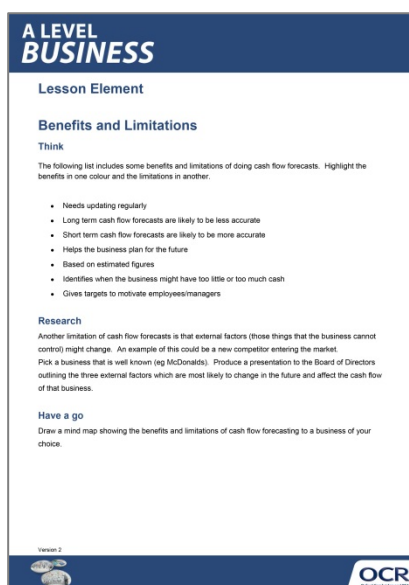


Lesson Element

Benefits and Limitations

Instructions and answers for teachers

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



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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