NAME: TARGET GRADE:\_\_\_\_\_\_\_\_\_\_ Date:

**STARTER**

**Key Words**

Retained Profits

Service

Collateral

Run

Assets

Grow

Risk

Start

Product

**Sources of Finance**

Venture Capital

Owners Funds

Government Grants

Mortgage

Overdraft

Bank Loan

Issuing Shares

Three reasons why businesses may need finance are to ­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a business, \_\_\_\_\_\_\_\_\_\_\_ a business or the help a business \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

New businesses find it difficult to raise finance because they have evidence that their \_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ will succeed. The business may not have any \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ which the bank could use as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ against the loan and sell if the business struggled to make repayments.

Investors/ lenders are put off by the \_\_\_\_\_\_\_\_\_\_\_ that the start-up may fail. If that happens, the owners may be unable to repay borrowed money.

|  |  |
| --- | --- |
| **Source of Finance** | **Description** |
|  | Money put into the business by the owner  |
|  | The bank allows the business to draw more money from their bank account than they actually have in it |
|  | An amount of money is borrowed from the bank, then repaid (with interest) over a set period of time |
|  | A share in the business is sold to an individual or another business. This money then used to purchase new assets  |
|  | Money given to the business by the government.Used to help finance new projects – especially those that create new jobs  |
|  | Finance invested in small, risky business e.g. new business start-ups by experienced and wealthy entrepreneurs |
|  | Long term loan provided by a bank in order to buy property |

**Extension Activity**

Write a killer question about sources of finance to ask your table for the end of the lesson:

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