**Business Finance and
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Business Finance and the Capital Market

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Preface to the Second Edition

There have been a number of developments in the area of business finance during the three years since we completed our drafts for the first edition of this book. The British tax system, never a particularly stable element of the economy in post-war years, has been subjected to several far-reaching reforms some of which will not be fully implemented until 1973. Other important recent events include further large industrial amalgamations, changes in methods of bank credit control, the decision to enter the Common Market, and a generally more rigorous approach to the control of the industrial climate, as evidenced by the government's refusal to bail out Rolls Royce Ltd, the Industrial Relations Act, and increased resistance to high wage claims.

Such events, and the need to bring statistics up to date wherever possible, have made it imperative that a substantial revision should be undertaken so as to maintain our original aim of presenting business finance as a dynamic economic activity in which we are all participators in one role or another.

Since the first edition was published we have written a complementary volume entitled 'Case Studies in Business Finance and Financial Analysis'. This book enables readers to apply many of the principles mentioned in our textbook to actual or closely simulated business situations, and though the two volumes can be used separately, together they form a set providing the theoretical and applied groundwork for a year's course.

K. M.

R. G. B.

Preface to the First Edition

The scope and rationale of this book is discussed at some length in the introductory chapter. Business finance is no longer, if it ever was, an esoteric study, of interest only to a narrow sector of the public. We are all financiers in a small way. We borrow from building societies, banks and hire-purchase companies, and invest in houses, furniture and cars. We provide funds for business and Government through a variety of channels. Financial matters more frequently than ever encroach on to the front pages of our newspapers: mergers, tax measures, Bank rate changes, business failures, international loans — such news items readily capture the headlines nowadays. In spite of a growing public interest there are comparatively few books on business finance which cover the subject as a whole, and we hope that this book will assist practising businessmen to view the subject of finance in a wider perspective than that to which they may be accustomed, as well as provide a useful aid to students in their preparation for examinations.

The syllabuses which are substantially covered by the contents of this book are those in business finance for the final examinations of professional bodies, Higher National Diplomas and Certificates in Business Studies, degree level examinations, and Diplomas and Certificates in Management Studies. To assist the student in tracking down particular topics, there are included, in addition to the usual index, a detailed list of contents at the front of the book, and brief introductory summaries to chapters.

We give some indication of the help we have received from other writers in the footnotes and reading lists, and we thank the publishers and authors of works which have been quoted. Our thanks are also extended to colleagues who have read and criticised certain chapters, and not least to our wives, whose privations during the long silent hours of preparation evoked some penetrating criticisms well beyond the subject of finance.

K. M.

R. G. B.