Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- any **two** of: start up / expand / working capital / survive a cash-flow problem (K, K)

2.2

- any **two** of: retained profit / sale of assets / owners' savings (K, K)

2.3

- a **loan**: a fixed sum repaid with interest over time (K)
- an **overdraft**: the account can go below zero for short-term needs (K)

3.1

- any **two** of: bank loan / overdraft / new shares / leasing / hire purchase / trade credit / crowdfunding / grants (K, K)

3.2

- for **each** of two factors: K + An, max 3 each
- e.g. **amount and time**: a large, long-term need → a long-term loan, not an overdraft
- e.g. **cost**: high interest raises costs → a cheaper source is better if available

3.3

- **for a loan**: large sum, repaid over the machine's life, owner keeps control
- **against**: interest, repayments even in a bad year, unlimited liability
- **judgement (Ev)**: a loan suits a large long-term purchase if repayments are affordable; leasing if cash is tight