Pre A-Level Task: Business Name:

Please complete a cash-flow forecast based on the one shown on the other side of this page and then answers questions 1 to 4.

This should be brought to your first lesson in September

If you have any questions, please e-mail Mr. Walker (g.walker2@hautlieu.sch.je)

You have decided to open a Karting track and are seeking some financial support from the bank.

1. Use the following information to complete a cash flow forecast (on the next page) for the first 6 months, assuming you start trading in July, so that you can present it to your bank manager

FIGURES GAINED TO DATE:

Rent of warehouse	£500.00 per month
Rental of Quad bikes (12 needed)	£50.00 each per month
Staff wages (3 part time staff)	£900.00 per month
Utilities (gas, electric, water)	£600.00 per quarter
Insurance	£245.00 per quarter
Fuel	£3.00 per rental use
Servicing, oil, labour	£2.00 per rental use
Repairing equipment (helmets, gloves)	£20.00 per month
Marketing budget	£100 per month

Additional information

- You have decided to set your selling price at £12.00 per rental
- Based on research findings you are expected to have 320 rentals each month in the tourist season of April to September, falling to 250 in March and October, and 150 in November to February
- Quarterly bills are payable every March, June, September and December
- You will be renting some additional storage space in the back of the warehouse to a neighbouring business for £100

2. Currently the marketing budget is £100 a month. Suggest ways the business can use this when opening their business

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3. Identify and explain two things that could be done to improve the situation

4. Over the six months, what percentage of the total outflows of the business are made up of: a) wages and b) renting costs? Show your calculations

Example cash flow forecast grid for Question 1

							TOTAL
OPENING BALANCE							
CASH IN							
TOTAL INFLOWS							
CASH OUT							
TOTAL OUTFLOWS							
MONTHLY NET CASH FLOW							
CLOSING BALANCE							