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Nature of Financial Management

كلية التجارة
جامعة مدينة السادات



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Lecture

Code of ethics



These distractions are things you can get rid of. To get rid of these, just write them down. I always carry a notebook with me and write these things down in it. This also serves to focus my thoughts when I have a spare moment and need to figure out what to do next. By keeping everything in one place, any part of my brain that I need about what I have to do goes into



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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.**

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What are objectives of Financial Management ?

Activity 1

5 minutes



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

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Activity 3

Functions of Financial Management

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Think

Pair

Share

5 minutes

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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.

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Activity



Describe the Competencies of Financial Manager

5 minutes



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Competencies of Financial Manager

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

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THE NEW FINANCE COMPETENCIES

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Statistics



Math

Machine
Learning

Computing

Software
Engineering

Data
Visualization

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.



Thanks for Listening

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