

1 Avatar owns a car repair business which operates in the private sector. It is a small business with 2 full-time employees. Avatar wants to find out the best way for a business to increase added value. Avatar's business needs finance for many reasons. Avatar wants to know how an economic recession might affect his business.

(a) Identify **two** features of a private sector business.

Feature 1:
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Feature 2:
..... [2]

(b) Identify **two** reasons why a business might remain small.

Reason 1:
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Reason 2:
..... [2]

(c) Outline **one** reason why Avatar might need each of the following types of finance:

Short-term finance:
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Long-term finance:
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..... [4]

(d) Explain **two** ways an economic recession might affect Avatar's business.

Way 1:
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Explanation:
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Way 2:
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Explanation:
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..... [6]

(e) Explain **two** ways a business can increase added value. Which is likely to be the best way for a business to use? Justify your answer.

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..... [6]