

GENERAL INTRODUCTION

Managing Finance in a business, is like managing one's own life. Everyone knows how to manage one's life; but at times people do make a mess of it!

As we know rather well, finance has a limited supply and unlimited demand! Given a rupee, there are infinite ways of using it. In business, the attempt is and should rather be on multiplying it. This is precisely what financial management tries to ensure!

Purchase, marketing, production, personnel, quality control, R&D etc., are all functions of a business, and therefore should form an integral part of the finance function. Finance, thus penetrates each and every facets of the business, like blood in our body.

Naturally, therefore the finance function cannot remain within the accountant's purview alone.

The function of "Accountancy" is to gather data and facts about the operations of a business or activity and to present this information in monetary terms to the businessmen, managers and other end-users. It provides a crucial input for financial management which interprets this data and tries to ensure efficient and effective requisition, and utilization of funds. Sound accounting therefore forms a sound foundation for good financial management. So lets get our "Accountancy" fundas straight, before we plunge into the wider horizon of finance function.

Points to Ponder

1. How can one ensure efficient and effective financial management?
2. What are the characteristics of such a system?
3. Does financial management solely depend upon past data?