

Business Cash Flow and Finance

CHAPTER 24

Worksheet 2: Multiple Choice

Sources of Finance

Study the questions below and select the correct answer from the four possible answers given.

1. Which of the following is a short-term source of finance?

Retained earnings

☐

Trade creditors

☐

Leasing

☐

Term loan

☐

2. Which of the following is a medium-term source of finance?

Bank overdraft

☐

Long-term loan

☐

Hire purchase

☐

Sale and leaseback

☐

3. Which of the following is a long-term source of finance?

Government grant

☐

Term loan

☐

Accrued expenses

☐

Equity capital

☐

4. Which of the following sources of finance would you most likely use to purchase a new motor vehicle?

Sale and leaseback

☐

Bank overdraft

☐

Term loan

☐

Trade creditors

☐

5. Which of the following would be regarded as a free source of finance?

Bank overdraft

☐

Leasing

☐

Accrued expenses

☐

Term loan

☐