

Chapter5

Finance & Business Documents



FINANCE & CAPITAL

Definition of finance

The study of money and decisionmaking to achieve systematic circulation, including business, public, and personal finances.

Definition of capital

The currency provided for use is the main factor in carrying out business activities to obtain the most cost-effective returns.



| Types and sources of funding

Funding Types

- Fixed capital: invest in fixed assets (buildings, machinery) with a maturity of > 1 year.
- Working capital: used to provide current assets (raw materials, wages).

Duration	Key Sources
Short term (< 1 year)	OD, Cheque, Trade Loans
Long term (> 5 years)	Common Stocks, Preferred Shares, Bonds

Duties of a Money Manager



Planning

Estimate cash inflows and determine long-term guidelines.



Property Management

Maintain proper liquidity and make the most of your assets.



Financing

Choose the right source of financing with your cost and risk tolerance.

Ultimate Goal: Wealth Maximization for Shareholders

Business and Trading Documents

Important Trading Documents

- Purchase Requisition (PR): Notification of purchase demand
- Purchase Order (PO): Order confirmation instrument
- Invoice: Product Description and Price
- Receipt: Proof of receipt



Financial and credit documents



Bills

Checks, Bills of Exchange, and
Promissory Notes



L/C & Trust Receipt

Letter of Credit for Security in
Foreign Trading



Credit Card

Credit instruments issued by the
bank to members instead of cash.



3E's concept: Economy, Efficiency, Effectiveness

Conclusion and Q&A

"The indicators of an organization's sustainable success lie in the quality of its people and the efficiency of financial management."

Thank you for listening. Do you have any more questions?



IMAGE SOURCES



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