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Financial management

Financial management is one of the most important responsibilities of owners and business managers. They must consider the potential consequences of their management decisions on profits, cash flow and on the financial condition of the company. The activities of every aspect of a business have an impact on the company's financial performance and must be evaluated and controlled by the business owner.

Business finance is the art and science of managing your company's money. The role of finance in business is also to make sure there are enough funds to operate and that you're spending and investing wisely. The importance of business finance lies in its capacity to keep a business operating smoothly without running out of cash while also securing funds for longer-term investments. Finance relies on accounting, but while accounting is mainly descriptive, finance is active, using accounting information to manifest tangible results.

Why Business Finance Is Important in business education?

Businesses run on money, and business finance guides you to make shrewd and prudent decisions about cash flow and longer-term funding strategies. As you develop skills and strategies for using the funds you have and for accessing additional capital when needed, you'll improve your company's profitability and increase your potential for leveraging new opportunities

Business Finance is key to understand how a business is performing. In order to evaluate a particular company, one has to know business finance. Studying Business Finance helps you to understand the financial health of a company, areas the companies has to improve to make money (the critical financial ratios will give a fair pointer for this), what to do and what not to do (e.g. your payable/receivable will give an indication). In summary, to critically evaluate a company, it is imperative that you have the knowledge of 'Business Finance'

Importance of Financial Management in Modern Business

- Business finance and financial management helps the employee to set the clear financial goal.
- Financial Management Helps organizations in financial planning.
- Financial Management Helps organizations in utilizing and allocating the funds.
- Financial Management Helps to Increase the overall value of the organizations.
- Financial management and business finance will help the employee to provide economic stability to the organizations.
 - To Forecasting flows of cash.
 - To Raising the funds for smooth operations of the company.
 - Business finance and financial management will help employee to manage the internal flow of cash or funds easily.
 - To control the cost of manufacturing.
 - To the management of long-term funds.
 - To manage the price of the product

Business finance and financial management will help you in how to:

- Prepare financial statements, business activity reports, and forecasts
- Monitor financial details to ensure that legal requirements are met
- Supervise employees who do financial reporting and budgeting
- Review company financial reports and seek ways to reduce costs
- Analyze market trends to maximize profits and find expansion opportunities
- Help management make financial decisions
- Design a budget for an organization.
- Develop the taxation policies for the organization.
- Maintain the revenue and expenses for the company.

- Define the allowance policies for the employees
- Design the salaries slips and cash system
- The policy of rewarding the employees for their best performances in organization.
- Maintain the record of transactions.
- Monitor financial details to ensure that legal requirements
- Review company financial reports and seek ways to reduce costs are met.
- Help management make financial decisions
- Analyze market trends to find opportunities for expansion or for acquiring other companies
- Do tasks that are specific to their organization or industry. For example, government financial managers must be experts on government appropriations and budgeting processes, and healthcare financial managers must know about issues in healthcare finance. Moreover, financial managers must be aware of special tax laws and regulations that affect their industry.