

## Lesson Element

### Cash Flow

## Instructions and answers for teachers

*These instructions should accompany the OCR resource 'Cash Flow Forecast' activity which supports OCR A Level Business.*

The screenshot shows a document titled 'A LEVEL BUSINESS Lesson Element Benefits and Limitations'. It includes a 'Think' section with a list of benefits and limitations, a 'Research' section with instructions to find external factors for a business, and a 'Have a go' section with a task to draw a mind map.

**A LEVEL BUSINESS**

**Lesson Element**

**Benefits and Limitations**

**Think**

The following list includes some benefits and limitations of doing cash flow forecasts. Highlight the benefits in one colour and the limitations in another.

- Needs updating regularly
- Long term cash flow forecasts are likely to be less accurate
- Short term cash flow forecasts are likely to be more accurate
- Helps the business plan for the future
- Based on estimated figures
- Identifies when the business might have too little or too much cash
- Gives targets to motivate employees/managers

**Research**

Another limitation of cash flow forecasts is that external factors (those things that the business cannot control) might change. An example of this could be a new competitor entering the market. Pick a business that is well known (eg McDonalds). Produce a presentation to the Board of Directors outlining the three external factors which are most likely to change in the future and affect the cash flow of that business.

**Have a go**

Draw a mind map showing the benefits and limitations of cash flow forecasting to a business of your choice.

Version 2

OCR

#### The Activity:

#### Cash Flow Activity



*This activity offers an opportunity for English skills development.*



*This activity offers an opportunity for maths skills development.*

#### ICT Opportunity:

Use a search engine to research cash flow.



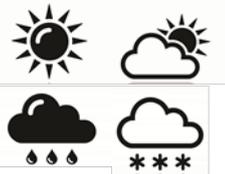
# A LEVEL BUSINESS

## Cash Flow

### Research

Using a textbook or other resource, find a definition of cash flow and write it down below.

Cash flow is...



A Forecast is a prediction of what **could** happen in the future.

Try to come up with a definition of a cash flow forecast using the information that you have found out and the definition of a forecast.

A cash flow forecast is...

### Have a go

Joyce has a weekend job and earns £25 per week.

She has tried to forecast the cash that she will be spending this week:

- £5 on bus fares
- £7 on snacks
- £3 on apps for her phone



# A LEVEL BUSINESS

How much money does Joyce forecast that she will have left at the end of the week?

If Joyce saves all of her 'spare' cash each week, how long would it take her to afford a new phone costing £55?

## Extension

How would your answers to the questions above change if the bus fare went up by 10%?

To give us feedback on, or ideas about the OCR resources you have used, email [resourcesfeedback@ocr.org.uk](mailto:resourcesfeedback@ocr.org.uk)

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