

BASICS OF FINANCE

Course Code	19HS5601H	Year	III	Semester	II
Course Category:	Open Elective	Branch	ME	Course Type	Theory
Credits:	3	L – T – P	3 – 0 – 0	Prerequisites:	Nil
Continuous Evaluation:	30	Semester End Evaluation:	70	Total Marks:	100

Upon successful completion of the course, the student will be able to:

CO1	To understanding of the basics of finance and objective of financial management
CO2	The ability knowledge in financial planning and implementation of financial plans
CO3	To understanding problems of over-capitalisation and under-capitalisation
CO4	To know about time value of money and financial forecast
CO5	The capability to analyse various sources of loans and identify the best source of loan for finance.

	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11	PO12	PSO1	PSO2
CO1	3	3		2								3	3	
CO2	3	3		2								3	3	
CO3	3	3		2								3	3	
CO4	3	3		2								3	3	
CO5	3	3		2								3	3	
1- Low			2-Medium						3-High					

Course Content		
UNIT-1	Introduction: Business Finance Defined-Traditional and Modern Views; Scope and Functions of Finance; Finance Function vs. Accounting Function; Objectives of Financial Management-Profit Maximization vs. Wealth Maximization.	CO1
UNIT-2	Financial Planning: Concept of Financial Planning; Process of Financial Planning; Characteristics of Sound Financial Plans; Factors Affecting Financial Plan.	CO2
UNIT-3	Capitalisation and Capital Structure: Concept, Nature and Scope of Capitalisation; Earnings Theory and Cost Theory of Capitalisation; Over-Capitalisation; Under-Capitalisation; Capital Structure Theories and Factors Determining Capital Structure	CO3
UNIT-4	Financial Forecasting and Time Value of Money: Concept of Financial Forecasting; Sales Forecast; Income Forecast; Financial Position Forecast; Forecasting for Growth and External Funds Requirements; Time Value of Money-Discounting and Compounding.	CO4
UNIT-5	Pattern of Capital Requirements: Long-Term and Medium-Term Financing – Purpose, Sources and Instruments; Short-Term Financing-Purpose, Sources and Instruments.	CO5
Learning Resources		
Text Books	<ol style="list-style-type: none"> Brealey, Richard A and Steward C. Myers: Corporate Finance, McGraw Hill, Int.Ed., New York. Chandra, Prasanna : Financial management, Tata Mc Graw Hill, Delhi. Hampton, John: Financial Decision Making, Prentice Hall, Delhi. 	

	<ol style="list-style-type: none">4. Pandey, I.M.: Financial Management, Vikas Publishing House, Delhi.5. Van Horne, J.C. and J.M. Wachowicz Jr. : Fundamentals of Financial Management, Prentice-Hall, Delhi.
Reference Books	<ol style="list-style-type: none">1. Van Horne, James C Financial Management ; Harper and Row, New York.2. Pinches, George E : Essentials of Financial Management ; Harper and Row, New York.3. Khan MY, Jain PK : Financial Management ; Tata McGraw Hill, New Delhi.4. Archer, Stephen, H., Chate G Marc, Racette, George; Financial management ; John Wiley, New York.5. Block, Stanley B, Geoffrey A Hilt : Foundations of Financial Management ; Richard D. Irwin, Homewood.