

Lesson Element

Benefits and Limitations

Instructions and answers for teachers

These instructions should accompany the OCR resource 'Benefits and Limitations' activity which supports OCR GCSE Business Studies.

The thumbnail shows a page titled 'A LEVEL BUSINESS' with a 'Lesson Element' section. It includes a 'Benefits and Limitations' section with a 'Think' task and a list of bullet points: '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', and 'Gives targets to motivate employees/managers'. It also has a 'Research' section with a task to pick a business and outline external factors, and a 'Have a go' section with a task to draw a mind map.



This activity offers an opportunity for English skills development.



This activity offers an opportunity for maths skills development.

Associated materials:

Benefits and Limitations Activity

This Lesson Element can be used standalone, or in conjunction with the OCR KS4-KS5 Business Transition Guide – Cash flow



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.

Business Name



A LEVEL BUSINESS

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