

## Lesson Element

### Cash Flow Forecast

#### 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 Cash Flow Forecast'. It includes instructions for creating a cash flow forecast table for a toy shop called 'Tots Toys' from August to February. The document lists income and expenditure for each month, such as sales and stock orders. It also includes an 'Extension' section about a roof leak in October. The OCR logo is visible in the bottom right corner.

#### The Activity:

##### Cash Flow Forecast Activity



This activity offers an opportunity for English skills development.



This activity offers an opportunity for maths skills development.

#### ICT Opportunity:

Create the cash flow forecast on a spreadsheet.



## Cash Flow Forecast

### Have a go

Create a cash flow forecast table which must include the following:

- Income
- Expenditure
- Balance brought forward (opening balance)
- Balance carried forward (closing balance)
- The months from September-February

This cash flow is for a toy shop called Tots Toys.

Add in the following data:

- The shop estimates the following cash sales each month:  
September - £2500  
October £3500  
November £5000  
December £5500  
January £1000  
February £1500
- The stock is bought on 1 months credit, in each month the shop estimates ordering:  
August - £1000  
September - £1500  
October - £2000  
November - £3000  
December - £1000  
January - £1000
- The Balance brought forward (opening balance) for August is £5000
- The Staff have wages of £1000 per month to be paid
- The Utilities bills are paid every three months (Jan, Apr, July, Oct) and are £500
- The mortgage repayment is £1200 each month

## Extension

In October the shop roof starts to leak and must be repaired immediately. It costs £5000 which the owner claims on the insurance. Unfortunately the insurance money will not be paid until January. Will the business be able to pay for the repairs?



# A LEVEL *BUSINESS*

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