

Profitable, but out of cash? Business finance and sources of finance

AS Level 5.1 Business finance · 5.2 Sources of finance

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Running case: Wahat Foods, Dubai · 60 minutes

How this topic is examined

Paper 1 • Business concepts • 40 marks

Define the term liquidation / overdraft [2]

Explain one reason why working capital matters [3]

Analyse one effect of high working capital [5]

Essay: Analyse [8] • '...' Evaluate this view [12]

Paper 2 • Business decision-making • 60 marks

Explain the term working capital [3]

Calculate working capital or profit [3]

Analyse an advantage and a disadvantage of... [8]

Evaluate the most important factor in choosing... [12]

Typical questions on this topic

Define the term capital expenditure. [2]

Explain two reasons why a business might use an overdraft. [3]

Analyse two advantages of sale and leaseback. [8]

Analyse two factors which may influence the choice of finance. [8]

'A large bank loan is the most appropriate source...' Evaluate this view. [12]

By the end of this lecture you can...

- 1 Explain why businesses need finance, short and long term.
- 2 Distinguish cash from profit, and explain business failure.
- 3 Explain working capital and how to manage receivables and payables.
- 4 Distinguish capital and revenue expenditure.
- 5 Explain how ownership affects the finance available.
- 6 Compare internal and external sources and choose a suitable one.

END OF PREVIEW

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