

Finance - Financing Expansion



• all-cash deal (all-cash deals) N-COUNT

An **all-cash deal** is a financial transaction such as a takeover in which the payment is made entirely in money and not, for example, in shares or share options.

...an <u>all-cash deal</u> worth \$9 million. Shareholders are entitled to demand a proper <u>all-cash deal</u>.

• equity N-UNCOUNT

Equity is the money a company gets from selling the shares it owns.

It may be difficult to raise equity from local private sources.

financing N-UNCOUNT

The **financing** for something such as a business venture or a loan is the money that is needed for the venture or loan, and the way in which this money is provided.

Proper <u>financing</u> was needed to put the business on a surer footing and speed up payments.

It's not unusual, as a matter of convenience, to have salesmen arrange <u>financing</u> for home improvement loans.

management buyout (management buyouts)

MBO (MBOs) ABBREVIATION

A management buyout is the buying of a company by its managers. The abbreviation MBO is also used.

It is thought that a <u>management buyout</u> is one option. She joined the company full time in 1978, and following an <u>MBO</u> in 1989 she became joint managing director.

raise (raises, raising, raised) VERB

If a person or company **raises** money that they need, they manage to get it, for example by selling their property or borrowing.

They managed to <u>raise</u> £50,000 to set up the company and McGregor sold his house to <u>raise</u> capital.

• rights issue (rights issues) N-COUNT

A **rights issue** is when a company offers shares at a reduced price to people who already have shares in the company.

The <u>rights issue</u> will depress earnings per share in the short term. The acquisition will be financed mainly by a <u>rights issue</u> raising £354 million.

• flotation (flotations) N-VAR share flotation (share flotations) N-COUNT share issue (share issues) N-COUNT share offering (share offerings) N-COUNT public offering (public offerings) N-COUNT

The **flotation** of a company is the selling of shares in a company to the public. When there is a **share flotation**, a **share issue**, a **share offering** or a **public offering**, shares in a company are made available for people to buy.

He said letsbuyit.com was considering <u>flotation</u> on the London Stock Exchange.

Flotations this quarter are at their lowest level in over a decade. ... a share flotation which aims to raise £32 million. A group called Dreamworld Ltd proposed to buy the park and float it on the stock exchange with a \$75 million share issue. Last year the employees rejected a further share offering. The subsequent electric-utility sale, expected to fetch \$13billion, will mark the world's largest public offering.

takeover (takeovers) N-COUNT takeover bid (takeover bids) N-COUNT

A **takeover** is the act of gaining control of a company by buyng more of its shares than anyone else. A **takeover bid** is an attempt to do this.

...the proposed £3.4 billion <u>takeover</u> of Midland Bank by the Hong Kong and Shanghai.

...a hostile <u>takeover bid</u> for NCR, America's fifth-biggest computer-maker.

★ venture capital N-UNCOUNT

Venture capital is capital that is invested in projects that have a high risk of failure, but that will bring large profits if they are successful.

Successful <u>venture capital</u> investment is a lot harder than it sometimes looks.

The model isn't all that complicated: develop a good idea, raise venture capital, grow rapidly, and then go public or sell out.

working capital N-UNCOUNT

Working capital is money which is available for use immediately, rather than money which is invested in land or equipment.

The cash raised will be used for <u>working capital</u> and to settle some bank debts.

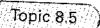
A second problem is that, as long as land law is uncertain, banks will be unwilling to lend to farmers, and no farm can survive without access to working capital.

■ liquidity ท-บทดอบทา

A company's **liquidity** is the amount of cash or liquid assets it has easily available.

The company maintains a high degree of <u>liquidity</u>....serious <u>liquidity</u> problems.

backer: Topic 2.3; grow: Topic 2.5; shareholder: Topic 7.2; share: Topic 7.2; return: Topic 7.5; ROCE: Topic 7.5; cash flow: Topic 8.1; unit cost: Topic 8.2; asset: Topic 8.3; liability: Topic 8.3; loan: Topic 8.4



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PRACTISE YOUR VOCABULARY

1	Westland Bank in takeover bid for ABC Group	4	Takeover may be an all-cash deal worth £1.5 billion
2	Eastern Brothers flotation to go ahead	5	ThinkBIG.com in rights issue
3	Xceed technology hope to raise venture capital	6	Management buyout at Clipper Co.
e	The hostile bid for control will be resisted by the group's Existing shareholders will be able to buy the shares at a 1 Senior executives hope to resist the hostile takeover bid b themselves. The proposed takeover will be paid for in cash, rather that	5% disc y raising	institutional backing to take over the company
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