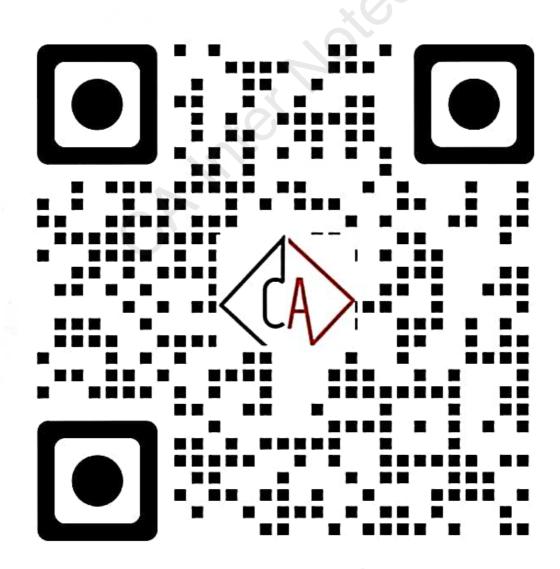
CA Inter Notes

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Financial Management

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	libility for cash outflow associated wi	45
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DATE -> Rate of dividend is noemally higher than the eate of interest on dependences. ->: Carey a stipulation of period. ->: Hybrid for requity ->: because of dividend of financing of Debt. at Fixed cate. <u>(umulative Convertible Preference Shares:</u> The shares carey a cumulative dividend of Specified limit for a period of say three years after which the chares are converted into equity shares. Callautout Prin 1 hardina Advantages: -> No dilution in EPS. and and not the second of the secon PAGE l 67 classmate

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	e classmate	PAGE
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(iii) Findincial Institutions: International! The woeld bank linternational bank for 2-31-0 Reconstruction & peuelopments (JBRD) 1.10.10. by The international finance corporation (JFC) on son pressioners c) Asian Development Banks (ADB) at an active active to (7) Loans béomi commercial Banksmail Primary Roles Conserve To cated to the shoel teem requirements of industry. eindi. Di However, banks have started taking an interest in long teem financing of industries in several ways provide long term loans for the Accorew unition of setting up of SEY -> Fund the long term working capital It paile and requirement. in a manage i which is always , or bong contine to district openador. impacted by seasonal equieement. invite Hogacing Bridge Financings barrens -s loan taken by a company normally feom commercial banks for a short term GIN UID period because of pending disbursement of loans sonctioned by Brandol institutions. eepaid ladjusted out of the feem loans as f when disbursed by the concerned -3 institutions. PAGE 1 9 5 classmate

	-s generally the rate of interest is higher
Troi da	ILA ILA IAL GOLD ON TEURIN IVU''
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de de	-s secured by hypothecation of movable assets, personal guarantee f demond
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9 d	-s can be viewed of long team investment
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	- investors also provide supposition form
Letin 6	of sales strategy, business networking
1 Harris	* * monogement expertise, enabling the
for	growth of entrepreneurs.
land Lord 3	på statettar i statettar
··	Methods
·	O Equity financing!
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	benerative to be build by the concerned
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	O Conditional Loans days to issues
1	-s eepayable in the form of a royalty after
-	the venture is able to generate sales.
-	No interest paid on such loans.
-	-s royalty sanging between 2 f15 percent.
61	stranging between 2 fis percent.
-	OF INCOME NOTE LOUD CONSTRUCTO
-	- hybrid - combined - conditional loan
-	-> hybrid -> combined -> conditional loan -semity. Features of -> conventional loan
-	Has to pay both int. & royalty but on
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100	borrower is evaluated 1 worroact is
<u>.v.</u>	entered into with repayment schedule.
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abet !	Listing the heritage bricked an
000 1	D'Proling Function internet under a
<u></u>	similar loans on receivables are dubbed
	together to create an underlying pool of
	asset.
_ <u>`</u> _	The pool is transferred to special purpose
1 dai a	vehicle (SPV), which acts as trustee or
alor t	investor: han a pounda vandhain p
1 stor fo	is a set to set to a
<u></u>	(3) the semifization function:
<u></u>	SPV 20111 Structure & issue securities on
1	the basis of asset pool.
	. The securities carry a coupon of expected
	maturity which can be asset based.
h	these are generally sold to investors
4	through merchant bankers.
-4	
	EDJ Lease financing
	-> general contract between the owner?
bing	the user of asset over a specified period
le paño	-s The asset in vinitially purchased by the
-41	owner (lessor) & there obter leased to
<u> </u>	the use (lessee) which pays a specified.
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A CONTRACT AND A COMMON DO ANDER AND AND A CONTRACT	
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_k=	> other types of leases? building to they
_h	D Lale & Leave Back!
_~	- The proper of the asset sells the asset to
-v	the party (the buyer), who in then
_\	leases back the same asset to the
_\	owner in consideration of lease rentals.
_N	-> The selley assumes the role of lessee
-N	-s Seller get the agreed selling price of the
taoa	a contraction gets the release rentals.
1 loge	108:00. Partie P
_~	Devenaged it Lease : Mark giderunaus sit.
Totarite	- A third payty is involved besides lessor
	· 183500 beautitus initia
2017	-i The lessoe boccows a paut of the purchase
	makes the asses from third party i.e.
<u> </u>	lender 2 aiset 80 purchased is a held at
	semity against loan to si and and
- Marche	- The lender is paid off from the lease
210	a mentally directly by the legice a the
~~~~	surplus after meeting the daims of the
1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 -	lender goes to the lessor.
49330	-> the lesson is entitled to claim depreciation
from here	allowance. du church
	The part was
· · · · · · · · · · · · · · · · · · ·	3 Sale-aid lease!
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·/_·	a manufactures toe may report the
<u>۲</u>	latter's product through his own leasing operations.
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<u> </u>	ceedit of commission to the lessor.
	- Events day minutes
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- The assets get - lessee has option of transferred to the purchasing the asset
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10010	- coodil proposed by suppliers of goods.
·	-s usual duration of credit period is
\	15 to 890 days
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·	hill o payable!
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~	@ Accrued Expenses & peferred (unearned) Income
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	and as real patient innor por starger 10
1191.91/	3 Advances from Customers: minunif gues 0
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·	involving considerable length of monufactu. ming or construction time usually demand
۰	ning or construction time usually demand
·	advance money from their customers at the time of accepting their orders.
·	the time of accepting med orders.
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DATE A commercial Papers: s an unsecured money is martel instrument s It was introduced by RBI in view to enabling highly rated corporate borrowers to diversify their sources of shoel - teem boseowings f to provide an addition instrument to investors. s All eligible issuers are required to get the ceedit rating from credit rating agency. the table to act and the open the new 5 TEERSUMY Bills! cred all to Principas -> meet shoet teem boe cowing requirements with matunities ranging between 14 to 364 days. is alginate that to provide 6 ceetificate of Deposition with parts -s saving certificate with a fixed maturity date of not less than is days up to a maximum in of one year. in mouth and a to 9 Bank Advances: Some of facilities provided by banks are: as shoet teem Loan! I whom din. In securities. -> Except by way of interest & other changes, in in not fuether adjustment are mode in account. Inderes Repayment is by way of repaying full ant. repayment agreed upon. PAGE 203 classmate

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- <u>}</u>	b) Oveedeaft:
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	-s while entertaining proposal for dean
150	advances ; banks exercice a good deal
( spirt a	a and of restraint since they have no
	backing of any tangible security.
	- Bonky take guarantee brom other
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#### click here to join: CA Inter Notes

DATE -s interest is not changed on full amount of advance but on the amount actually availed no by him. in the set of the s cash coedit limits are sanctioned against the oe hypothecation. I would by way of pledge -s repayable on demand. D (rephistate of Dir es Advance ogainst goods: -s the teem 'goods' includer all form of mova. bles which are observed to the bonk al security. They may be agricultural common difier or industrial raw materials or partly finished goods. Advance against them-are sole & liquid. goods are charged to the bonk etther by way of pledge or hypotheeation. b) Bills Purchased | piscounted in provide ( PAGE 205 classmate

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DATE (8) Intee. Coepocate Deposits: Scorponies Can borrow funds for a shore preciod, say 6 months, from other companies which have surplus liquidity.
Scate of interest vonies depending upon the state of interest vonies depending upon the surplus liquidity. TOUSIE nni-00001 amount involved & time period. 11 194 BU N. I. D. D. L. D. ( cechipicate_of Deposit: -s powment of title similar to a time deposit eccept issued by bank except there is no peesceibed into rate on such funds. moun. -s main Bankey is not required to GATTO odvantage encash the deposit before matu 121-54 sity period. I is it is > the investor is assured of liquidity because he can sell CHHO Vd . advertise (cp in secondary market. Public peposition to be a man ine  $(\mathbf{r})$ -s A company can accept publich deposits subject to the stipulations of Reserve 16:07 Bank of India from time to time upto a 1 ibnes moximum amount of 361. of its paidup is capital & Reserves. I and the a click Lino 1 Repaid within a period of 3 years. r plantali o Sup- the 10V 1.1-140.65 694 over -141 a classmate PAGE

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(i) Financing of Export teade by Banks!
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expost finance mainly by way of pre & poor
shipment credit, of the maintain in
Expost Finance in granted in pupeer as well of
in foreign currency and the the
, opr has Initiated Several measurer in the
Eecent years to ensure timely & hassle pree
How of credit to the export sectors.
- Frow of orealization of export
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the advances by commercial Banks for
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(i) pee- shipment. Finance. I.e. Hnance. I.e. aftee Shipment of goods.
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goods
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PAGE 207
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() Pee: shipment finance:
-s This generally takes the form of
and reparking a ceedil + faulity many the ma
-> Packing credit is an -> Buying
Lotte advance extended by Manufacturing
banks to an exportee - processing.
adt in foe the purpose of the Packing
and abard Arvienia prosad of shipping goods
-s An advance sho taken by by an exporte
is sequied to be liquidated within 180
days from the date of its commencement
income by negotiation of export bills or receipt
of exposer peoceeds in an approved manne
- Packing credit, in the case of customess
of long standing, may also be granted
against firm contracts entered into by
them with overseas buyers.
tuper of Packings ceeditorius out
a) clean packing credit:
-s advance made available only on
enter production of a firm exposed orden or a
1000 10 any charge or control over raw
material or prished goods. They
-> A suitable Margin has to be made.
- muntaine
-> Export credit quarantee corporation (over
should be obtained by bank.
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	b) Packing Credit against hypotheration of goods:
	s Expoet ceedil is made. available on centain -
	teems & conditions where the exporter has -
	pledge able interest of the goods are hypoth.
111	ecated to the bonk as security with stipulated -
	6 margin: risquarent pd ac imple to
1	"The second build in the second second second
	J pocking credit against pledge of goods!
	-s Expoet finance is made available on certain teems & conditions where the exportable
	Finished goods are pledged to the banks with
	approved cleaning agents who will ship the
D	some from time to time as required by the
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	a poeward exchange contract with the bong
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#### **Financial Management** Sources of finance

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DATE : Alan (ii) Post shipment finance! 6.1 documentan as Puechase Idiscounting 06 export bills: toor to expoetens by -s finance is proulded Sty Si purchasing export bills drawn payabi at sight de by discounting wance expoet bills covening confirmed sales p blacked by documents. BADY TO IN MOUS INVESSES ON C alel 100081 by E.C. G.C. Guanantee! have 1 2 april -> Post - shipment pronce, given to an HICE S exporter by a bank through purchase negotiation out discount of an export bill against an order equalifier for post ship 1111 5.32 expoet credit guarantee. ment E.C. G. C. Jugonarier c) Advance: against expose bills sent for Ir stilprise Collection in margine 190012 Finance is provided by banks to exporter by way of advance against is export bill foewarded through them foe collection 111-120 taking into account the creditworthiness of the party; nature of goods. exported, usonce ; standing of drawer neist notice trade -d) Advance against duty draw back ( cash 316 accsubsidy relet sin privilie un passion to pinance export losses sustained by exportens, bank advance against duty- deaw back, cash subsidy, etc. receivable by them again of elassmate export PAGE

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Sources of finance DATE s An advance so availed by an expositee is eequired to be liquidated 180 days from the date of phipment of vielative goods. other sources of financing: Seed Capital Assistance of phase w -> Designed by JPBJ for professionally or techni-ally qualified entrepreneurs & lor persons possessing relevant experiences, skills & entrepreneurical trait but lack adequate pronvial resources. It is interest pree but carrier a service change of one percent annum for the first five years & at increasing rate thereafter. Repayment schedule is fixed depending with an initial more to num up to five years. O Internal Cash Aceruals! - Surplus generated from operations, offer meeting all contractual i statutory of woeting requirements of bonds funds, is available for further capital expenditure. O Unsecured Loon! - Typically provided by promoters to meet the promoter's contribution norms. - subordinate to institutional loans. - subordinate to institutional loans. - seate of interest charged should be less - or equal to rate of interest on institutional PAGE 211 classmate

	DATE	
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#### Financial Management Sources of finance

#### DATE K Euro Convertible Bonds! in spept instrument which give the holders of the bond on option to convert the bonds into a pre-deter. 1.20 o vi lot mined in number of equity shares 1.611 -s carroy fixed rate of interest. ussuer: company so desires may -5 mi tour also include mateal option or put HOTTIN: racheb re ai beten re allero en 1) Euro Convertible Zero Bonds: -s conveetible bonds No interior take place on maturity line at pre-determined price peñod & they are treated as deferr. equity issues. ed antes a bourn alter A m) Euro Bonds with Equily warranty! -s carry coupon rate i -> woreante are detachable. -s pure bonds are triaded at discount. ns Environmental, Social & Goverance linked bonds: bonds: -s capey a responsibility of the issuee, company to prioritize optimal environment, social f governance (FSG) Factors. 1 classmate PAGE

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#### Financial Management Sources of finance

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	[H] Contemporary Sources of Funding:
	(i) Growd Funding
	-s Raising money for an individual or
	organisation from a group of people
	to Fund a project.
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0.00	for there product before entering into
	-s Poehes rs fund Raiser.
187	involved> Mediator (Platforms) may change
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	(V) start - Up tomating, a start up
	- company can raise money from
	longe group of people either in
	Lange group of people either in toe of equily funding, P2P lending
	or both
	classmate PAGE 221
E.	