

Task 1

Business, Marketing



task 1 1. 1 Identify what sources of finance are available for a new business.

1. 2 Asses the implications of different sources by considering the following 3 implication: a) tax effects. b) ownership and control of different sources. c)

Evaluate appropriate sources of finance for a business project 1. 1 * The purchase of plant & machinery, office equipment etc. * Renting or buying premises and offices (e. g. the first 3 months' rent may need to be paid in advance) * Essential business services such as insurance * The purchase of stocks of raw materials and components to allow production to start * The wages and salaries of the first employees to join the business (who may be needed before any goods or services are actually sold) * To provide financial cover whilst the business waits for customers to pay. * Renting or buying premises and offices (e. g. the first 3 months' rent may need to be paid in advance) 1. 2 a)Effective business tax planning relies on understanding what taxes apply - and how to minimize them. You need to look not only at

business taxes, but the effect on your overall tax position. b)As the business grows, the role of the business owner will change and adjustment to the functions, structure and roles of the company's personnel will need to be made. Sometimes this is not easy for the business owner to do. The original tasks or duties that he/she carried out, and may have felt comfortable doing, may need to be taken on by others. Or, the business owner may not have the opportunity to use his/her original skill or competence that made the business grow in the first place as he/she takes on other responsibilities including paperwork and administration. This can often be a source of frustration. At the same time, the business owner must learn how to give up control and let others take over certain responsibilities in the business. The

business owner cannot do everything, and trying to pretend that he/she will only stifle the growth of the business, and may lead to staffing problems. In some instances, a business owner may have to step aside as the CEO or MD to allow others with more appropriate skills to run the business. Very few, if any business owners, have all the skills needed to effectively run a business, particularly as the issues become more complex. Business owners need to recognize this and seek advice and training to overcome deficiencies and skill up for the future. Specialist skills may need to be brought into the business through consultants or certain functions may need to be outsourced. Recognizing weakness is important in self-development and working to improve skills will greatly benefit the business in the long run. Finally, as the business grows and new structures come into place, business owners can often feel isolated as they have no one to talk to about business issues and problems. Many small businesses cannot afford the luxury of having someone else, besides the owner, in a senior managerial role leaving the business owner with no one to talk to about key issues and problems. In this instance, it is a good idea to find mentor, either paid or someone you know and respect from business or a trusted peer that can listen and provide you with advice and guidance. There are also business support networks that bring together business owners to discuss issues and provide advice. Many business owners find these very helpful, and these forums not only help with personal development, but can aid in your business growth through contacts made. c) Finance is essential for a business's operation, development and expansion. Finance is the core limiting factor for most businesses and therefore it is crucial for businesses to manage their financial resources

properly. Finance is available to a business from a variety of sources both internal and external. It is also crucial for businesses to choose the most appropriate source of finance for its several needs as different sources have its own benefits and costs. Sources of financed can be classified based on a number of factors. They can be classified as Internal and External, Short-term and Long-term or Equity and Debt. It would be uncomplicated to classify the sources as internal and external