

# **BUSINESS ENGLISH FOR FINANCE. COMPANY FINANCING. TRANSCRIPT**

Companies may seek ongoing funding through debt financing or loans which require collateral or they may use factoring and lines of credit to access cash quickly.

Other sources of funds include crowdfunding and public offerings, in which a company sells shares.

## **Debt Financing**

Debt financing is when a company borrows money from a bank or other lender. Debt financing also includes issuing bonds to individuals or institutional investors.

Debt financing has helped drive our company's growth, and hopefully we can pay off the banks in a reasonable amount of time.

## **Loan**

The money a company borrows from a bank to fund growth is called a loan. The borrower must pay back the amount borrowed plus interest within a specified period of time.

The bank offered us pretty good terms on a loan to help build our new factory.

## **Collateral**

Banks sometimes require security for a loan the form of collateral, which can include items like property and personal guarantees.

To get a loan from the bank had to put up my house as collateral.

## **Factoring**

Factoring is when a company sells its accounts receivables or invoices to another company before they are due. By selling its invoices the company does not have to wait until they paid for the invoices.

Factoring may be great if you're looking for quick cash, but you might just be postponing your cash flow problems.

## Line of Credit

A line of credit is ongoing access to a certain amount of money from a bank.

Based on our strong performance last year. We were able to get a line of credit from our bank.

## A Public Offering or IPO

Is when a company first offers to sell stock or ownership and become publicly traded. IPO may be used by relatively new companies or established private businesses.

alibaba.com Have had the biggest public offering so far this year, raising just over 25 billion dollars.

## Shares

Preferred stock, common stock. Shares are units of ownership in a company which can be bought and sold and may earn dividends.

Preferred stock are more secure shares that earn dividends and are paid out before common stock.

To fund our expansion into Asia we'll be issuing new Shares in the fall.

## Crowdfunding

crowdfunding is a method of raising capital from the public.

Often and online platforms such as kickstarter helps connect new companies with lots of small investors.

I was turned down for a loan but with crowdfunding I got enough capital to start production.

## Quiz

If we don't get approval from the bank for this **loan**, we're in big trouble.

With so much great media attention our public **offering** was a huge success.

With social media anyone can now raise money for a business through **crowdfunding**.