



Module III. Business

Entrepreneurial
Finance

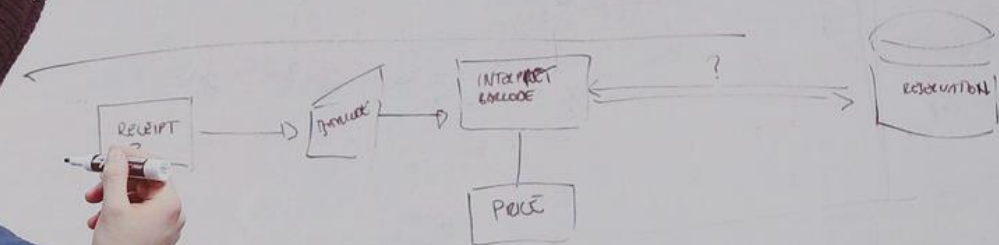
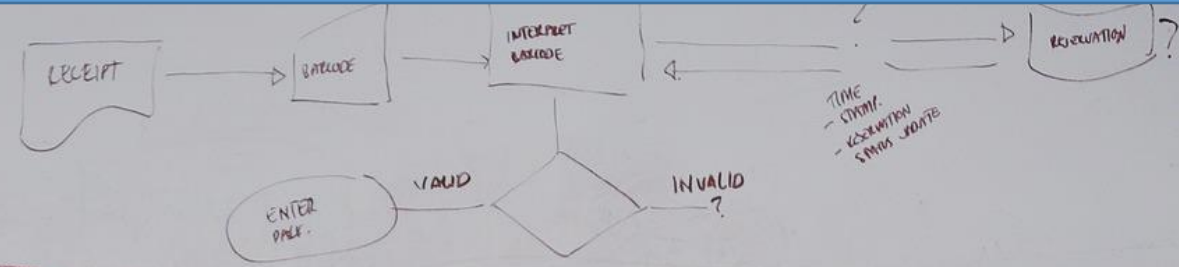
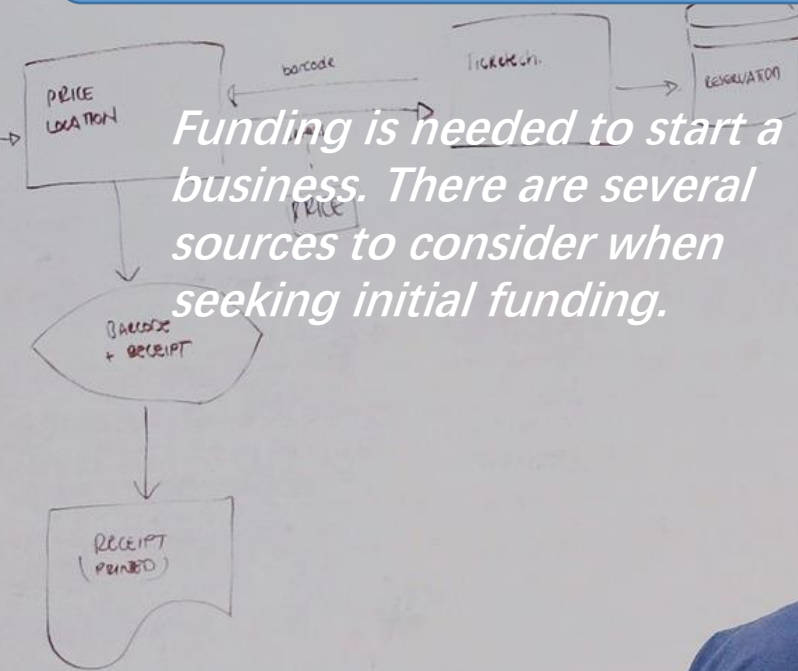
Topic 3. Financing a Business

Lesson 2. Sources of Debt
Financing and Equity Financing



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Funding is needed to start a business. There are several sources to consider when seeking initial funding.



The financial needs of a company are depending on the type and size of the company.



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Once the topic is completed and approved, learners will be able to...



Make a difference between Debt Financing and Equity Financing



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*In this lesson, we
will talk about...*

✓ Debt and Equity Financing



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Sources of Debt Financing

- Property-backed loans
- Unsecured business loans
- Lines of credit
- Factoring
- Banks
- Peer-to-peer (P2P)
- Accounts Receivable Financing
- Merchant Cash



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Property-backed loans

A hand is holding a magnifying glass over architectural blueprints. A small model of a house with a grey roof, red and white walls, and several windows is placed on the blueprints. The background is a warm, brownish-orange color.

Secured by real assets and include mortgages, equipment loans, and inventory loans.

Unsecured business loans

A close-up photograph of a person's hands holding a stack of US dollar bills. The bills are fanned out, showing various denominations including 20s and 100s. The person is wearing a brown sweater and has dark nail polish. In the background, a calendar is visible with a pen resting on it. The overall scene suggests financial management or business operations.

Unsecured business loans, such as term loans, do not require any real assets as collateral and are often used to finance working capital, business expansion, and acquisition.



Lines of credit



Factoring



Banks



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- Peer-to-peer
- Accounts Receivable Financing
 1. Non-recourse factoring
 2. Recourse factoring
- Merchant Cash Advance



SOURCES OF EQUITY FINANCING

Angel Investors

Small Business
Investment Company

Venture Capital

Crowdfunding



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Conclusions

Each option has its advantages and disadvantages that must be taken into account when assessing the financial needs of the company for both its short-term and long-term goals.



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