

Al-Saudia Virtual Academy Pakistan Online Tuition

(I) WHAT IS BUSINESS FINANCE

Finance is the base of business. It is required to purchase assets and for the flow of economic activities. It is in fact the life blood and never center of industrial and commercial enterprises.

Definitions: Business finance may be defined as the provision of money at the time when it is needed by business. According to Howard and Upton, "Finance may be defined as the administrative functions in an organization which relate arrangement of cash and credit so that organization may have the means to carry out the objectives as satisfactorily as possible." In the words of B.O. Wheeler, "Business finance is that business activity which is concerned with the acquisition and conservation of capital funds in meeting the financial needs and overall objective of business enterprise." In the light of the definitions given above, business finance is mainly developed around three major objectives.

Firstly, it is concerned with the alternative ways by which adequate supply of money can be raised.

Secondly, it deals with the financial aspects of getting land, building, machinery, and payment to workers and other marketing obligations of business.

Thirdly, it seeks to make profit from the use of capital, which is an overall objective of an enterprise.