

Date
17/02/2025

B.Com Sem IV

* What is Financial Decision?

Financial Decision meaning refers to the process of making choices that influences the financial performances and stability of an individuals or company, but a financial decision in financial management terms refers to the choices managers make about a company's finances. This process includes making decisions on managing expenses, how to best allocate resources, where to invest, managing day-to-day capital, raising funds and more. These decisions drive the financial health and growth of the company, make sure that the company achieves its financial goals, give it a competitive edge and maximise shareholder's wealth. Company require a steady and reliable source of funds for operating. Financing decisions are very important in this regard as they involve finding out the best mix of debt and equity to fund the company's operations. This means that other than profits earned, Companies have two main options to source funds. The first is by issuing new shares and secondly, companies can take out loans which is called debt financing.