5 Finance for business – Part 1 — Answers

Answers

Work through these after trying the questions yourself.

5.1 Any two of: to start up; to run day-to-day; to grow/expand; to buy equipment.
5.2 The money needed to begin a new business.
5.3 Owner's savings, retained profit, or selling assets (any one).
5.4 A bank loan, selling shares, or an overdraft (any one).
5.5 External.

5.6 Internal: the owner's own **savings** — drawback: the amount is limited and they risk their own money. **External:** a **bank loan** — drawback: it must be repaid *with interest*, raising costs.