



Finance Management

Workbook

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CHAPTER 1 | Nature, Scope and Objectives of Financial Management

I. Select the correct choices from the given options.

1. A consulting firm found dearth of a proper financial system in the organizations and decided to moderate a number of development sessions with agency representatives to assess the functional needs for a new financial system. These representatives performed financial management functions on a daily basis. The sessions does not help in:
 - a. Develop a set of software scenarios to be used to test vendor's ability to meet the state's unique needs.
 - b. Impede the cataloguing and prioritization of hundreds of functional requirements for the new system.
2. The consulting firm decides to have a proper financial system that would help the organizations in:
 - a. Keep state agencies separately to promote consensus about the functional requirements.
 - b. Redesign the core business processes.
 - c. Define the vision of the state's past financial system

II. State whether the statements are true or false.

1. No company requires money to conduct its business operations and other activities.
2. Financial management is concerned with judicious use of funds and availability of capital for operations to find various profitable avenues.
3. Financial institutions and financial markets help in the working of the financial system by means of financial instruments.
4. Financial management is not an essential component of overall management.
5. Corporate finance is related to the wealth that an organisation needs to spend.

III. Fill in the blanks with an appropriate word.

1. _____ are services provided by Asset Management and Liability Management Companies.
2. _____ are the products traded in a financial market.
3. _____ is the market for short-term and long-term debts along with equity which are traded in an impeccable manner.
4. _____ is a market in which security, bond or stock, are sold to initial buyers by the corporate entities or a government agency.

IV. List any six characteristics of financial management.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

V. Mention 4 functions of Financial Management.

- 1.
- 2.
- 3.
- 4.

VI. Do it at your ease.

- 1. What is the scope of financial management?
- 2. Explain profit maximization.
- 3. What are the functions of Financial Managers?
- 4. What is non-recurring duties?
- 5. What is the meaning of liquidity decision?

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Answers:

I. 1. b 2.d

II. 1. F 2. T 3. T 4. F 5. F

III. 1. Financial services 2. Financial instruments 3. Capital market 4. Primary market

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