

Parveen Baji lives in Pakistan. She has nine children and she used to ask neighbours for food to help feed them all. All it took to turn Parveen's life round was a \$70 loan from the Kashf Foundation. The loan allowed her to start a jewellery making business which quickly took off. Now she also owns a restaurant and a catering business that employs eight people. She has repaid the original loan and interest on it. She is able to pay for her children to go to high school and college. 'Micro-finance has changed my life' Parveen says.

- a) Why do you think that traditional banks would not lend Parveen money for her business?
- b) Explain the benefits that this example of micro-finance has given to Parveen, her family and her country.

Paul's taxi business has now been operating for two years. He wants to expand by buying another taxi and employing two drivers on a shift system.

- a) What source of finance is suitable for Paul's business?
- b) When would you advise Paul to take out a bank loan to expand his business?

Company A is a Private limited company that sells fashion clothing. It needs \$15,000 to decorate its shop.

- a) Advise Company A on the source of finance that would be suitable.
- b) Explain why you would choose this source rather than the other sources.

Company B owns three restaurants. It plans to take over another restaurant company and offers \$5 million. Company B already has a large bank loan.

- a) Advise Company B on the source of finance that would be suitable.
- b) Explain why would you choose this source rather than the other sources.