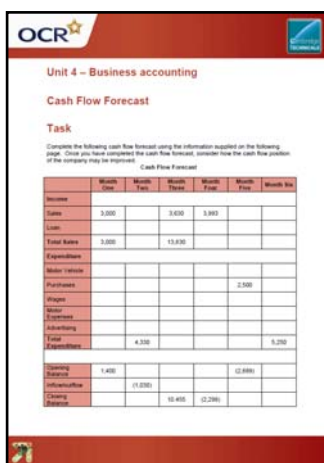


Unit 4 – Business accounting

Cash Flow Forecast

Instructions and answers for Teachers

These instructions should accompany the OCR resource 'Cash Flow Forecast' which supports the OCR Level 3 Cambridge Technicals in Business Unit 4 – Business Accounting



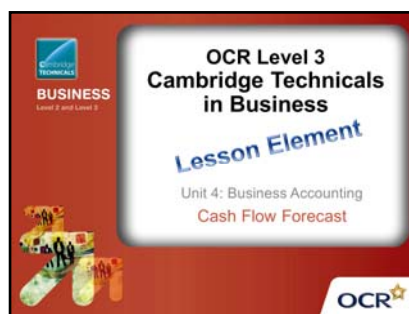
Unit 4 – Business accounting
Cash Flow Forecast

Task

Complete the following cash flow forecast using the information supplied on the following page. Once you have completed the cash flow forecast, consider how the cash flow position of the company may be improved.

Cash Flow Forecast

	Month One	Month Two	Month Three	Month Four	Month Five	Month Six
Income						
Sales	3,000		3,600	3,900		
Loan						
Total Income	3,000		3,600	3,900		
Expenditure						
Wages					2,500	
Purchase						
Other						
Interest						
Advertising						
Total Expenditure						
Net Cash Flow						
Opening Balance	1,400				(2,600)	
Closing Balance		(1,600)				
Carrying Balance		10,400	(2,200)			



Associated Files:

Cash Flow Forecast presentation
Cash Flow Forecast worksheet

Expected Duration:

Task approx. 30 minutes

Task

Complete the following cash flow forecast using the information supplied on the following page. Once you have completed the cash flow forecast, consider how the cash flow position of the company may be improved.



Cash Flow Forecast

	Month One	Month Two	Month Three	Month Four	Month Five	Month Six
Income						
Sales	3,000	3,300	3,630	3,993	5,000	5,000
Loan			10,000			
Total Sales	3,000	3,300	13,630	3,993	5,000	5,000
Expenditure						
Motor Vehicle				12,000		
Purchases	1,500	1,650	1,815	1,997	2,500	2,500
Wages	1,200	1,200	1,200	2,400	2,400	2,400
Motor Expenses	280	280	280	350	350	350
Advertising		1,200				
Total Expenditure	2,980	4,330	3,295	16,747	5,250	5,250
Opening Balance	1,400	1,420	390	10,725	(2,029)	(2,279)
Inflow/outflow	20	(1030)	10,335	(12,754)	(250)	(250)
Closing Balance	1,420	390	10,725	(2,029)	(2,279)	(2,529)

Additional information:

- **Sales** for month one are estimated to be £3,000. Sales will rise by 10% each month until month four. Sales for months five and six will be £5,000 each.
- A **loan** for £10,000 was taken out in month three for £10,000 in order to purchase a new **Motor Vehicle** for £12,000 in month four.
- **Purchases** are expected to be - month one £1,500, month two £1,650, month three £1,815, month four £1,997, month five £2,500 and month six £2,500



- **Wages** are £1,200 per month for the first three months rising to £2,400 per month in months four, five and six.
- **Motor expenses** are expected to be £280 per month for the first three months rising to £350 per month for the final three months.
- There will be a big **advertising campaign** in month two at an estimated cost of £1,200.
- The opening balance is £1,400.



This activity offers an opportunity for English and maths skills development.

LESSON *Elements*

The building blocks you need to construct informative and engaging lessons

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