1. Define the following terms:

"I think the main reason that the company went into administration was because of cash flow,"

*Quote from Andrew Tate, the accountant dealing with the closure of the business. BBC News 24th August 2016*

Oyster World

A computer games company based in Treforest, Pontypridd in South Wales, has entered administration, with cash flow issues cited as the main reason for its closure. The firm, “OysterWorld” had sizable debts of £2.0 million despite funding in the region of £1.4 million from the Welsh Government.

The firm had been unable to pay its workers at various times in its final few months of trading as serious cash flow problems began to emerge. 50 workers have now lost their jobs.

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| --- | --- |
| Cash |  |
| Cash flow |  |
| Overdraft |  |
| Insolvency |  |

2. Outline some of the possible reasons why “OysterWorld” was forced to close due to Cash Flow reasons.

3. What might the business and its various stakeholders have done to ensure its continued success?