

5 Lecture - MGT201

Important Subjective

- 1. What is financial forecasting and how is it useful for organizations?**
Answer: Financial forecasting involves predicting future financial outcomes based on historical data. It is useful for organizations as it helps in budgeting, decision making, and setting financial goals.
- 2. What are the common financial forecasting techniques used by organizations?**
Answer: The common financial forecasting techniques used by organizations are trend analysis, regression analysis, and ratio analysis.
- 3. What is financial planning and why is it important for organizations?**
Answer: Financial planning is the process of creating a roadmap for achieving financial goals. It is important for organizations as it helps in identifying financial resources, allocating funds, and managing financial risks.
- 4. What are the steps involved in financial planning?**
Answer: The steps involved in financial planning are setting financial goals, identifying financial resources, developing a financial plan, implementing the plan, and monitoring and evaluating the plan.
- 5. What is a financial budget and how is it useful for organizations?**
Answer: A financial budget is a detailed plan that outlines the expected revenues and expenses for a specific period. It is useful for organizations as it helps in allocating resources, tracking financial performance, and making informed decisions.
- 6. What is cash flow forecasting and why is it important for organizations?**
Answer: Cash flow forecasting is the process of predicting the inflow and outflow of cash for a specific period. It is important for organizations as it helps in managing cash flow, identifying potential cash shortages, and making financial decisions.
- 7. What is break-even analysis and how is it useful for organizations?**
Answer: Break-even analysis is the process of determining the point at which total revenues equal total costs. It is useful for organizations as it helps in identifying the minimum level of sales required to cover costs and make a profit.
- 8. What is sensitivity analysis and why is it useful for organizations?**
Answer: Sensitivity analysis is the process of analyzing how changes in key variables affect financial outcomes. It is useful for organizations as it helps in identifying risks, evaluating financial performance, and making informed decisions.
- 9. What is financial modeling and how is it useful for organizations?**
Answer: Financial modeling is the process of using mathematical formulas to simulate financial scenarios. It is useful for organizations as it helps in predicting financial outcomes, evaluating the impact of different financial decisions, and identifying risks.

10. **What is the role of financial forecasting and planning in the overall financial management of an organization?**

Answer: Financial forecasting and planning are crucial components of financial management. They help in setting financial goals, identifying financial resources, allocating funds, managing risks, and making informed financial decisions.