**Topic 3.1 How to Improve Cash Flow: Starter Activity**

1. **Calculate the net cash flow of the following business:**

|  |  |
| --- | --- |
|  | **Jan (£)** |
| **Receipts/ Inflows** |  |
| Sales | **5,000** |
| Personal Savings | **2,500** |
| Loan | **4,000** |
| **Total Receipts:** |  |
| **Payments/ Outflows** |  |
| Equipment | **1,000** |
| Wages | **250** |
| Bills | **500** |
| Interest | **25** |
| Materials | **300** |
| Advertising | **700** |
| **Total Payments:** |  |
| **Net Cash Flow:** |  |

1. **Complete the following cash flow forecast:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **(£)** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** |
| **Receipts** | **8,000** | **4,000** | **8,000** | **4,000** | **6,000** | **5,000** |
| **Payments** | **3,000** | **5,000** | **7,000** | **6,000** | **5,000** | **3,000** |
| **Net Cash Flow** |  |  |  |  |  |  |
| **Opening Balance** | **0** |  |  |  |  |  |
| **Closing Balance** |  |  |  |  |  |  |

1. **Complete the following cash flow forecast:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(£)** | **Sep** | **Oct** | **Nov** | **Dec** |
| **Total Receipts** | 14,000 | 15,000 | 8,500 | 19,500 |
| **Payments** |  |  |  |  |
| Machinery | 9,000 | 0 | 0 | 0 |
| Wages | 5,000 | 5,000 | 10,000 | 10,000 |
| Heating & Lighting | 0 | 1,000 | 0 | 0 |
| Other Costs | 2,200 | 2,200 | 2,200 | 2,200 |
| Materials |  | 2,000 | 2,000 | 0 |
| Insurance | 0 | 3,500 | 0 |  |
| **Total Payments** | 18,200 |  | 14,200 | 12,200 |
| **Net Cash Flow** |  | **1,300** | **4,300** |  |
| **Opening Balance** | **0** | **(4,200)** | **(2,900)** | **1,400** |
| **Closing Balance** | **(4,200)** | **(2,900)** |  |  |