

What are the nature and scope of financial management?

Flashcard 1:

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back: The nature of financial management involves planning, organizing, directing, and controlling financial activities. Its scope includes investment decisions, financing decisions, dividend decisions, and working capital management.

Flashcard 2:

front: How does risk-return relationship impact the value of a firm?

back: The risk-return relationship indicates that higher risks are associated with higher potential returns. A firm's value increases when it effectively manages risks while pursuing high-return opportunities.

Flashcard 3:

front: What are the primary objectives of the firm?

back: The primary objectives of the firm typically include profit maximization, growth, sustainability, and maximizing shareholder wealth.

Flashcard 4:

front: What is the difference between profit maximization and wealth maximization?

back: Profit maximization focuses on increasing a company's earnings in the short term, while wealth maximization aims at increasing the overall value of the firm and shareholder wealth in the long term.

Flashcard 5:

front: What are the main finance functions in financial management?

back: The main finance functions include capital budgeting, capital structure decision-making, cash flow management, financial forecasting, and controlling finance operations.

Flashcard 6:

front: What are other significant aspects pertaining to financial management?

back: Other significant aspects include risk management, investment analysis, financial reporting, compliance with regulations, and strategic planning.

Flashcard 7:

front: What are the emerging roles of finance managers in today's business environment?

back: Emerging roles of finance managers include strategic advisor, risk manager, data analytics integrator, sustainability advocate, and technology innovator.

Flashcard 8:

front: Why is financial management important for a firm?

back: Financial management is crucial for resource allocation, ensuring liquidity, maximizing returns on investments, and sustaining growth and profitability.

Flashcard 9:

front: How does financial management help in achieving corporate goals?

back: Financial management provides the framework for strategic planning, performance measurement, and resource optimization, which collectively help in achieving corporate goals.

Flashcard 10:

front: What role does financial analysis play in financial management?

back: Financial analysis is essential for assessing the firm's performance, making informed investment decisions, managing risks, and evaluating financial health.