

CHAPTER- SOURCES OF BUSINESS FINANCE

			Self Evaluation Grades			
S. No.	Topic	Sub Topic	Date			
1	Sources of Business Finance	(i) Introduction				
		(ii) Public Finance				
		(iii) Private Finance				
2	Features of Business Finance	(i) Definition				
		(ii) Features of Business Finance				
		-Life Blood				
		-Requirement				
		-Size of Business				
3	Need of Business Finance	-Essential				
		Need of Business Finance				
		-Fixed Capital Requirements				
		-Diversification				
		-Growth				
3	Types of Business Finance	-Expansion				
		(i) Long term Finance				
		(ii) Medium term Finance				
		(iii) Small term Finance				
4	Sources of Business Finance	(A) Owners' Funds				
		(B) Borrowed Funds				
5	Owners' Funds	Definition				
		Merits of Owners' Funds				
		-Permanent Capital				
		-No need for Security				
		-Control Over the working				
		-Improves Creditworthiness				
		Demerits of Owners' Funds				
		-Diffusion Of Control				
		-Lack of Flexibility				
		-No benefits				
6	Owners' Funds (Equity Share Capital)	-Wastage of Funds				
		-Subject to Risk				
		Definition of Equity Shares				
		Advantages of Equity Shares				
		(1) Fixed Capital				
		(2) High return Potential				
		(3) Issued Share Capital				
		Disadvantages of Equity Shares				
7	Owners' Funds (Preference Share Capital)	(1) Danger over Capitalisation				
		(2) High Risk				
		Meaning and Features				
		Types of Preference Shares				
		-Cumulative Shares				
		-non Cumulative Shares				
		-Redeemable Shares				
		-Irredeemable Shares				
		-Participating Shares				
-Non-Participating Shares						
7	Owners' Funds (Preference Share Capital)	-Convertible Shares				
		-Non-Convertible Shares				

			Self Evaluation Grades			
S. No.	Topic	Sub Topic	Date			
8	Owners' Funds (Retained Earnings)	Meaning and Features of Retained Earnings				
		Advantages of Retained Earnings				
		Disadvantages of Retained Earnings				
7	Difference between Equity and Preference Shares	(i) Ownership				
		(ii) Preference				
		(ii) Rate of Dividend				
		(iv) Voting Rights				
		(v) Redemption of Capital				
		(vi) Risk				
8	Borrowed Funds	Meaning and Features of Borrowed Funds				
		Merits of Borrowed Funds				
		-No Interference by Lenders				
		-Reduction in tax				
		-Fixed Liability				
		-No Risk				
		Demerits of Borrowed Funds				
		-Not Permanent Capital				
		-Need For Security				
		-Fixed Capital Requirements				
-Problem in Time of Crisis						
9	Debentures and Types of Debentures	Definition of Debentures				
		Types of Debentures				
		-Simple ,Naked or Unsecured Debentures				
		-Secured or Mortgaged Debentures				
		-Redeemable Debentures				
		-Irredeemable Debentures				
		-Registered Debentures				
		-Bearer Debentures				
		-Convertible Debentures				
		-Non-Convertible Debentures				
		Advantages of Issuing Debentures				
		Disadvantages of Issuing Debentures				
10	Public Deposits	Meaning of Public Deposits				
		Advantages of Public Deposits				
		Disadvantages of Public Deposits				
11	Banks Credits	Commercial Banks				
		Instalment Credit				

			Self Evaluation Grades			
S. No.	Topic	Sub Topic	Date			
12	Other Short Term Finance (Trade Credit)	Meaning of Trade Credit				
		Merits of Trade Credit				
		-Easy Method				
		-Flexibility				
		-Cost Effective				
		-No need for Security				
		Demerits of Trade credit				
		-Loss of Cash Discount				
		-High Prices				
		-Need For Reputation				
13	Inter-Corporate Deposits	Meaning of Inter-Corporate Deposits				
14	International Sources of Finance	(i) Global Depository Receipt (GDR)				
		(ii) American Depository Receipt (ADR)				
		(iii) International Depository Receipt (IDR)				
15	Difference between Shares and Debentures	Difference between Shares and Debentures				
		-Meaning				
		-Rights				
		-Risk associated				
		-Returns				
		-Obligation				
		-Priority at the time of liquidation				
		-Conversion				
		-Deduction out of profit (Dividend/Interest)				
		Signature of Student				
		Signature of Teacher/Mentor				
Key To Grades			<p>This self evaluation sheet has four date columns. Student shall fill grades to all topics in one date column in a sitting. By the fourth attempt, all grades should be 'A' for getting best marks in exams.</p>			
Write 'A' if you know the concept fully (when you know 100%)						
Write 'B' if you need revision once (when you know between 75%-100%)						
Write 'C' if you know the concept partially (when you know about 50%)						
Write 'D' if you know the concept very little (when you know about 25%)						
Write 'E' if you don't know the concept at all (when you know 0%)						