



# Financial Reporting for Business

## Cash Flow

### Suggested Responses

#### Comprehension Questions

1. Cash refers to the money a business has in the till or bank that can be used to pay for everyday expenses.
2. c) Money in the bank, in a box, in the till or a safe that the business has.

3.

Cash inflows	Cash outflows
Sales revenue	Suppliers
Bank loan	Wages
Shareholder investment	Loan repayments
Sale of assets	Rent
	Taxes

#### Cash Flow Case Study

1.

Cash inflows		
Item	Amount (£)	Category
Own money	4 000	Shareholder investment
Bank loan	7 000	Bank loan
Sales revenue	?	Sales revenue
Cash outflows		
Item	Amount (£)	Category
Cars (x2)	16 000	Transport costs
Cleaning equipment	4 000	Supplies
Cleaning equipment (less durable)	450	Supplies
Storage	6 000	Rent
Employees (x4)	19 200	Wages
Own salary	13 200 (approx)	Wages
Car insurance	4 800	Transport costs
Advertising	240	Marketing
Fuel	960	Transport costs





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2. Student answers may vary, however some suggestions are:

- Loan repayments (outflow)
- Actual sales revenue (inflow)
- Lily's actual wage (outflow)
- Any additional or unexpected expenses (outflow)
- Taxes paid (outflow)
- Any sales of assets (e.g. a car) (inflow)

**Transcript** – For student and teacher use.

