

Good Morning Students,

This lesson is for class 9th for the subject of Commercial Studies. The topic for today is "Functions and Objectives of Finance and Accounts Department and Human Resources Department" which is covered in chapter 11 titled "Finance and Accounts" and Chapter 12 titled "Human Resources" of your book. This lesson is being submitted to you on 29/7/24.

All the students now please open page number 77 of your book and listen carefully.

Finance is the life blood of any business. Business can neither be started nor can be successfully operated without it. Finance is needed for every business activity right from the establishment till winding up of the business.

"Business finance may be defined as the activity concerned with planning, raising, controlling and administering of the funds used in business. It involves the estimation, acquisition and administration of any kind of fund used in meeting the needs and objectives of business firms".

Functions of Finance and Accounts Department:-

1) Estimating the Financial Requirements:-

First of all, the total amount of funds ①

required during a specific time period in the business are estimated. Accurate estimate of the financial needs is necessary to avoid excess and shortage of funds.

(2) Designing the Capital Structure:-

Capital structure refers to the kind and proportion of different securities used to raise the estimated amount of funds.

Once the amount of funds to be raised is estimated, the sources from which the money to be collected are decided.

(3) Raising of Funds:-

After the sources of funds are decided, steps are taken to collect the necessary funds. For this purpose a prospectus is prepared, underwriters and brokers are appointed for the sale of shares and debentures.

(4) Investment of Funds:-

Effective utilisation of funds is essential for the success of the business. Several techniques are used for the evaluation of alternative investment proposals. Investment decisions are made after evaluating the risk and return involved in each alternative.

(5) Management of Cash:-

Adequate amount of cash must be made available in business at all times to meet day to day expenses. Availability of cash is necessary to maintain liquidity and credit worthiness (reputation) of the business. At the same time idle cash should be avoided as it involves loss of earnings.

(6) Disposed of Earnings:-

Administration of earning (profits) is an important function. It involves decisions regarding how much profits should be distributed among shareholders as dividend and how much profits should be retained for future expansions or improvement etc.

(7) Accounting:-

Accounts need to be maintained not only to ascertain the profits and loss of business but for several other uses

Objectives of Finance Department:-

The finance department is generally concerned with procurement (arrangement, allocation and control of financial resources of a firm. Its objectives are:-

- (1) To ensure regular and adequate supply of funds to the concern (firm).
- (2) To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of share etc.
- (3) To ensure optimum (best) utilisation of funds. Once the funds are procured, they shall be utilized in maximum possible way at least cost.
- (4) To ensure safety of investment, i.e. funds should be invested in safe ventures (projects) so that adequate rate of return can be achieved.
- (5) To plan a sound capital structure.
- (6) To control the financial planning of

the other departments by preparing various types of budgets

Accounts Department:-

Accounting is an art of recording, classifying and summarising in a significant manner, and in terms of money, transactions and events which are, in part at least of a financial character and interpreting the results thereof.

Objectives of Accounting:-

(1) To Maintain Records of Business:-

The primary objective of accounting is to maintain a systematic and upto date record of all financial transactions.

(2) Calculation of Profit and Loss:-

Another main objective of accounting is to ascertain the net results of day-to-day transactions during a specific period of time. Every business firm wants to know ~~the~~ whether it has earned a profit or suffered a loss during the period. For this purpose a statement called 'Income Statement' or 'Profit and Loss Account' is prepared.

(3) Depiction of Financial Position:-

A business firm also wants to know its financial position at the end of a particular period. For this purpose, a statement called the 'Balance Sheet' is prepared. It shows the assets, liabilities and Capital of the firm like a doctor can know the health

of a person by feeling his pulse. Similarly, one can know the financial health of a firm by looking at its Balance Sheet.

(4) To make the information available to various groups and users:-

Another purpose of accounting is to communicate the financial facts about a firm to various interested parties, e.g. owners, investors, creditors, employees, tax authorities, government, research scholars etc. On the basis of such information these users can take sound and realistic economic decisions.

Before going further let's take a short break write the answers of following questions in your note-book

1. Give two functions of Finance Department
2. Explain two objectives of accounts department.

Human Resource

Human resource refer to all the people employed in the organisation and working in the organisation.

Human resources are the most important resource of any organisation because the productivity of physical and financial resources (like plant and machinery, land and buildings, raw materials,

funds etc.) depends upon the competence and motivation of human resource.

Human Resource Management:-

Human resource management is concerned with the acquisition, development, compensation and maintenance of and dedicated work force in such a way so that individual, organisational and social objectives are achieved.

Functions of Human Resource Management:-

1. Procurement of Human Resources:-

The procurement function is concerned with the employment of right number and right type of people in the enterprise.

Procurement function consists of the following activities:-

(a) Human Resource Planning:-

Human resource planning is the process of forecasting the number and type of personnel required to fill up various positions in the enterprise during a given period of time in future and preparing plans for meeting the forecast manpower needs.

(b) Recruitment:-

Recruitment is the process of searching for prospective employees and encouraging them to apply for the jobs in the organisation. It aims to secure a sufficient number of candidates so that a reasonable choice can be made.

(c) Selection:- Selection is the process of choosing

the most suitable persons out of all the candidates who offer themselves for appointment. It requires the evaluation and comparison of all the candidates in terms of the requirements of the job to be filled.

(d) Placement:-

Selected candidates are put up or posted on specific jobs. This is called placement. It is the process of assigning specific jobs and work places to the selected candidates. It involves matching the candidate and the job.

(2) Development of Human Resources:-

Development refers to preparing employees for present and future jobs in the organisation. It consists of following activities-

(a) Orientation:-

Orientation is the process of introducing and familiarising new employees to the organisation so that they may adjust quickly and easily in their new environment. They are formally introduced to their boss, subordinates and colleagues.

(b) Training:-

Training is the process of increasing the job knowledge and skills of employees. It is an organised and systematic activity whereby people acquire knowledge and skills for doing specific work.

(3) Compensation:-

Compensation function involves the determination

of fair and equitable remuneration (salary and wages) of employees for their contribution towards the achievement of organisational objectives.

(4) Integration:-

Integration is concerned with reconciliation of interest of employees with the organisational goals. It involves the creation of sound industrial relations by establishing an efficient system of two way communication between management and workers.

(5) Maintenance:-

Maintenance function involves the creation of proper working conditions so that personnel may work with dedication and efficiency. Sound working conditions help to ensure the health, safety, welfare, motivation and morale of employees.

Objectives of Human Resource Management:-

- (1) To achieve the organizational goals by proper utilization of human resources.
- (2) To develop and maintain healthy working relationships among all the employees and to adopt sound, desirable organization structure.
- (3) To integrate individual and group goals within an organisation.
- (4) To create opportunities and facilities for individuals or group development according to the growth and development of the organisation.
- (5) To identify and satisfy individual and group needs such as fair wages and salaries,

- incentives, social security and status etc.
- (6) To motivate the employees and keep their morale high.
 - (7) To develop and maintain healthy relations between management and employees.
 - (8) To develop the human assets continuously through the training and development programmes.
 - (9) To provide an opportunities to employees to participate in management.
 - (10) To provide healthy, hygienic working conditions to the employees.
 - (11) To retain workforce by maintaining stability of employees.

With this, I am ending my topic here.
Write the answers of following questions in your note-books.

- Ques 1. What is Training?
1. What is Human Resource Management?
 2. What is Recruitment?
 3. Explain any five objectives of Human Resource Management.

last page.