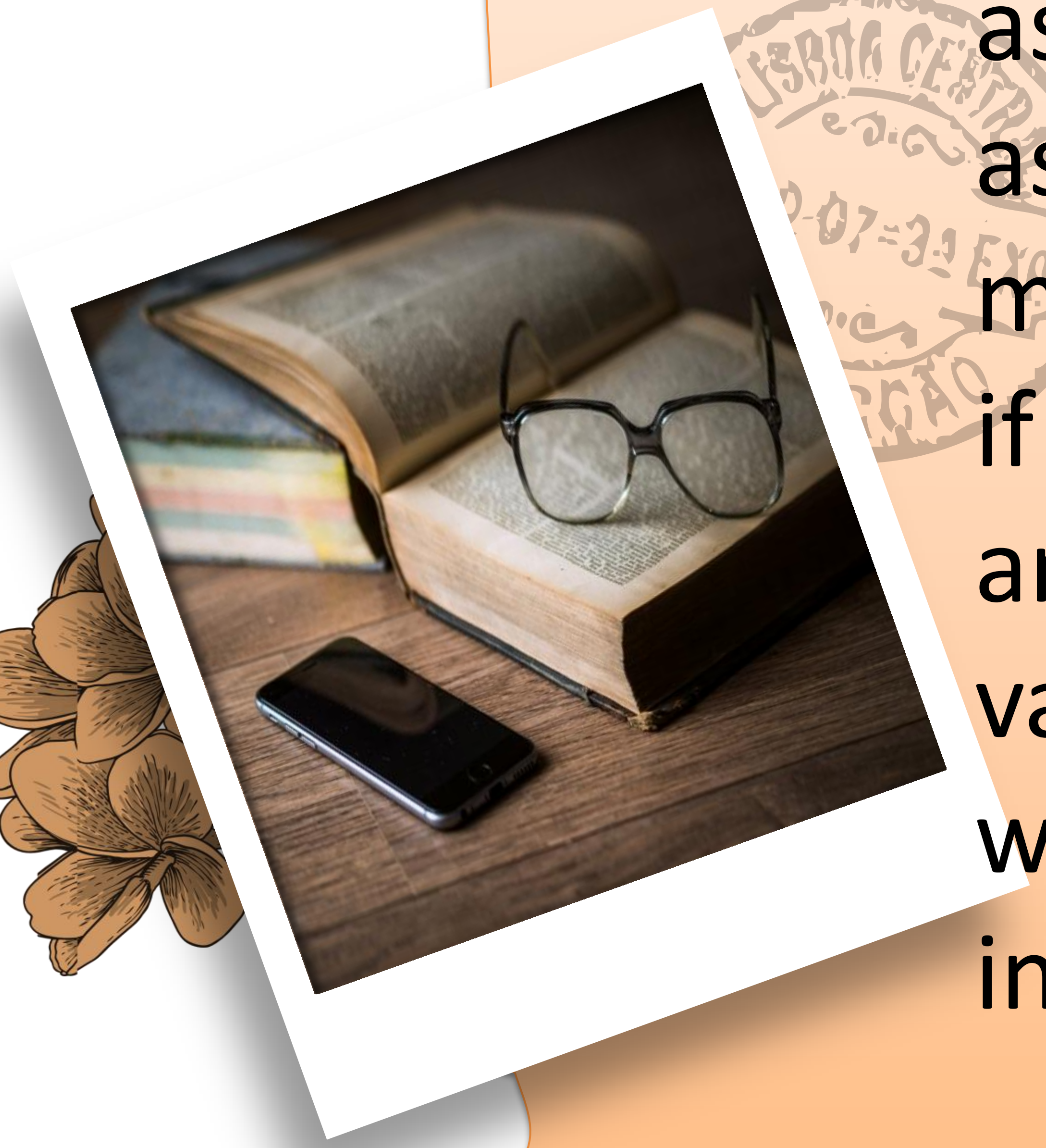
Dealing with financial markets

The CFO must oversee the formulation and implementation of policies for dealing with the cash and capital markets, as it is known that each company influences and is affected by assets, general conditions and financial markets where funds are obtained and traded in stocks and bonds, and where investors gain or lose.

Risk Management

All business organizations face different forms including natural hazards and business risks such as fluctuations in securities prices, interest rates and foreign exchange rates, but many of these risks can be mitigated through insurance or reserve policies.

The Role of the Financial Manager:



In short, the CFO makes decisions about which assets an enterprise should acquire, how those assets can be financed, and how effective management of existing assets can be achieved, if these responsibilities are carried out efficiently and foamly, this will help maximize the market value of the enterprise, thus achieving long-term well- being for consumers, workers and society in general.

The difference between treasurer and controller:

Treasurer, who follows up on ensuring that the entity gets its required needs, making sure that cash is collected and invested, maintaining relationships with banks and other financial institutions, as well as ensuring that the entity's obligations are paid in a timely manner.

The second person is called the Controller, which is responsible for the preparation of financial statements, financial planning and control, internal control, payment of taxes and reporting to external bodies such as the Central Auditing Organization, the Ministry of Finance and the Ministry of Planning.

personal traits of financial decision makers

- Broad-mindedness
- Dissatisfaction
- Sensitivity
- Taking advantage of opportunities
- Innovation
- Meet the challenge
- Future outlook
- Intellectual generosity
- Ability to evaluate
- Courage and boldness

personal traits of financial decision makers

(a) **Broad-mindedness:** The decision-making process depends on comparing the available alternatives and selecting the best of these alternatives.

(b) **Dissatisfaction:** The more dissatisfaction management leaders have with current circumstances, the more motivated they will be to create, innovate and create.

personal traits of financial decision makers

(c) Sensitivity: by which we mean the extent to which the manager is aware of the environmental influences, conditions and variables that occur and the importance of interacting with them.

personal traits of financial decision makers

(d) Taking advantage of opportunities: by which we mean the extent to which the manager is able to be flexible and adapt to new opportunities as soon as they arise and how to take advantage of them from the very beginning.

personal traits of financial decision makers

(e) Innovation: where the manager follows new, innovative and non-traditional methods of making sound financial decisions.

(f) Meet the challenge: Some managers tend to be challenging in actions that arouse interest and demonstrate abilities and possibilities in various difficult situations.

personal traits of financial decision makers

(g) Future outlook: It is linked to the ambition of the manager and his aspirations for the future through insight surrounded by a great deal of optimism and hope.

(h) Intellectual generosity: by which we mean the use and benefit of the opinions and experiences of others, continuous consultation and exposure to all available intellectual approaches.

personal traits of financial decision makers

(i) Ability to evaluate: An effective manager must constantly question the usefulness and usefulness of the work he performs and what positive results are expected of it so that he is always in the position of evaluation for evaluation, reform or modification, improvement and continuous development.

(j) Courage and boldness: The manager must have a certain willingness to take risks or take risks and the desire to do certain actions that are courageous and bold for a distinguished work that is not a normal or traditional routine, and as we know that the higher the degree of risk, the greater the return.

True & False Questions:

1. Marketing can be defined as the work or activities carried out by the CFO responsible for the project.

Answer: False

2. A financial manager must not understand the Federal Reserve System, the commercial banking system, and the interrelationships between various sectors of the economy.

Answer: False

True & False Questions:

3. Financial management is the business function that deals with investing the available financial resources in a way that little business success and return-on-investment (ROI) is achieved.

Answer: False

4. The demand for financial management skills exists in many sectors of our society including corporate management, financial institutions, consulting, and even non-profit organizations.

Answer: True

True & False Questions:

5. The CFO should collaborate and exchange views with senior officials of the company when developing the necessary plans to achieve the overall objectives, and determine what the company should look like in the future.

Answer: True

6. One of the CFO's responsibilities is to finance the assets of the enterprise by determining the best combination of only external sources of funding.

Answer: False

True & False Questions:

7. The CFO must also coordinate with other officials of the organization to ensure the efficiency of carrying out the various activities of the company.

Answer: True

8. The decision-making process depends on comparing the available alternatives and selecting the worst of these alternatives.

Answer: False

True & False Questions:

9. Controller follows up on ensuring that the entity gets its required needs, making sure that cash is collected and invested, maintaining relationships with banks and other financial institutions.

Answer: False

10. Treasurer is responsible for the preparation of financial statements, financial planning and control, internal control, payment of taxes and reporting to external bodies such as the Central Auditing Organization, the Ministry of Finance and the Ministry of Planning.

Answer: False

Thank For Your Good Listening!