

LEVEL 4 BUSINESS – BUSINESS FINANCE

HOMEWORK 1

Question 1

Name the 3 sectors of business according to where they get their funds from: 3

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|  | Funds are from the owners’ investment or from grants or loans |
|  | Funds are from donations and members’ fees |
|  | Funds are from taxes raised from the public |

Question 2

Identify the types of ownership in the private sector from the number or type of owners: 5

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| A licence is required to be purchased which allows that business to operate under the name of the other business. Royalties may need to be paid and the business will have to follow the rules set. |  |
| This type of business is owned by one person, this person makes all the decisions and takes all the responsibility. They can do as they please with the profits but have unlimited liability. |  |
| This type of business is owned by shareholders, but the shares are only sold to family and friends and not on the Stock Market. |  |
| This types of business is owned by shareholders, these shares are traded on the stock market. The profits are shared among the owners, they have limited liability. |  |
| This business is owned by 2-20 people. They have an agreement about work levels and profit share. They have unlimited liability unless they are “sleeping partners”. |  |

Question 3

Why is “retained profit” such an important source of finance for businesses? 1

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HOMEWORK 2

Question 1

What is an “external” source of finance? 2

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Question 2

Classify the following according to whether it is a short term or a long term source of finance. 8

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| Overdraft |  |
| Commerical mortgage |  |
| Trade Credit |  |
| Capital |  |
| Hire purchase |  |
| Long term loan |  |
| Short term loan |  |
| Debenture |  |

Question 3

Give a definition for the following: 5

Trade Credit

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Commerical Mortgage

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Please turn over for the rest of Homework 2

Long term loan

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Overdraft

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Capital

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HOMEWORK 3

Question 1

State 4 things the government will do to help businesses. 4

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Question 2

Why is the government keen to help businesses succeed? 4

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Question 3

Identify at least 2 sites in your local area which have been regenerated from brown field sites. 2

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