V

Value: of a tradable item or an asset at a point in time is reflected by the current market price that a buyer is willing to pay for the item or the asset; but over a period of time the real value of the item or the asset is reflected by the constant or the real market price. *(see entries for Book Value, Current Value, Face Value, Future Value, Fair Value, Discounted Value, Nominal Value, Market Value, Par Value, Present Value, Real Value, Realized Value, Time Value of Money)*

Value Added: is the value of firm's output minus the cost of the inputs it purchases from other firms; it is the contribution made by a firm through the production process in the value of goods or services; in this sense, value-added is the market price of the product less the costs of intermediate goods or services, raw materials or cost of semi-finished goods used in production; value added may also be defined as the difference between total revenue of a firm and the input costs of factors of production, because the total revenue of a firm is divided as capital charge including depreciation, rent, dividend payments on equity shares, wages and the costs of materials, services and equipment; although value added and net output are often used synonymously the two are not the same at sectoral level or macro-economic level; net output of an industry is calculated by subtracting the value of materials purchased from all other industries and the value of that industry's sales; but payments for services rendered by other firms, hire of machinery and a few other items like this are not deducted; in this technical sense net output of an industry is distinguished from value-added, where value-added is the contribution of the industry to the gross domestic product (GDP).

Valuation: is determination of value of assets through various methods and accepted procedures of valuation, assessment and appraisal; valuation of securities, companies and businesses, corporation and enterprises for sale, mergers, acquisition or liquidation; assessment of networth.

Valuation of Assets (financial): is the determination of market value of financial assets, or their present value based on asset's life or maturity, stream of interest income, or cash inflow periodically received over the maturity or the holding period of the asset, based on a rate of discount, including both a proxy for risk factor and opportunity cost approximated by long term interest rate.

Valuation of Bond: involves determining present value of the bond based on the coupon rate and face value or par value stated on the bond, and the maturity date of the bond; or the present value of interest payments on the bond discounted by a suitable rate of discount through maturity.

Valuation of Companies, Enterprises: valuation of business concerns, companies or enterprises which may be arrived at by employing two different approaches or a combination of them as listed below.

- ***The Going Concern Approach:*** it is based on the capitalized value of estimated free cash flow or estimated earnings of the company or the enterprise, based on the assumption that as a going concern its business operations essentially remain the same in the same industry and same line of production, and the company is managed and financed essentially in the same manner as before; this assumption may not hold if earnings are based not only on internal resources, but also on the access to credit markets or equity markets, or both.
- ***The Resource Conversion Approach:*** takes into account resource conversion activities of the company or the enterprise in its valuation involving mergers, acquisitions, management buyouts, share purchase, major financing or refinancing of liabilities, reorganization, and spin offs; these resource conversion activities have significant impact on future earnings and are the major source of wealth creation that may not be captured by strict adherence to the going concern approach of valuation.

Valuation of Stock: involves determining present value of the stock through discounting the stream of dividends, even or uneven, by a suitable discount rate for perpetuity, where the discount rate includes the risk factor associated with the stock and an expected rate of return, or the required rate of return; in this sense, the value of the stock is the present value of future dividends or future income on the stock, and may not be the same as the market value of stock traded on a stock exchange.

Valuation Risk: is the risk associated with valuation process and basis of valuation; principal risk in valuation is that the appraised or market value at a certain point in time may turn out to be much less than the value which is actually realized at the time of liquidation of the asset or the collateral.

Variable Rate Loan: is a loan advanced on variable interest rate based on a pre-agreed formula such as prime plus rate or indexed to a key market rate; in contrast to a fixed rate loan where the rate of interest is fixed for the maturity of the loan.

Value Date: in trading, it is the settlement date, or delivery date; in bank accounting entries, it means the date of transaction or date of entry; for customers accounts, it refers to the date on which a transfer of funds or deposit becomes available for use; in foreign exchange, it refers to the date of delivery or receipt of a foreign currency that has been bought or sold in the spot market, which is two business days after the date of deal; in a forward exchange transaction, value date is the maturity date under forward contract.

Variable Budget: is the budget of a company or business based on different levels of activity and performance; a flexible budget.

Variable Cost: is expense that varies in direct proportion to the units produced or level of activity within a given range, such as cost of raw material, wages, variable factory overheads as opposed to fixed cost which remains constant irrespective of change in the volume produced or level of activity.

Variable or Floating Rate Securities: are securities which pay a floating rate of interest and may have varying principal amounts in some circumstances; interest rate on these securities is usually limited to or indexed with major interest rates, and is adjustable under a pre-agreed formula, thus decreasing price volatility of these securities to small interest rate movements.

Variable Rate Deposit: is a deposit or a deposit certificate carrying interest rate tied to a money market rate such as LIBOR, or carrying a yield pegged to a base rate; also called floating rate deposit.

Vault: is a fully protected storage facility in a bank, a strong safe specially designed for safekeeping of valuables of customers, and bank's own cash, notes and securities, and documents.

Vault Cash: is cash in bank's safe or vault to meet routine requirements; the vault cash is kept duly insured, and bank regulations usually treat it as a portion of cash reserve.

Velocity of Money Circulation: is the rate of turnover of a unit of money per period; or the speed of circulation of money per period in an economy expressed as the ratio of total expenditure on final goods and services to the quantity of money, M; expressed as $V = Y / M$, where V is the velocity, and Y is the nominal income, equal to total expenditure on final goods and services in its simplest formulation.

Venture (business): is a risky business undertaking or line of activity with significant risks, known or unknown, involving a new product untested in the markets, or a new manufacturing process based on new technology, or a new type of industrial organization, or entry into a new market, requiring venture capital investors willing to undertake financing of these activities at considerable risks.

Venture Capital: is the finance provided to a high risk company at its start, or at its development stage, or to a business venture, usually in return for equity share in such companies; it may be provided at one of the three stages of financing; start-up financing or seed money to a newly formed company; second-tier or mezzanine level financing to firms showing potential for high growth; and financing of a public offering, where the venture capital firm buys the shares at a public offer.

Venture Capital Financing: is to provide venture capital finance at one of the three stages of a newly established company as listed above; or for a company in turnaround stage; or for backing up new technology; it also refers to financing in high risk companies or projects in expectation of more than normal return and taking equity position in the company.

Violation of Agreement (contract): is non-fulfillment of terms and conditions of a contract; since a contract is a binding agreement between two parties, each of them is required to fulfill their respective part of obligation and to follow the mutually agreed terms and conditions; if the obligation is not fulfilled or the terms and conditions are not complied with, the defaulting party commits a violation of the agreement and the aggrieved party can claim damages for the losses arising out of breach of contract.

Volatility (price): is a swift and significant variation in market prices; or swift changes in the rate of inflation, causing substantial loss or gain depending on the market position taken by a business or an investor.

Voluntary Bankruptcy Proceedings: are legal proceedings that follow a petition filed voluntarily by a debtor under the bankruptcy law, usually with a repayment plan; such a petition automatically prohibits creditors from making efforts for the collection of dues and serves as a relief to the debtor depending on the bankruptcy laws of the country concerned.

Voluntary Deposits: are deposits made at one's own choice with a regulated depository institution or with an unregulated or private deposit-taker; deposits made with an informal or unlicensed deposit-taker in the absence of any guarantee or assurance for the safety of the deposits.

Voluntary Lending: are loans granted on the basis of lender's own judgment and decision, without any specific requirement; loans made to a borrower or sector according to lender's own perception as to the justification or viability of such loans.

Vostro Account: means 'your account'; an account of a foreign bank or correspondent with another bank, usually in the local currency of account-holding bank, or in a hard currency.

Voting Stock: is a share or a common stock in a company that gives the holder a right to vote and exercise proxy; when such a stock is deposited with a custodian, the custodian may be delegated voting rights but the stockholder retains his right to income and dividend.

Voucher: is an internal accounting control document containing key information about a transaction authorizing payment and debit or credit entry to the specified account; certain documents, like paid cheques or remittance instruments, are normally treated as vouchers after due processing and authorization.

Vulnerability (financial): occurs when a company or organization is over-extended in its financial commitments with considerable risks of a down turn, threatening illiquidity or inordinate financial costs of maintaining its operations, or threatening the viability of its business as a going concern.

Vulnerability (investment): occurs if the risks of investments threaten substantial losses of income and original capital invested, such as those caused by over exposure to volatile segments of securities markets, or sudden adverse movements in the prices of shares or stocks; or adverse trends in prices and interest rates affecting the line of business activity of the investor.