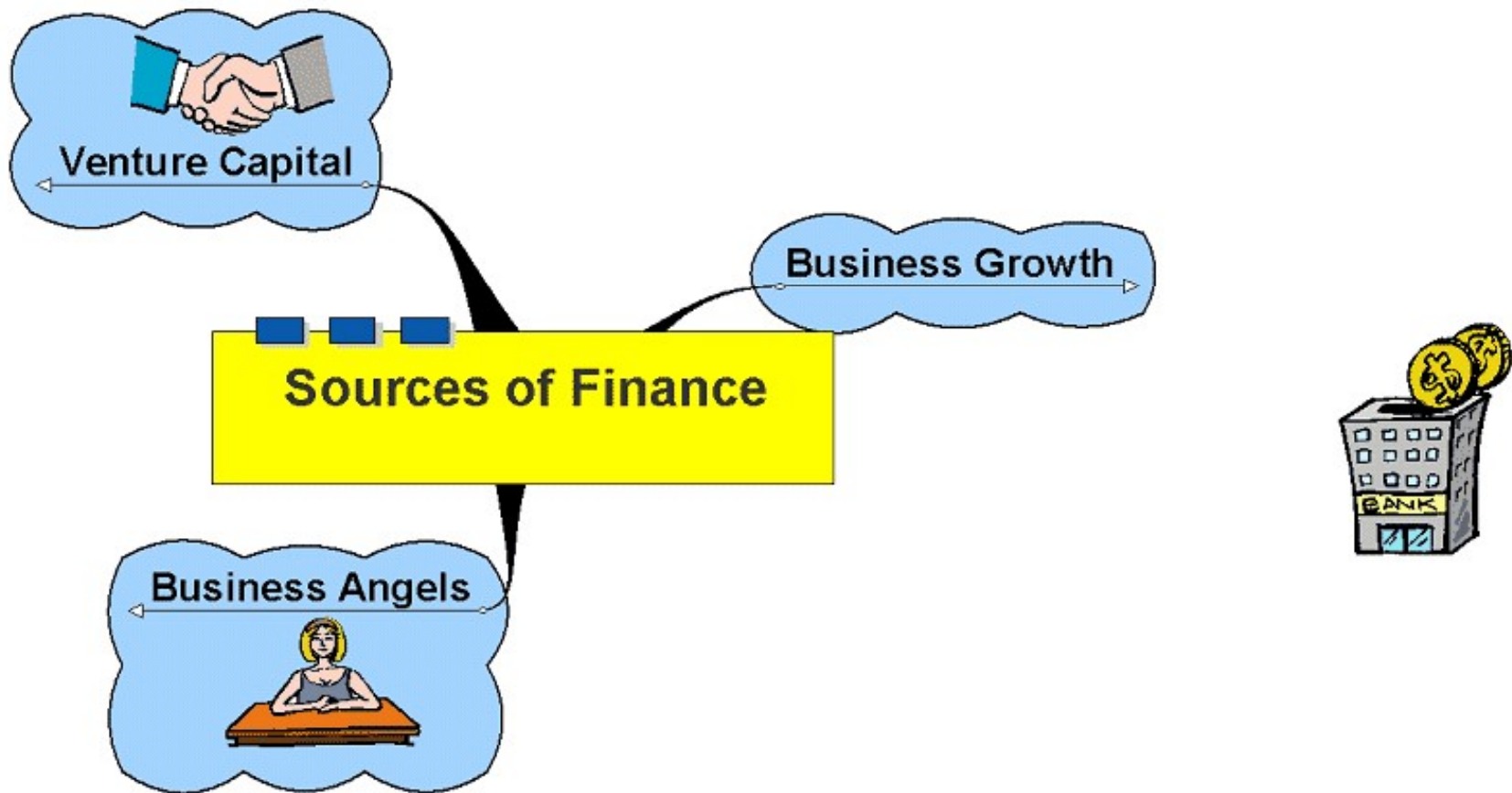
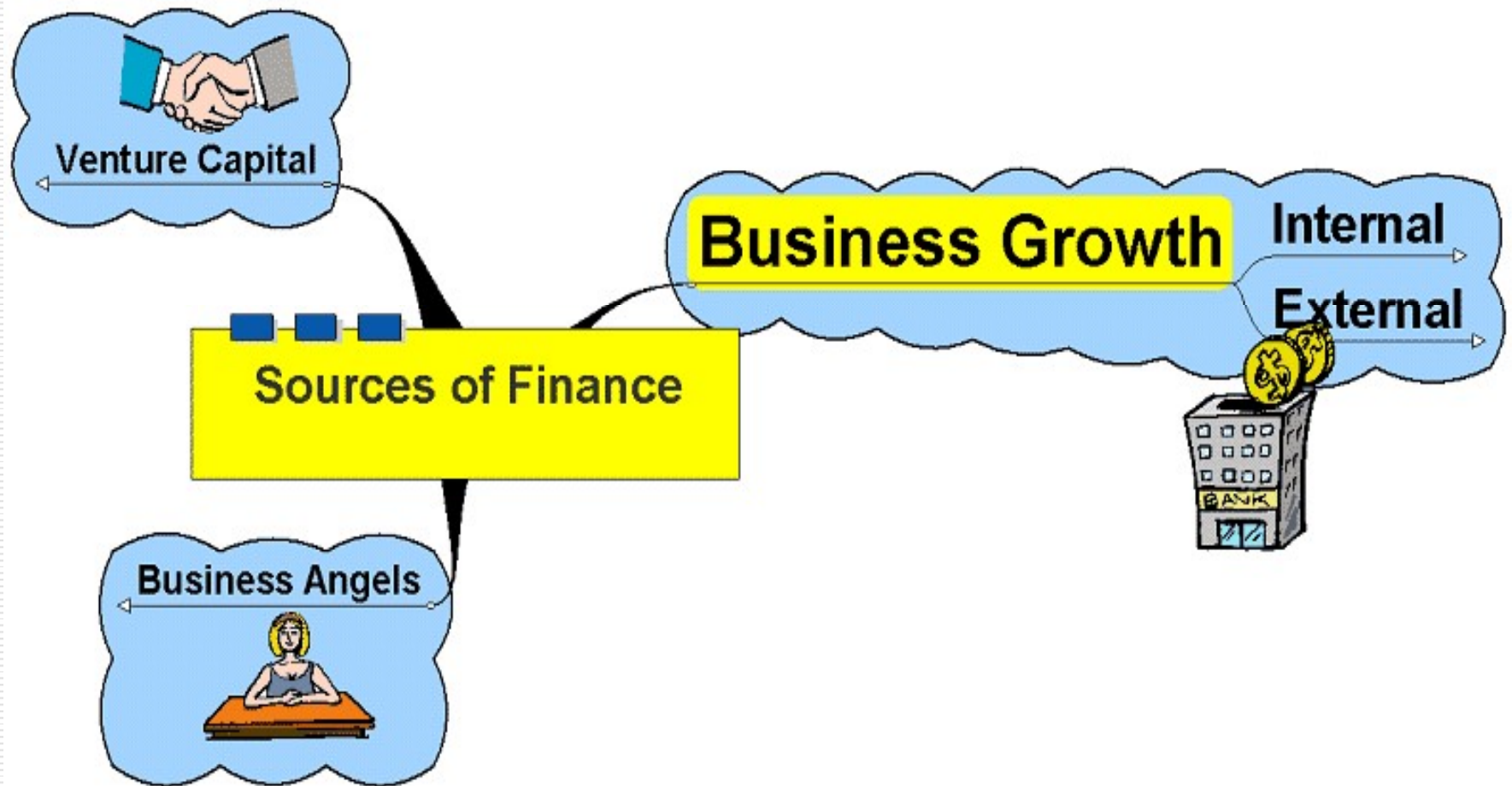


Sources of Finance

Sources of Finance



Business Growth



Internal Sources of Finance and Growth



Selling more goods and services to consumers is one way to grow the business.

Title: Home Depot quarterly profit rises 53%. Copyright: Getty Images, available from Education Image Gallery

- ❑ **'Organic growth'** – growth generated through the development and expansion of the business itself. Can be achieved through:
 - ❑ **Generating increasing sales** – increasing revenue to impact on overall profit levels
 - ❑ **Use of retained profit** – used to re-invest in the business
 - ❑ **Sale of assets** – can be a double edged sword – reduces capacity?

Business Growth External

- Long Term
 - Shares
 - Ordinary Shares
 - Preference Shares
 - Rights Issue
 - Bonus Issue
 - Loans
 - Debentures
 - Bank loans

Business Growth External

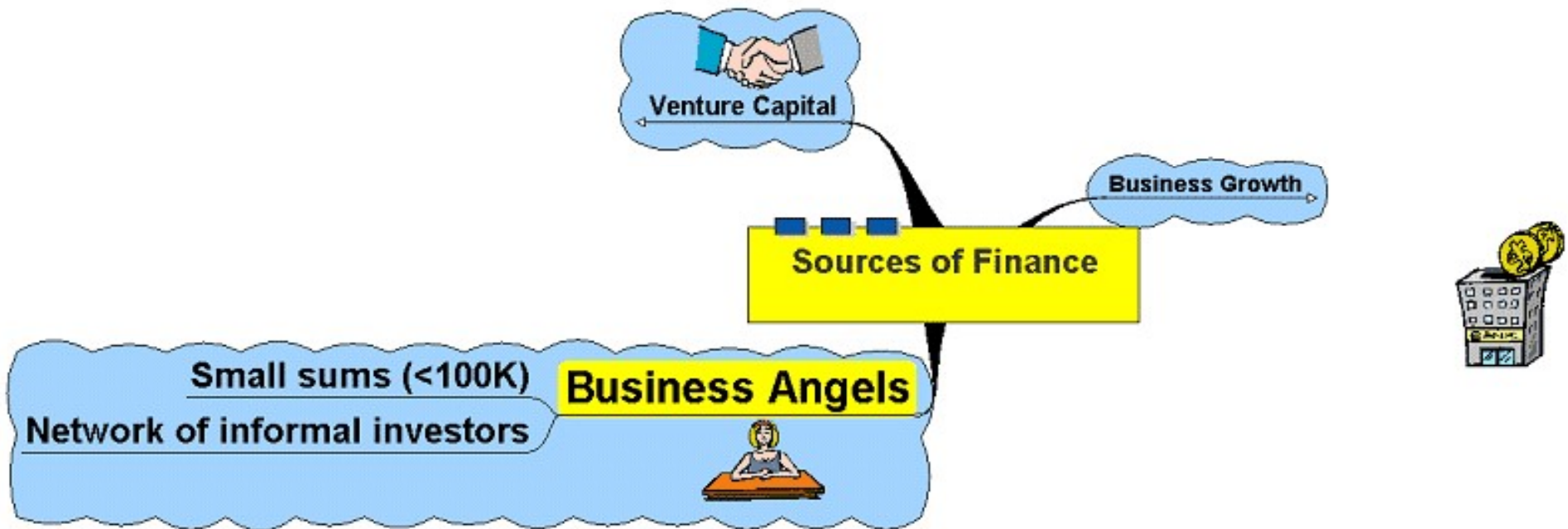
- Short Term
 - Bank loans
 - Overdraft facilities

Business Growth External

'Inorganic Growth'

- Acquisitions- ownership of more than 50%
- Merger- ownership distributed among both the firms
- Takeover- one firm controls other at 100% level

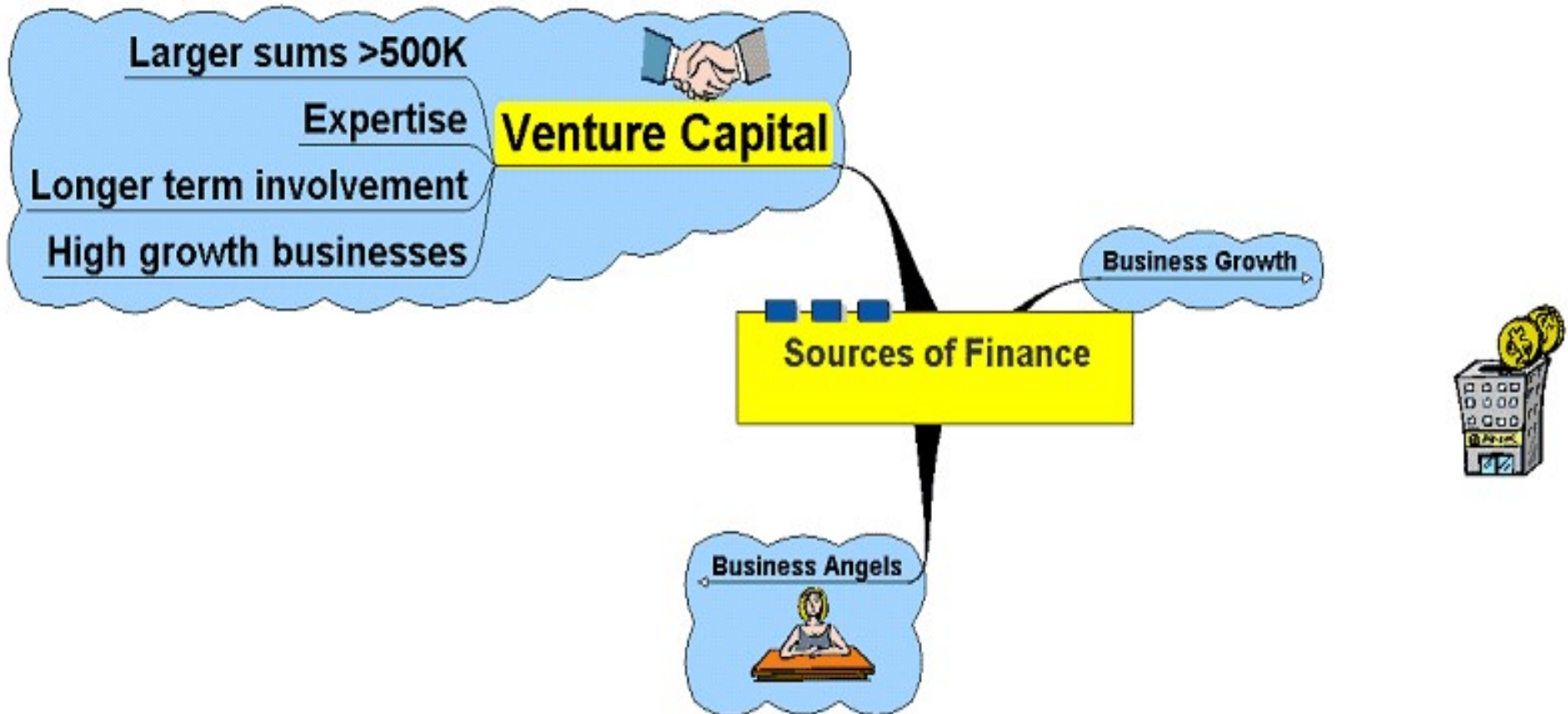
Business Angels



Business Angels

- ❑ Individuals looking for investment opportunities
- ❑ Generally small sums
- ❑ Could be an individual or a small group
- ❑ Generally have some say in the running of the company

Venture Capital



Venture Capital

- ❑ Pooling of capital in the form of limited companies – Venture Capital Companies
- ❑ Looking for investment opportunities in fast growing businesses or businesses with highly rated prospects
- ❑ May also buy out firms in administration who are going concerns
- ❑ May also provide advice, contacts and experience
- ❑ In India, venture capitalists have invested ₹ 500 Lakh crore since 2019