

Rebecca Dias

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18/182027

BE CMPTA

Q2] A]

- ① Term loans are one of the most popular sources of long-term financing for medium and small companies and are used for purposes such as for business expansion, purchase equipment, land building, managing cash flow etc.
- ② Long term debt with a maturity of more than one year.
- ③ It is obtained directly from banks and financial institutions
- ④ Obtained for financing large expansion, diversification and modernization
- ⑤ Term loans have fixed maturity and repayable over the maturity period in regular payments.
- ⑥ Term loans can be secured or unsecured in nature. Secured loans are the ones where the loan is secured by fixed asset security such as land, building etc.
- ⑦ There is no dilution of ownership and post-tax cost of term loan is the advantage.
- ⑧ The features of term-loans include lower cost of financing, security, repayment schedule in equal or unequal installments, restrictive covenants
- ⑨ Term loans are directly negotiated between borrower and lender and are processed faster compared to other long term source of financing
- ⑩ Borrower need not require credit rating etc. for availing term loan

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- (1) Information regarding delay on term loan servicing is confidential between lender and borrower.
- (2) Interest paid on term loans is tax deductible.

$$000, A1 \ 28 = 870$$

$$000, F1 \ 28 = 870$$

$$000, P1 \ 28 = 870$$

$$000, S1 \ 28 = 870$$

$$000, P2 \ 28 = 870$$

$$11-0 \ 31 \ 1000 \ 11 = 3108 \ 100000$$

will also have no change in price

$$PV(1+i)^t \cdot V1 = V2$$

$$18.018, 01 = 11.1 / 00001 = 170$$

$$1F. 5288, 11 = 11.1 / 00011 = 570$$

$$28.054, 51 = 11.1 / 00051 = 870$$

$$P8.212, 81 = 11.1 / 00081 = 770$$

$$88.942, 88 = 11.1 / 00088 = 770$$