**EFFECTIVE FINANCIAL MANAGEMENT**

**Learning Outcome 1: ACTIVITY 4**

**Financial management and modern economic theory**

Two key concepts underpin modern financial management: the time value of money and the relationship between risk and return.

Use this YouTube film to explain the time value of money in more detail:

<https://www.youtube.com/watch?v=nfkqCv3Rd_g>

#### In small groups

Identify a business with which you are familiar. This could be a multinational company from which you have purchased goods/services, a business that owns your favourite brand or the business for which you work (or wish to work in the future).

From your research:

1. Explain the two key concepts of modern financial management: the time value of money and the relationship between risk and return. key stakeholder groups for your chosen business.
2. Identify some of the risks to which the business that you have chosen might be exposed.
3. Outline the techniques that your chosen business might use to reduce/mitigate or manage the risks that you identified in (2).
4. Prepare a short presentation on your findings.