ACCOUNTING 1 CASE STUDY

Outcome 1:
Describe the resources and explain and apply knowledge and skills to set up a small business

The following tasks are the School Assessed Coursework for Outcome 1.
You must complete and submit all the tasks by the due dates (loss of 5 marks per day if work is late) to satisfy the requirements of Outcome 1 to obtain an S for this outcome.
You must also complete any class exercises on time and complete test questions in class.

PART 1

Relevant Chapters 1, 10 (You must use other sources)

NAME______________________________________________________________

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DUE DATE:

QUESTION AND ANSWER BOOK

Nigel Nerd is a highly skilled computer technician who has always had an interest in computers. He has worked for the past five years for a local business looking after all of its IT section. He is also responsible for buying all of the computer related supplies for the business. Nigel always thought that the prices charged for computer supplies were very high. He thought that if he was able to import items from overseas he could sell them to local business at a profit and undercut any competition. Nigel is unsure of how to start and structure the business to give it the best chance of success.

Question 1

a Define small business and outline two small business characteristics.

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3 marks

b Outline two personality characteristics Nigel would need to have in order to be successful.

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c **Outline** two reasons why people leave paid employment to start their own business.

4 marks

d **Outline** one advantage of being a sole proprietor.

4 marks

e **Outline** one disadvantage of being a sole proprietor.

2 marks

**QUESTION 2**

Nigel is having second thoughts and is trying to decide if he wants to commit to owning and operating a small business. The three main alternatives available to Nigel are cash, shares or property. Discuss the benefits and risks of each alternative to running a small business.

**Alternative One: Property**
Alternative Two: Shares

5 marks

Alternative Three: Cash

5 marks
5 marks

Total /15 marks

Total: /30 marks Part 1