

Chart of difference between Financing Decisions and Investment Decisions

Points of differences	Financing Decisions	Investment Decisions
<p>Meaning</p>	<p>It tells about the source from where the capital can be raised.</p>	<p>The decisions regarding the investment of funds for getting maximum benefits for the firm.</p>
<p>Sources</p>	<p>Owner's Funds include Share capital, Retained earnings. Whereas debentures, loans, bonds are included in borrowed funds.</p>	<p>Long-term capital decision: related to buying Machinery for Production, Purchase Land, and building for expansion. Secondly, Short term capital decisions: related to buying the inventory (Stock), expenses for day-to-day activities.</p>
<p>Funds & Assets</p>	<p>Finance can be raised from the Owner's fund and borrowed funds.</p>	<p>Decisions were taken: related to fixed assets as well as current assets.</p>
<p>Functions</p>	<p>Financing Decisions includes an Inflow of cash.</p>	<p>Investment Decisions include outflow of cash.</p>
<p>Decisions</p>	<p>In financing decisions, how much debt and equity sell, when to pay a dividend.</p>	<p>capital decisions: related to buying the inventory (Stock), expenses for day-to-day activities.</p>