1. (a) Noel Forster of Noel’s Driving School is a sole trader. He needs to buy a new car so he can teach his clients how to drive.  
   Which one of the following is the most appropriate: (1)
2. Overdraft
3. Debenture
4. Share Capital
5. A bank loan

Answer [ ]

(b) Explain your answer. (3)

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Following her success with Adina, Magatte decided to set up another company, Tiossan. Tiossan is a returnto her original dream to bring more of her native Senegalese culture to the US market. Her vision is to share her culture with the West, hoping Senegalese people will learn to value their own culture.

Tiossan has been described in some media as a high-end skincare products manufacturer. When asked to define ‘high end’, Magatte states “I spend many hours working on my recipes to perfect the look, feel, performance, and scents of my products. I search for the best ingredients from around the world, to find suppliers who produce the best quality.

I’ve spent thousands of hours working on my designs, my brand, and my message, and constantly refine them.”

Magatte has mostly self-funded Tiossan along with a few carefully selected outside investors who are also deeply committed to the Tiossan vision.

Part of that vision is to support Tiossan’s ‘Bottle of Ambition’ project, which devotes 10% of profits from every beauty product sold to creating innovative business schools in Senegal.

Magatte states “The newly rich in China, Brazil and India want to buy luxury products and they are keeping older brands, like Chanel, alive. Soon, they will want to buy Tiossan.

The aim is to make sure that people really like the scents, the textures, the packaging, so we are talking to potential customers. Customers are trying the new products on their skin to find out for themselves. Product trials are taking place. Top branding firms stuck to the old ways of designing Africa in traditional colonial, safari or tribal styles.

People are looking at Tiossan’s product design and say this is an entirely new design. You can see that there is something exotic about it. Innovative product design is bringing new meaning to Contemporary Africa.”

1. Adina was originally started with $2m raised from Magatte’s family and friends. Explain why raising funds in this way was a suitable source of finance for Magatte to start *Adina*.

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**Evidence B** Boris signs £1bn deal to regenerate the Royal Albert Dock

The deal with ABP will create London’s third major business district and is expected to generate £6bn for the UK economy. The development will include 2.5 million square feet of office space, plus retail and leisure facilities.

The first tenants are expected to move in from 2017. Mayor Johnson states the area’s development will create “tens of thousands of jobs and billions of pounds of investment for the UK economy.”

City Hall says ABP will work with UK developer Stanhope and architects Farrell to develop an initial 600,000 square feet and that ‘strong interest’ has been shown by Chinese companies and banks looking for a European presence.

ABP chairman Xu Weiping says, “This project will be hugely significant for both Chinese and UK economies. My vision is to develop a world class international business district which will initially target Asian businesses to help them secure a destination in London, which in China is seen as the gateway to both the United Kingdom and the wider European economy.”

(b) Assess why the use of retained profits might be a suitable source of finance for the Royal Albert Dock project.

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1. (a) Maria Johansson Bayindir, owner of the jewellery business Maris Sal, always buys her materials from the same local suppliers.  
   Which one of the following would be the (1)
2. Trade Credit
3. Debentures
4. Share Issue
5. Commercial bank loan

Answer [ ]

(b) Explain why this is correct. (3)

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1. (a) Jim and Jean Richards are proprietors of a small, established, independent grocery store in Cornwall. They are planning to expand their stock levels. Which one of the following would be the most suitable method of finance for the activity above? (1)
2. Debentures
3. Issue of Share Capital
4. Trade Credit
5. Commercial bank loan

Answer [ ]

(b) Explain why this is correct. (3)

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