

FINANCIAL CONTROL

The systems of financial control are numerous and it is not necessary, at this stage, to go into great detail. "However, many of the financial controls have been mentioned in other areas of control, because most forms of control are expressed in monetary terms.

Control of financial functions can cover two broad areas:

- Control of the Profit Plan
- Control of the Funds Plan

The former is concerned with profit, sales, costs, pricing, overheads, etc. The latter is concerned with working capital requirements, investments and fixed capital.

Budgeting, budgetary control, ratios, marginal costing and standard costing, as previously mentioned, all feature in financial control.

Another area which, in large organisations, needs control is that of Research and Development or Innovation. This involves the allocation of funds for long-term projects and costly innovation processes.

Control over research expenditure can be exercised by:

- The overall financial policy.
- The actual research programme, or process of innovation.
- Control over each individual step from the initial stage to commercial exploitation. It is necessary that abandonment be considered at some of the steps, bearing in mind the point of no return.

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