

FINANCE FOR GROWTH

Key Revision Facts: GCSE Business

Capital found from within the business is called an internal source of finance, where capital found from outside is an external source of finance. Funding sources for business growth:

Internal Sources of Finance

- **Retained Profits**

Retained profits are profits held back in the business for reinvestment rather than being issued as dividends.

- **Sale of Assets**

Selling unwanted assets, such as machinery and equipment.

- **The Owner's Saving**

The business owners can invest their own savings.

External Sources of Finance

- **Loan Capital**

Money can be borrowed from a bank and paid back in installments.

- **Share Capital**

Private limited companies can raise capital by selling private shares.

- **Stock Market Floatation**

Public limited companies can raise capital by selling shares to the public.