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Level: Master1

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### Lesson3 “Financial Management ”

#### Text

Financial management is one of the most important methods on which an institution depends in order to take many decisions that enable **it** to survive and develop in a competitive economic environment. In particular, Financial Management means managerial activities which deals with analysing, planning, and controlling an institution's financial resources. (§ 01)

As far as the planning activity is concerned, it is called in the area of finance as financial planning. In general, financial planning refers to the evaluation of the current and future financial state of an institution. The activities that may be included in financial planning are; Evaluating the business current and future environment, Recognising the types of resources required and utilise them effectively to fulfil the current and long-term objectives of such institution, Listing down the resources needed and quantify the same (labour, equipment, materials), Determining the total cost of each type of resource; it means cash management and create a budget, and Identifying any risks or issues to be addressed with the budget set. (§ 02)

With regard to the activity of analysis, financial analysis tells financial managers a lot about the progress of business. **It** deals with how to generate financial statements and analyze **them** to really understand the financial condition of the business .Analysis includes cash flow analysis and budget analysis. There are some techniques that help in financial analysis like profit analysis and ratio analysis which can be used to evaluate various aspects of a company's financial performance like its efficiency, liquidity, and profitability(§ 03)

The previous definitions suggests that there are several parties benefit from the results of both the financial analysis and planning which are ; the management of the institution (managers), creditors (banks and suppliers), shareholders, and Tax departments(§ 04)

### **Questions**

**1- Answer the following questions:**

- **What** are the main ideas of the text?
- Who** is in charge of directing the financial affairs of an institution?
- **Who** benefit from the results of both financial analysis and planning?
- What** is the aim of financial management?
- What** is the aim of financial analysis?
- **What** are the activities involved in the process of financial planning?

**2- Translate the first and last paragraph into Arabic language**

**3- Give synonyms of the following words: shareholder, suppliers**

**4- To what do the underlined words refer to in the text:**

**It** (§ 01): .....

**It** (§03): .....

**Them** (§03): .....

**5- Match each term with its definition:**

1- <b>Ratio analysis</b>	a-the process of managing a company's cash inflows and outflows.
2- <b>Shareholder</b>	b-the part of the organization's assets (property).
3- <b>Cash management</b>	c- a technique that establishes the relationship between two or a combination of more than two items of financial statements.
4- <b>Cash flow analysis</b>	
5- <b>financial resources</b>	
6- <b>profit analysis</b>	d- determines a company's working capital — the amount of money available to run business operations and complete transactions.
7- <b>Suppliers</b>	e - a person who owns shares in a company, also known as a stakeholder
	f -the technique of dissecting the reported profit figure of a business to determine the actual extent of its profitability.
	g-A person, organization, or other entity that supply or provide the company with materials, products, and services.

## أهم مصطلحات النص : the important terms of the text

- Financial management \_ التسيير المالي
- Financial planning \_ التخطيط المالي
- Financial analysis \_ المالي التحليل
- Cash management \_ التسيير النقدي
- Cash flow \_ تدفق نقدی
- Budget \_ ميزانية
- Liquidity \_ السيولة
- Suppliers \_ الموردون
- Shareholders \_ المساهمون

