Top of Form

|  |  |
| --- | --- |
| 1. | Which of these do you put in a business plan? |
| |  |  | | --- | --- | |  | 1. Management | |  | 1. Marketing | |  | 1. Finance | |  | 1. All of the above |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 2. | Which of these would be in the marketing section of a business plan? |
| |  |  | | --- | --- | |  | 1. The age of consumers | |  | 1. The responsibilities of each manager | |  | 1. The suppliers of raw materials | |  | 1. The source of funds |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 3. | Which of these could be used to prepare a cash flow? |
| |  |  | | --- | --- | |  | 1. A word processor | |  | 1. A database | |  | 1. A spreadsheet |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 4. | Profit is not the same as cash. |
| |  |  | | --- | --- | |  | 1. true | |  | 1. false |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 5. | What do you call a business with a temporary shortage of cash? |
| |  |  | | --- | --- | |  | 1. Cash flow | |  | 1. In Surplus | |  | 1. Bankrupt | |  | 1. In Deficit |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 6. | What can a business do to plan for cash shortages? |
| |  |  | | --- | --- | |  | 1. Ask for payment in instalments | |  | 1. Try to buy materials on credit from suppliers | |  | 1. Negotiate an overdraft with the bank manager | |  | 1. All of the above |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 7. | Match the four headings with a relevant part of a business plan. |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Management |  | a. | The labour requirements | |  | Marketing |  | b. | The competitors | |  | Finance |  | c. | The experience of the managers | |  | Production |  | d. | The source of funds | |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 8. | A cash is a plan of company receipts and payments. |
| |  | | --- | |  |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 9. | A company has total receipts of €7,900 and total payments of €6,620. If the opening cash is €950, what is the closing cash? |
| |  |  | | --- | --- | |  | 1. €950 | |  | 1. €330 | |  | 1. €1,280 | |  | 1. €2,230 |   http://www.etest.ie/AfcIcon/Icons/Blank.gif | |
| 10. | Match the following words and phrases. |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Management |  | a. | Costs of running a business | |  | Instalment |  | b. | Paying part of a debt | |  | Finance |  | c. | Money needed to run a business | |  | Overheads |  | d. | Those in charge of a firm | | | |

11 A business plan is a:

(a)A formal document setting out the firm’s projected profit for future years

(b) A formal document outlining the firm’s detailed applications for planning permission

(c) A plan drawn up by the promoters of a company to be lodged with the Registrar of Companies

(d) A formal document that describes the present status of a business identifies clear goals for its future development and lays down methods by which the goals are to be achieved

12 One of the following would **not** be included in a normal business plan:

(a) The financial details of the business

(b) The business’s sales promotions policy

(c) The birth certificates of the directors

(d) A brief description of the products sold by the business

13 **Cost of financing the expansion of a firm is €1,000,000.**

The firm has its own cash reserves €300,000 and will receive a grant of €100,000 from the EU. The balance is to be raised by issuing shares. The value of the shares to be issued is:

(a) €200,000

(b) €400,000

(c) €600,000

(d) €800,000

14 A fixed cost is:

(a) Any cost decided by the government

(b) Any cost that does not change as the volume of goods produced or sold changes

(c) Any cost that will never change

(d) Any opportunity cost

15 A variable cost is:

(a) Any cost decided by the trade unions

(b) Any cost that is always changing

(c) Any cost that changes as the volume of goods produced or sold changes

(d) Any cost of production

16 A cash flow forecast:

(a) Is a business’s estimate of the future timing and source of its income and the future timing and nature of its expenditure

(b) Is a business’s estimate of future profits

(c) Is a business’s estimate of the amount of cash it will need for advertising

(d) Is a business’s estimate of its future costs of production

17 The following is an extract from a firm’s cash flow forecast

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Jan** | **Feb** | **March** | **April** | **May** | **June** | **Total Jan−June** |
| Net Cash | ? | 16,750 | 24,600 | 29,700 | 17,900 | 19,650 | 123,600 |
| Opening Cash | 4,000 | 19,000 | 35,750 | 60,350 | 90,050 | 107,950 | 4,000 |
| Closing Cash | 19,000 | 35,750 | 60,350 | 90,050 | 107,950 | 127,600 | 127,600 |

The net cash in January is:

(a) €5,000

(b) €10,000

(c) €15,000

(d) €20,000

18 The following is an extract from a firm’s cash flow forecast:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Jan** | **Feb** | **March** | **April** | **May** | **June** | **Total Jan−June** |
| Net Cash (A – B) | 4,700 | 5,000 | 4,650 | (35,100) | 12,550 | 12,650 | 4,450 |
| Opening Cash | 1,500 | 6,200 | 11,200 | 15,850 | (19,250) | (6,700) | ? |
| **Closing Cash** | **6,200** | **11,200** | **15,850** | **(19,250)** | **(6,700)** | **5,950** | **5,950** |

The opening cash in the column “Total Jan–June” is:

(a) €500

(b) €1,500

(c) €2,500

(d) €5,950

19 A cashflow forecast can help a business with

1. Cash shortages
2. Plan for seasonal changes in business
3. Apply for bank loans and overdrafts
4. All the above

20 A deficit in a cashflow forecast is a problem for businesses. Normally a business uses which type of finance to help solve this problem:

1. A long term loan
2. Leasing
3. Bank Overdraft
4. Investor capital

|  |  |
| --- | --- |
| Terms | Explanations |
| **Managers** | They will look at profits with a view to requesting future pay increases if the company is performing well. Employees will always be concerned with the long-term prospects and finances of the company – because they want job security and stability. |
| **Shareholders** | They will check on the financial performance of rivals. This will give competitors an indication of which companies are doing well and doing badly. |
| **Creditors** | They will worry about sales, expenses and cash-flow and assets and liabilities.  They will use the information to make correct decisions. |
| **Banks** | These people provide goods on credit (buy now – pay later) and expect to be paid on time. |
| **Employees** | The Revenue Commissioners will look at the firms finances in order to make sure that the firm is paying the correct taxes. |
| **Competitors** | They will look at the firm’s financial records to see how their investment is doing. They will be particularly interested in profits, dividends and retained earnings. |
| **Government** | They will analyse the risks in the firm and will look at collateral/security and the businesses ability to repay loans. |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| A | B | C | D | E | F | G | H | I | J |
|  |  |  |  |  |  |  |  |  |  |

Bottom of Form