**Interest Rates Research Task**

You have decided to proceed with your business idea. You need to buy premises that will allow you to sell your product / service to members of the public. You need to buy either a shop or a warehouse in the London area. You have found a bank that will offer you a fixed interest rate loan at 5%, to be repaid over a period of 10 years. You now need to decide what type of premises you need for your shop and work out how big a loan you will need.

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| **Brief description of your business idea and why you need a loan?** |
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| **What type of premises do you need and why?** |
| **Small Shop / Large Shop / Small Warehouse / Large Warehouse (highlight/circle one)****Explanation:** |

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| **Key financial information**  |
| Total value of property: £………………………….Total deposit needed (typically 20% of value of property): £…………………………….Total loan taken out: £………………………………**Interest rate of loan taken out:****How many years will it take to pay back loan? ………………….****Ext questons** How much interest will you be paying per year? £………………………….How much interest will you pay back overall? £…………………………How much will you pay back overall? (add the total interest to the loan amount) £………………………………What will your total monthly repayments be? £………………………………. |

**Ext: Explain why it is important for your business to secure the lowest rate of interest possible (answer in the style of a 6 mark question)**

**Notes to help you:**

**Types of Property**

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| **Small Shop** |
| **Usually contains a shop floor plus a small back room for stock****Total Property Value of around £500,000, meaning that you will need to take out a loan of £25,000 to cover the deposit.** |

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| **Large Shop** |
| **Usually contains a shop floor plus a back room and a basement for larger amounts of stock****Total Property Value of around £1,000,000 meaning that you will need to take out a loan of £50,000 to cover the deposit.** |

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| **Small Warehouse** |
| **Suitable for those who want to distribute small-medium sized goods e.g. mobile phones, clothes, shoes****Total Property value of around £2,000,000 meaning that you will need to take out a loan of £100,000 to cover the deposit.** |

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| **Large Warehouse** |
| **Necessary for those who want to sell larger goods, e.g. automobiles, home gyms.****Total property value of at least £5,000,000 meaning that you will need to take out a loan of at least £250,000 to cover the deposit** |