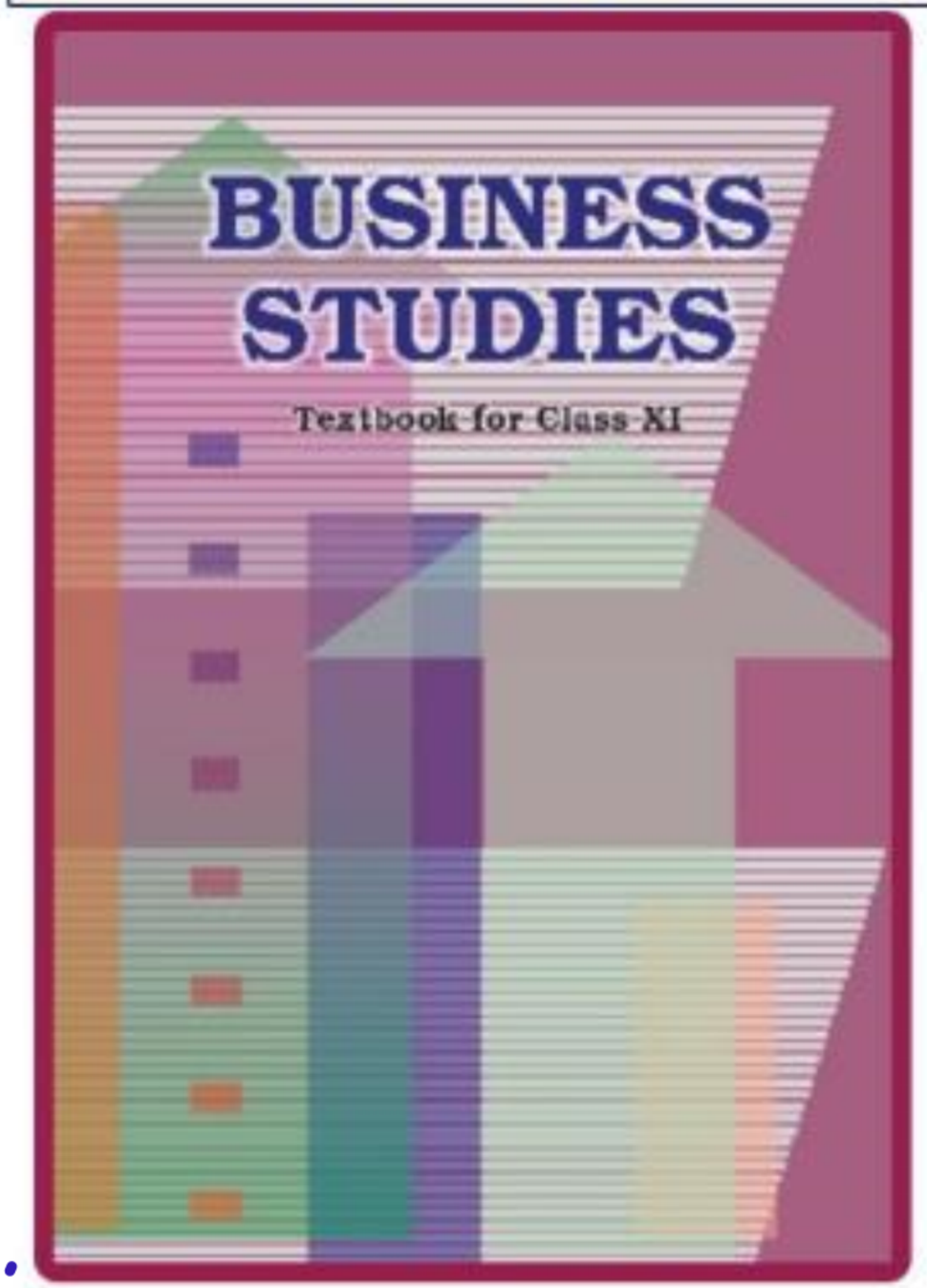
Chapter 8:

Business Finance

Part 1



< 1 Year – Short term (अल्पकालिक)

> 1 year & < 5 year → मध्यम अवधि

8 Where the funds are required for a period of more than one year but less than five years, which sources are used

(a) Long term sources
(b) Medium term sources
(c) Short term sources
d) Very short-term sources

जहाँ धनराशि की आवश्यकता एक वर्ष से अधिक परन्तु पाँच वर्ष से कम अवधि के लिए हो, वहाँ किन स्रोतों का उपयोग किया जाता है?

(क) दीर्घकालिक स्रोत
(ख) मध्यम अवधि स्रोत
(ग) अल्पकालिक स्रोत
घ) अति अल्पकालिक स्रोत

long term > 5 year

A fixed rate of interest is paid by the borrowers on such funds

a) Owner's Funds
b) Borrowed Funds
c) Both a and b
d) None of the above

ऐसी निधियों पर उधारकर्ताओं द्वारा एक निश्चित ब्याज दर का भुगतान किया जाता है

a) स्वामी निधि
b) उधार ली गई निधियाँ
c) a और b दोनों
d) उपरोक्त में से कोई नहीं

What is a source of internal financing or self-financing?

(a) Trade Credit
(b) Factoring
(c) Retained Earnings
(d) Lease Financing

आंतरिक वित्तपोषण या स्व-वित्तपोषण का स्रोत क्या है?

(a) व्यापार ऋण
(b) फैक्टरिंग
(c) प्रतिधारित आय
(d) पट्टा वित्तपोषण

Which one of the following is included in the category of Owner's Funds

(a) Debentures
(b) Loans from Banks
(c) Equity Shares
d) Public Deposits

निम्नलिखित में से कौन सा स्वामी निधि की श्रेणी में शामिल है?

(a) ऋणपत्र
(b) बैंकों से ऋण
(c) इक्विटी शेयर
d) सार्वजनिक जमा

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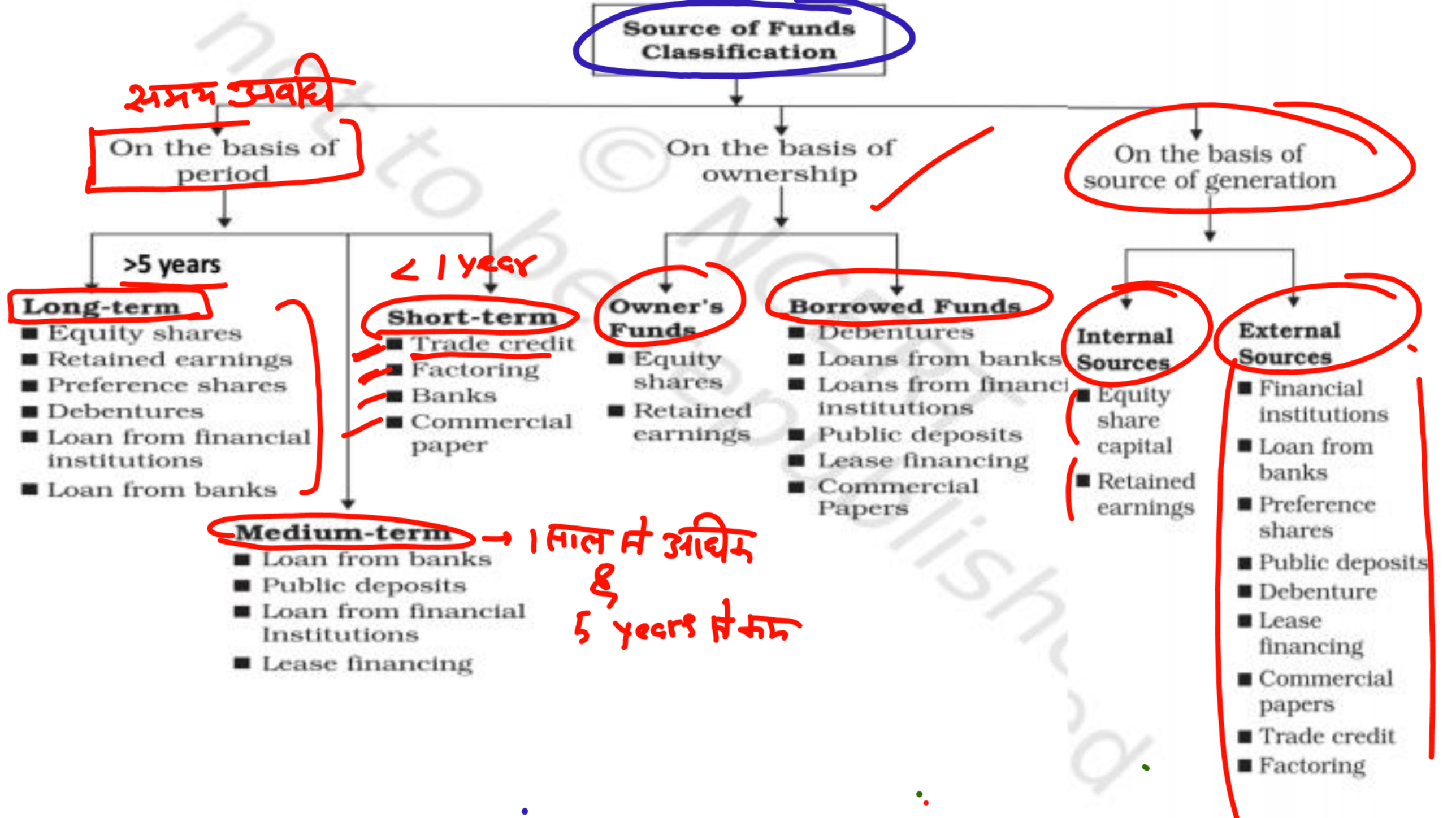
Excessive ploughing back may cause dissatisfaction amongst the _____..as they would get lower dividends

(a) Debenture holders
(b) Shareholders
(c) Lenders
d) Suppliers

अत्यधिक पूँजी वापसी से _____ के बीच असंतोष पैदा हो सकता है क्योंकि उन्हें कम लाभांश मिलेगा।

(a) डिबेंचर धारक
(b) शेयरधारक
(c) ऋणदाता
d) आपूर्तिकर्ता



Source of Funds Classification
समय अवधि
On the basis of period
>5 years
Long-term
Equity shares
Retained earnings
Preference shares
Debentures
Loan from financial institutions
Loan from banks
< 1 year
Short-term
Trade credit
Factoring
Banks
Commercial paper
Medium-term
1 साल से अधिक & 5 years से कम
Loan from banks
Public deposits
Loan from financial Institutions
Lease financing
On the basis of ownership
Owner's Funds
Equity shares
Retained earnings
Borrowed Funds
Debentures
Loans from banks
Loans from financial institutions
Public deposits
Lease financing
Commercial Papers
On the basis of source of generation
Internal Sources
Equity share capital
Retained earnings
External Sources
Financial institutions
Loan from banks
Preference shares
Public deposits
Debenture
Lease financing
Commercial papers
Trade credit
Factoring

1

Period Basis/अवधि आधार

Foundationclasses.live

PDF → mock

Commerce MCQ with Sachin Sir

Telegram

Long-term sources (>5 Years)

Shares and debentures, long-term borrowings and loans from financial institutions

- required for the acquisition of fixed assets such as equipment, plant, etc.

Medium-term sources/मध्यम अवधि के स्रोत

- Where the funds are required for a period of more than one year but less than five years, medium-term sources of finance are used. These sources include borrowings from commercial banks, public deposits, lease financing and loans from financial institutions

Short-term funds/अल्पावधि निधि

- Those which are required for a period not exceeding one year. Trade credit, loans from commercial banks and commercial papers are some of the examples of the sources that provide funds for short duration.
- Short-term financing is most common for financing of current assets such as accounts receivable and inventories.
- वे जिनकी आवश्यकता एक वर्ष से अधिक की अवधि के लिए नहीं होती। व्यापार ऋण, वाणिज्यिक बैंको से ऋण और वाणिज्यिक पत्र, अल्पावधि के लिए धन उपलब्ध कराने वाले स्रोतों के कुछ उदाहरण हैं।
- अल्पकालिक वित्तपोषण, प्राप्य खातों और इन्वेंटरी जैसी चालू परिसंपत्तियों के वित्तपोषण के लिए सबसे आम है।

Ownership Basis

- On the basis of ownership, the sources can be classified into 'owner's funds' and 'borrowed funds'.
- Owner's funds means funds that are provided by the owners of an enterprise, which may be a sole trader or partners or shareholders of a company. Issue of equity shares and retained earnings are the two important sources from where owner's funds can be obtained.
- स्वामी निधि का अर्थ है किसी उदयम के स्वामियों दवारा प्रदान की गई निधियाँ, जो किसी कपनी के एकमात्र व्यापारी, साझेदार या शेयरधारक हो सकते हैं। इक्विटी शेयरों का निर्गमन और प्रतिधारित आय दो महत्वपूर्ण स्रोत हैं जहाँ से स्वामी निधि प्राप्त की जा सकती है।

- ‘Borrowed funds’ on the other hand, refer to the funds raised through loans or borrowings. The sources for raising borrowed funds include loans from commercial banks, loans from financial institutions, issue of debentures, public deposits and trade credit.

- दूसरी ओर, 'उधार ली गई धनराशि' ऋण या उधार के माध्यम से जुटाई गई धनराशि को संदर्भित करती है। उधार ली गई धनराशि जुटाने के स्रोतों में वाणिज्यिक बैंकों से ऋण, वित्तीय संस्थानों से ऋण, ऋणपत्र जारी करना, सार्वजनिक जमा और व्यापार ऋण शामिल हैं।

Source of Generation Basis/पीढ़ी के स्रोत का आधार

- Sources of funds can be whether the funds are generated from within the organisation or from external sources.
- Internal sources of funds are those that are generated from within the business.
- A business, for example, can generate funds internally by accelerating collection of receivables, disposing of surplus inventories and ploughing back its profit

- **External sources** of funds include those sources that lie outside an organisation, such as suppliers, lenders, and investors.
- When large amount of money is required to be raised, it is generally done through the use of external sources.
- **धन के बाहरी स्रोतों** में वे स्रोत शामिल होते हैं जो किसी संगठन के बाहर स्थित होते हैं, जैसे आपूर्तिकर्ता, ऋणदाता और निवेशक।
- जब बड़ी राशि जुटाने की आवश्यकता होती है, तो यह आमतौर पर बाहरी स्रोतों के माध्यम से किया जाता है।

Sources of Finance → Technical Term

Retained Earnings/प्रतिधारित कमाई

- A portion of the net earnings may be retained in the business for use in the future. This is known as retained earnings. It is a source of internal financing or self-financing or 'ploughing back of profits'.

- शुद्ध आय का एक हिस्सा भविष्य में उपयोग के लिए व्यवसाय में रखा जा सकता है। इसे प्रतिधारित आय कहते हैं। यह आंतरिक वित्तपोषण या स्व-वित्तपोषण या 'लाभ को वापस निवेशित करने' का एक स्रोत है।

Advantage

(i) Retained earnings is a permanent source of funds available to an organisation;

(ii) It does not involve any explicit cost in the form of interest, dividend or floatation cost;

(iii) As the funds are generated internally, there is a greater degree of operational freedom and flexibility;

(iv) It enhances the capacity of the business to absorb unexpected losses;

(v) It may lead to increase in the market price of the equity shares of a company

Limitations

(i) Excessive ploughing back may cause dissatisfaction amongst the shareholders as they would get lower dividends;

(ii) It is an uncertain source of funds as the profits of business are fluctuating;

(iii) The opportunity cost associated with these funds is not recognised by many firms. This may lead to sub-optimal use of the funds.