**AS Business Studies**

**Raising Finance**

***Scenario: You are working as a small business advisor for Business Link. You have the following clients scheduled for meetings today. All of your clients are seeking finance but are unsure on the best sources to use to raise it. You must prepare for the meetings using the following table, in order to advise them:***

|  |  |  |
| --- | --- | --- |
| **Client and Need** | **Suggested Source of Finance** | **Reasons for Choice of Sources of Finance** |
| 1. A newsagent needs to cover expenditure over a short period of time. She is expecting high sales at the end of the month. |  |  |
| 1. A new business in a high tech market is looking for £100,000 to fund expenditure on equipment. The business is looking for an innovative solution to house design which will reduce fuel consumption. The owner is willing to consider giving up some control of the company. |  |  |
| 1. A dry cleaners needs to update its equipment following a series of breakdowns which have damaged its reputation. It expects the new equipment to cost approximately £30,000 and have a useful life of about 5 years. |  |  |
| 1. A self-employed builder needs a new van. |  |  |
| 1. An unemployed woman aged 23, is hoping to set up a business designing and making greeting cards from her home. She has no finance of her own, and has been turned down by a number of high street banks. |  |  |
| 1. A very successful, profitable business selling sports cars wants to expand and purchase a second showroom. The owner is unwilling to consider giving up any control of his business. |  |  |
| 1. Two brothers operate a partnership which does loft conversions. They are looking to expand in order to do a wider range of construction work. |  |  |

**Tasks:**

1. **Complete the table above, explaining your choice of source of finance in each case.**
2. **Explain the potential benefits of becoming a LTD company and obtaining share capital to the partners in business G.**