

Finance slp 5 essay

[Business](#), [Accounting](#)



Finance: Introduction Projects or developmental events are fundamental in any organizational set-up and in pursuit of organizational long and short term goals.

These projects or events require funding which may be in the form of current and non-current loans. This article makes reference to AT&T Inc. which is the principal supplier for local as well as long distance telephone services, wireless services and DSL internet access in the US. The organization is currently headquartered in San Antonio Texas, US. Two events have been identified in relation to the company and they are preferred funding source namely; Short term investment which is concerned with strengthening the organization's ability to compete in the video market as the company scales the new video services. Secondly, capital investment in order to provide high quality communication services to customers. Short term investment.

The video market is a highly dynamic segment with highly innovative competitors coming up each day. AT&T is a new entrant and hence as a matter of urgency has to handle this problem in order to remain on the competitive edge in this very profitable segment. Quick source of funding will be needed. This service will be delivered over an expanded fiber network, AT&T U-verse TV services are state of the art. The best source of funding will be suppliers and vendors. This source of funding is the most appropriate due to the following; The equipment and infrastructure used is highly costly and to get the capital necessary for this project using the other current sources such as lines of credit and current notes payable is rather difficult and time consuming.

Most of these supplier and vendors are in the information technology business which AT&T also belongs hence there has been a business relationship in one way or another. AT&T is a reputable business with strong credit rating implying any credit request from the suppliers and vendors has a low chance of being turned down. This source of funding will save the company some company's cash for other related undertakings related to the project such as hiring and training qualified and experienced personnel and offering training programs to the already employed staffs. Capital InvestmentThe corporation must make a significant investment in property, plant and equipment in order to provide high quality services to its customers. However the amount of capital investment is influenced by demand for services and products, continued growth and regulatory considerations. The wire line segment represents the highest proportion of capital expenditures.

The need for this investment is prompted by the emerging opportunities from the changing regulatory system and the acquisition of ATTC and BellSouth. The best source of funding would be the issue of common stocks (ordinary shares). This source of funding is appropriate because of the following;

- Ordinary share holders are the legal owners of a public company.

In other words they carry the outstanding economic value of a company.

- Before the issue of the shares the current shareholders will have to convene their general meeting to discuss over the project. If it seems inconsistent with their goals, it will be voted out. Otherwise, they will

accord support implying a quality decision. Long term strategic decisions require the participation of interested parties. Potential shareholders are part of this. Ordinary shareholders range as unsecured creditors in the event of company being wound up behind secured creditors hence calling for their active participation in any project.

Works Cited AT&T Company Website. www. att. com Available on line at: www. att. com/gen/landing-pages? pid= 3309 Accessed on 01.

06. 07. Larson, Kermit D. Essentials of Financial Accounting Boston: Irwin/McGraw-Hill (1997). Lipkin, Lawrence. Accountant's Handbook of Formulas and Tables.

3rd ed. Englewood Cliffs, NJ: Prentice-Hall (1988). Needles, Belverd E.

, and Powers, Marian. Financial Accounting. Boston: Houghton Mifflin (1998).

Porter, Gary A., and Norton, Curtis L. Financial Accounting. Fort Worth, TX: Dryden Press (1998).;