



Worksheet 8: Developing advantages and disadvantages

Complete the following tables for the given business scenario. Use the scenario to make sure the development is in context.

- 1 Hamid and Jamila have been in partnership for several years and do not have a partnership agreement. They do not maintain full accounting records. Analyse one advantage and one disadvantage to Hamid and Jamila of not maintaining full accounting records.

Advantage	Disadvantage

- 2 Hamid and Jamila have been advised that their business could be improved if they were to keep full accounting records. They are considering two options.

Option 1: To employ a part-time book-keeper at a salary of \$5000 per year.

Option 2: To purchase a new computerised accounting package to maintain all the financial records. This will cost \$12 000 and will be written off over 5 years.

Hamid has said he will loan \$12 000 to the business but will require interest of 5% per year on the loan. Analyse one advantage and one disadvantage of using a computerised accounting package to maintain all financial records.

Advantage	Disadvantage



- 3** Sergio's bank manager has asked him to repay the overdraft within the next three months. Sergio has identified two possible options.

Option 1: Miguel, a close friend, would provide Sergio with a loan of \$10 000 repayable in five annual instalments of \$2500.

Option 2: Sergio could take a seven-year bank loan from another bank for \$16 000. This bank would require annual interest of \$1000 and security for the loan.

Analyse one advantage and one disadvantage of taking a seven-year bank loan from another bank to pay his overdraft within the next three months.

Advantage	Disadvantage