

REVIEW QUESTIONS

Chapter 1: Small Business in Australia

1. Explain the best source of finance for the purchase of a motor vehicle.
2. A partnership business is expanding its operations from one shop front, to five. Describe three possible sources of finance for the expansion and give the advantages and disadvantages of each one.
3. Compare the main advantage and main disadvantage of venture capital finance from the point of view of a small proprietary company.
4. Explain the difference between hire purchase and leasing to a small business owner.
5. Clearly explain the best source of finance for each of the following business situations:
 - A sole trader seeking to purchase a motor vehicle.
 - A partnership wanting to buy a building.
 - A small proprietary company investing in a marron farm.
6. Define a "sole trader" business and explain the liability of the owner for the debts of the business.
7. Which type of business undertaking would be most suitable for the formation of each of the following businesses? Give reasons.
 - Coffee shop
 - Furniture manufacturer
 - Home hairdressing service
 - Web page designer
8. A business owner is considering purchasing blue chip shares. Explain the relationship between risk and return with regard to this investment opportunity.
9. Outline the main advantage and main disadvantage of each of the following sources of finance, then classify them as short, medium or long-term.

SOURCE OF FINANCE	MAIN ADVANTAGE	MAIN DISADVANTAGE	TIME PERIOD
Credit card			
Mortgage			
2 year loan			
Family			
Hire Purchase			