# Lesson Element

# Cash Flow Problems

## ****Think****

Try to match the best solution to the cash flow problems that these businesses have forecast.

Make sure that you can fully explain your answer and why you have rejected the other solutions.

| Problems |  | Possible solutions |
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| A business sells advent calendars. Each year they produce the calendars in the spring and summer but they do not get the cash by selling them until the autumn. The businesses cash flow forecast has predicted a negative cash flow from June until October. |  | Use a short-term source of finance |
| Try to increase their income |
| A business is expanding but they do not have enough cash saved to pay for a new factory. Each month they have £1000 left of positive cash flow and the factory will cost £250,000. |  | Try to reduce their expenditure |
| A local newspaper has a negative cash flow every month because of falling newspaper sales. |  | Use a long term source of finance |