THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

TEAMWORK	
7.	True or False? Leasing is considered to be renting.
6.	True or False? Commercial paper is usually backed by collateral.
5.	An agreement that allows a company to obtain additional loans, up to a set amount, without a new loan application is called? a. line of credit b. commercial paper c. accounts payable d. promissory note
4.	A common advantage of equity is a. interest payments are tax deductible b. no increased risk of bankruptcy c. a lower required cost of capital by investors d. use of someone else's money
3.	Which of the following is not considered to be short-term credit? a. line of credit b. promissory note c. mortgage d. commercial paper
2.	How does leasing differ from other financing activities?
1.	What are the main types of short-term financing used by companies?

Discuss in pairs or small groups and then write your conclusions below.

8. In your team, describe several situations in which an organization might lease an item rather than buy it.