

**College of Engineering, Pune**

**Department of Mathematics**

**( MA ( MI ) 18003 ) Fundamentals of Business Finance**

Minor Certification in Mathematics with specialization in 'Financial Engineering' ( Semester VI )

Teaching Scheme

Lectures : 3 hrs / week

Examination Scheme

Internal Test 1: 20 marks

Internal Test 2: 20 marks

End Sem. Exam: 60 marks

- Objectives :**
1. Understand the fundamentals of finance.
  2. Application of finance in decision making.
  3. Understanding the Financial statements and its significance.

**Unit I :** Accounting Fundamentals :

Accounting Terminologies, Accounting concepts, Understanding Financial Statements, Concept of Net Income and cash flow. **[5 Hrs]**

**Unit II :** Basics Of Cost Accounting :

Cost Concepts, Classification of cost, Introduction to Breakeven analysis and Cost Volume Analysis, Overview of Budget and its importance in business decisions. **[5 Hrs]**

**Unit III :** Business Analysis :

Interpretation of Financial Statements, SWOT and PESTAL Analysis using Financial Statements. **[9 Hrs]**

**Unit IV :** Nature of Financial Management :

Evolution of Corporate Finance, Objectives of Financial Management, Profit Maximization V/s Wealth Maximization, Scope & Functions. **[5 Hrs]**

**Unit V :** Time Value of Money & Capital Budgeting :

Discounting and Compounding, Basic concepts of ARR, Pay Back Period, Net Present Value, Internal Rate Return, Profitability Index. **[7 Hrs]**

**Unit VI :** Introduction to Cost of Capital :

Basic concepts. **[3 Hrs]**

**Unit VII :** Introduction to leverage and its types :

Operating, Financial and combined. **[6 Hrs]**

### **Text Books :**

- Accounting for Management by Maheshwari, Vikas publications, 3<sup>rd</sup> Edition (2016)
- Management Accounting by Khan and Jain, Mc Graw Hill, 6<sup>th</sup> Edition (2016)

### **Reference Books :**

- Accounting for Management, Ashok Sehgal, Taxman Publication, Reprint Edition (2015)
  - Financial Management by Ravi Kishore, Taxman Publication, Eight Edition.
  - Fundamentals of Financial Management, Sharan, Third Edition, Pearson Publications
  - Fundamentals of Financial Management, Bhabatosh Banerjee, PHI Learnings, Second Edition.
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**Outcomes :** Students will be able

1. **define** accounting terminologies, **recall** basics of cost accounting and business analysis, **list** types of leverage.
2. to **read** the financial statements of companies, **understand** objectives of financial management, **explain** basic concepts of Cost of Capital.
3. **analyze** the financial statements of companies.
4. to **apply** the concepts and fundamentals in investment decisions from personal finance as well as corporate enterprise.
5. **explain** and **demonstrate** interdisciplinary understanding of how financial applications can be helpful for simplifying and standardization of processes of an enterprise.