1

Nature of Financial Management

Dr. Mohamed Fawzy El-Bardan

Associate Professor of Business Administration Faculty of commerce - University of Sadat City Aassociate Trainer from IBCT

Mohammed.fawzy@com.usc.edu.eg

Lecture Code of ethics



Learning Objectives

By the end of this chapter, you should be able to:

- Define Financial Management.
- Explain The Role of the Financial Manager.
- Determining Importance of Financial Management.
- To know Objectives of Financial Management.
- To know functions of Financial Management.
- Determining Competencies of the financial manager.



Objectives of Financial Management

- Assessing Capital Needs.
- Determination of Capital Structure.
- Creation of Effective Financial Policies.
- Resource Optimization.
- Profit Maximization.



Objectives of Financial Management

- Maximize π (Q)
- Where $\pi(Q) = R(Q) C(Q)$
- Where π (Q) is profit, R (Q) is revenue, C (Q) are costs, and Q are the units of output sold.





Functions of Financial Management



5 minutes



Functions of Financial Management

There are five functions in the implementation of financial management by the Company, namely:

- (1) Capital adequacy estimate.
- (2) Assess the capital composition.
- (3) Choose the right funding source option.

Functions of Financial Management

There are five functions in the implementation of financial management by the Company, namely:

- (4) Cash Management.
- (5) Financial Control.





Describe the Competencies of

جامعة مدينة السادات

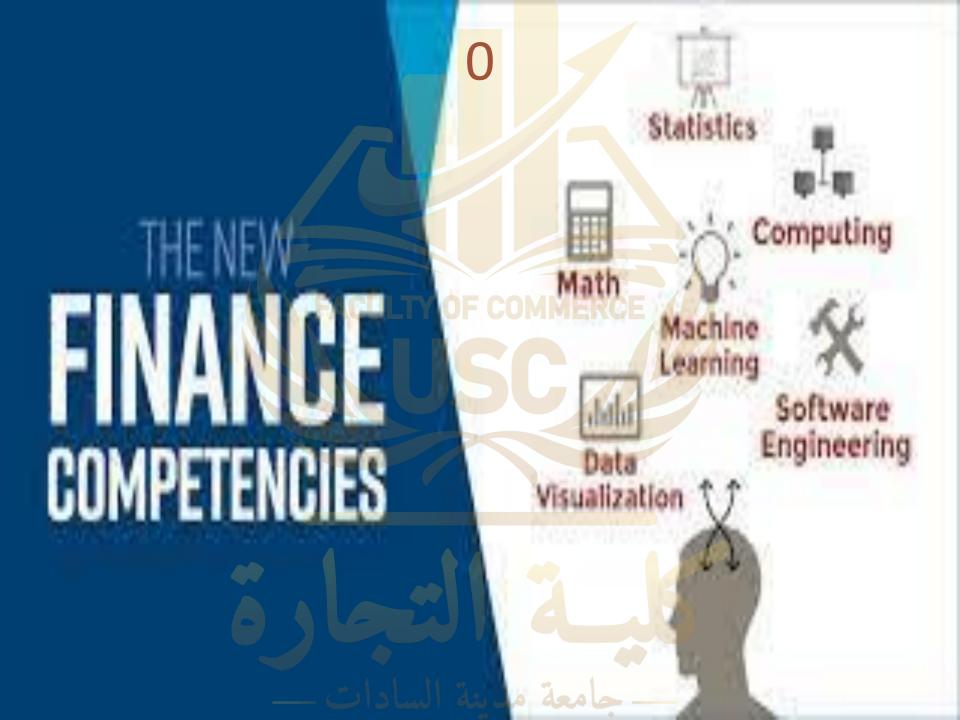
Financial Manager



5 minutes

Competencies of Financial Manager

- (1) Business Competencies.
- (2) Financial Competencies.
- (3) Change Competencies.
- (4) Personal Credibility.



Definition of Profit

Profit is an absolute number determined by the amount of income or revenue above and beyond the costs or expenses a company incurs. It is calculated as total revenue minus total expenses and appears on a company's income statement. No matter the size or scope of the business or the industry in which it operates, a company's objective is always to make a profit.

Definition of Profitability

Profitability is closely related to profit – but with one key difference. While *profit* is an absolute amount, *profitability* is a relative one. It is the metric used to determine the scope of a company's profit in relation to the size of the business. Profitability is a measurement of efficiency – and ultimately its success or failure. A further definition of profitability is a business's ability to produce a return on an investment based on its resources in comparison with an alternative investment. Although a company can realize a profit, this does not necessarily mean that the company is profitable.

حامعة مدينة السادات_



النجارة النجارة - النجارة النجارة