

Sources of Finance

Q1 Match the correct reasons with each situation.

Operations, expansion and growth, cash flow problems, start-up cost, day to day cost

a) _____

Ben cookies is going to open another outlet in Kofeikan.

b) _____

A dukan in Nad al Hamar wants to buy inventory for three weeks.

c) _____

Zaina wants to open a café with a play area in Ajman.

d) _____

Murad's café has been facing loss from last three months.

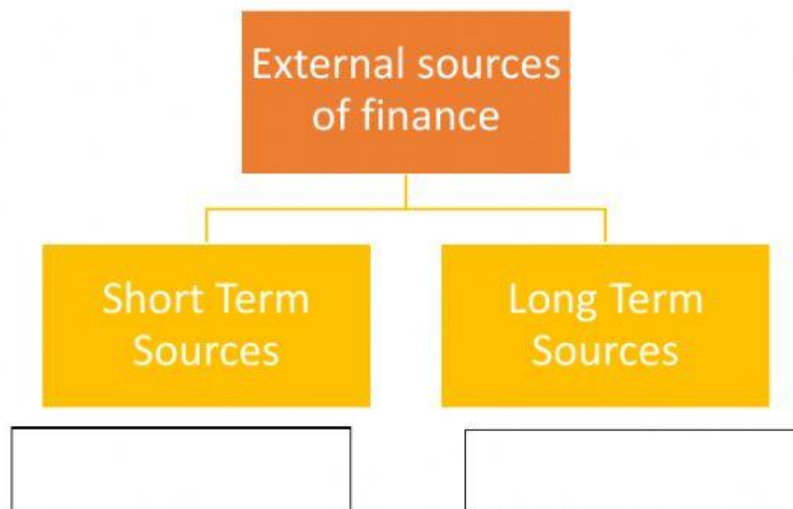
e) _____

A salon must pay salaries and buy supplies for next month.

Q 2 Match internal sources of finance with their meanings.

- | | |
|----------------------------------|--|
| 1. Owner's saving | Using money available for day to day expense |
| 2. Sale of fixed assets | Saved profit of the business |
| 3. Use of working capital | Saving of owner of business |
| 4. Retained Profit | Selling assets of business-like land or building |

Q 3 Complete the information:



Q 4. Sort short term and long-term sources of finance.

Bank loan, bank overdraft, Trade credit, share issue, Leasing, Debt Factoring, Hire purchase, Mortgage

Short Term Sources	Long Term Sources

Q5. Match short term sources of finance with their correct situation.

Short term source	Situation
Debt factoring	A timber supplier sold Dh55,000 worth of timber to a furniture company two months ago. The furniture company has still not paid the bill, so the timber supplier has sold the debt to another company for Dh52,000.
Trade Credit	A fruit and vegetable farm has increased the credit period with its machinery supplier from 30 days to 45 days.
Over Draft	A hair salon has a balance of Dh37,000 in their account. To pay this month's wages, the manager withdraws Dh42,000.

Q6. Match short term sources of finance with their correct situation.

Long Term Source	Situation
Bank Loan	Meer wants open another branch of his smoothie store and wants a loan.
Mortgage	Zahra wants to build a house.
Hire -Purchase	Janny wants to buy some new machines for her salon.
Leasing	Dana is looking to get an apartment for four years.
Share Issue	Khaled is looking for investment for his import and export business with profit sharing.