

## 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 Kofarkan.

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.

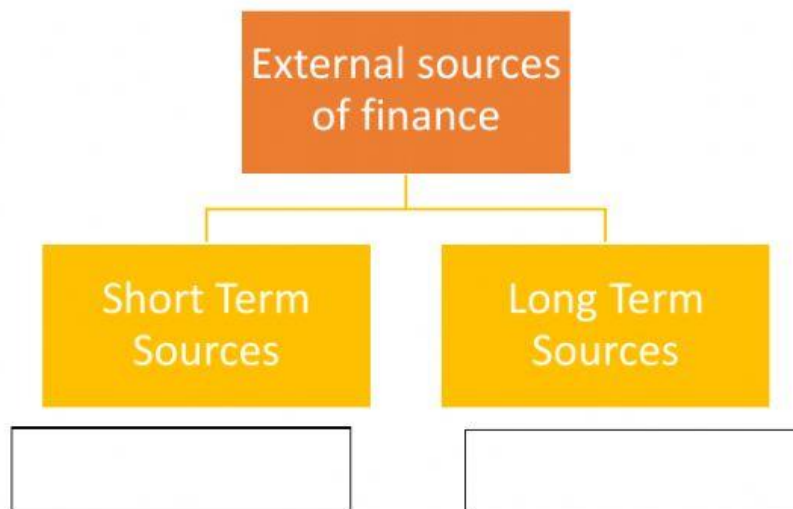
e) \_\_\_\_\_

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

Q 2 Match internal sources of finance with their meanings.

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|----------------------------------|--|
| 1. <b>Owner's saving</b>         | Using money available for day to day expense     |
| 2. <b>Sale of fixed assets</b>   | Saved profit of the business                     |
| 3. <b>Use of working capital</b> | Saving of owner of business                      |
| 4. <b>Retained Profit</b>        | 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
<b>Debt factoring</b>	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.
<b>Trade Credit</b>	A fruit and vegetable farm has increased the credit period with its machinery supplier from 30 days to 45 days.
<b>Over Draft</b>	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
<b>Bank Loan</b>	Meer wants open another branch of his smoothie store and wants a loan.
<b>Mortgage</b>	Zahra wants to build a house.
<b>Hire -Purchase</b>	Janny wants to buy some new machines for her salon.
<b>Leasing</b>	Dana is looking to get an apartment for four years.
<b>Share Issue</b>	Khaled is looking for investment for his import and export business with profit sharing.