3.2 Sources of finance: 10-minute Pack

AQA 8132 · Calculator allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Show your working for any calculation. Harlow Print Co, used throughout this pack, is a fictional business.

1 Which one of the following is an example of an INTERNAL source of finance?

- ☐ A) A bank loan
- ☐ B) Retained profit
- ☐ C) Trade credit
- ☐ D) An overdraft

(Total for Question 1 is 1 mark)

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2 Which one of the following is an example of an EXTERNAL source of finance?

- ☐ A) An owner's personal savings
- ☐ B) Retained profit
- ☐ C) The sale of unused business assets
- ☐ D) A bank loan

(Total for Question 2 is 1 mark)

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3 State two examples of internal sources of finance available to a business.

(Total for Question 3 is 2 marks)

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4 State two examples of external sources of finance available to a business.

(Total for Question 4 is 2 marks)

5 Explain one advantage to a business of using retained profit, rather than a bank loan, to fund a purchase.

(Total for Question 5 is 3 marks)

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Mark scheme · 3.2 Sources of finance: 10-minute Pack

Question 1

B cao **B1**

Answer: B

Question 2

D cao **B1**

Answer: D

Question 3

the owner's personal savings/capital **B1**

retained profit, or the sale of unused business assets **B1**

Answer: Any two, e.g. owner's savings/capital; retained profit; sale of unused assets.

Question 4

a bank loan **B1**

an overdraft, trade credit, a share issue, crowdfunding, venture capital, hire purchase, or a government grant (any one) **B1**

Answer: Any two, e.g. bank loan; overdraft; trade credit; share issue; crowdfunding.

Question 5

identifies an advantage, e.g. no interest has to be paid **B1**

develops the point, e.g. this means the full cost of the purchase does not increase over time, unlike with a loan **B1**

links clearly to an outcome, e.g. this keeps the business's costs lower and protects its profit margin **B1**

Answer: No interest has to be paid, so the cost of the purchase does not increase over time, keeping the business's costs lower and protecting its profit margin.

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