

## Scope or content of Financial Resources:-

1. **Estimating financial requirements:-** The First task of financial manager is to estimate short-term and long-term financial requirements of business. The amount required for purchasing fixed assets as well as needs of funds for working capital will have to be ascertained. The estimation should be based on sound financial principles so that neither there are inadequate nor excess funds with the concern.
2. **Deciding capital structure:** - The capital structure refers to the kind and proportion of different securities for raising funds. It may be wise to finance fixed assets through long-term debts. The long-term funds should be employed to finance working capital also, if not wholly then partially. A decision about various sources for funds should be linked to the cost of raising funds. If the cost of raising funds is very high then such sources may not be useful for long.
3. **Selecting source of finance:** - After preparing a capital structure, an appropriate source of finance is selected. If finances are needed for short period then banks, public deposits and financial institutions may be appropriate. On the other hand, if long-term finances are required then share capital and debentures may be useful.
4. **Selecting a pattern of investment:-** When funds have been procured then a decision about investment pattern is to be taken. A decision will have to be taken as to which assets are to be purchased. The funds will have to be spent on fixed assets and then an appropriate portion will be retained for working capital. Even in various categories of assets, decision about the type of fixed or other assets will be essential. While selecting P&M even different categories of them may be available.
5. **Proper cash management:-** Cash management is also an important task of finance manager. He has to assess various cash needs at different times and then make arrangements for managing cash. Cash may be required to purchase new material, make payment to creditors, meet wage bills etc. The usual source of cash may be cash sales, collection of debts etc. Cash management should be such that neither there is a shortage of it and nor it is idle.
6. **Proper use of surpluses:-** The utilization of profits or surpluses is also an important factor in financial management. At judicious use of surpluses is essential for expansion and diversification plans and also in protecting the interests of shareholders. The ploughing back profits are the best policy of further financing but it clashes with the interests of shareholders. A balance should be struck in using funds for paying dividends and retained earnings for financing expansion plans etc.