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4. **Column 1** is a list of finance terms. **Column 2** is a list of possible explanations for these terms. (One explanation does not refer to any of these finance terms.)

Column 1: terms		Column 2: explanations	
1.	Leasing	A.	A facility on a current account that allows you to access funds to an agreed limit above your actual balance.
2.	Hire Purchase	B.	A financial contribution given by an organisation for a specified purpose, provided certain conditions have been met.
3.	Overdraft	C.	Selling a trade debt to a third party at a discount.
4.	Grant	D.	Purchasing an asset by instalments over time.
5.	Trade Credit	E.	Renting an asset but never owning it.
		F.	Receiving goods from suppliers and paying for them later.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

2

5. Study the cash flow forecast below and fill in the figures represented by the letters A, B, C, D and E.

Cash flow forecast for Intenso Ltd, for the 3 rd quarter of 2017				
	July (€)	August (€)	September (€)	Total (€)
Total Receipts	20,000	A=	12,000	57,000
Total Payments	14,000	17,000	15,000	46,000
Net Cash	6,000	8,000	B=	C=
Opening Cash	5,000	11,000	19,000	D=
Closing Cash	11,000	19,000	16,000	E=

9. (a) Explain the term 'Short-term finance'.

- (b) Illustrate a business situation where 'short-term finance' **would** be appropriate.

- (A) Read the information supplied and answer the questions which follow.

Sarah Fleming is a wedding dress designer and has worked for over 20 years in the bridal and clothing industry. She specialises in creating unique wedding dresses with an emphasis on personal service. Business is good and Sarah has applied for a bank loan of €10,000 to finance expansion.

- (i) Name the type of production process used by Sarah.
(ii) Outline **two** challenges for Sarah of this type of production process.
(iii) Discuss **two** implications for Sarah of changing to another type of production process. (25 marks)
- (B) Outline **three** factors that Sarah's bank may consider when assessing her bank loan application. (15 marks)
- (C) (i) Explain the term 'short-term finance'.
(ii) Outline **two** sources of short-term finance Sarah may consider to meet her working capital needs. (20 marks)
- (60 marks)**

Read the information supplied below and answer the questions which follow.

Marie Nolan is the owner of 'Marie's Pizzas' a successful pizza restaurant with a home-delivery service. Demand for take-aways has increased, as more people are eating at home due to the economic downturn. Marie is planning to expand her business through franchising and her accountant recommends that a business plan should be prepared before going ahead.

- (A) Evaluate franchising (benefits and risks) as a method of expansion for the Pizza business. (20 marks)
- (B) Outline **two** benefits to 'Marie's Pizzas' of preparing a business plan. (10 marks)
- (C) (i) Discuss the factors that should be considered when choosing between different sources of finance.
(ii) Analyse **two** appropriate sources of finance for acquiring an additional delivery van at 'Marie's Pizzas'. (30 marks)
- (60 marks)**

