

(C) The cash flow forecast for Amrod Ltd for the final quarter of 2015 is set out below:

Cash Flow Forecast for Amrod Ltd for the 4 th Quarter of 2015				
2015	October €	November €	December €	Total €
Total Receipts	70,000	180,000	90,000	340,000
Total Payments	100,000	165,000	120,000	385,000
Net Cash	(30,000)	15,000	B	(45,000)
Opening Cash	20,000	A	5,000	C
Closing Cash	(10,000)	5,000	(25,000)	(25,000)

- (i) Explain the reasons Amrod Ltd would prepare a cash flow forecast.
- (ii) Calculate the figures represented by the letters **A**, **B** and **C** on the cash flow forecast.
(Show your workings in your answer book.)
- (iii) Explain how Amrod Ltd might deal with the financial problem identified in this cash flow forecast. (25 marks)

- (C) “Cash Flow is the lifeblood of any business and its management is critical to business survival.”

In September 2008, Buttercup Garden Centre prepared the following Cash Flow Forecast.

Cash Flow Forecast of Buttercup Garden Centre – October to December 2008				
	October	November	December	Total
	€	€	€	
Receipts				
Cash Sales	12,500	9,500	10,000	32,000
Credit Sales	2,000	1,500	3,500	7,000
Total Receipts	<u>14,500</u>	<u>11,000</u>	<u>13,500</u>	<u>39,000</u>
Payments				
Cash Purchases	1,000	2,500	4,000	7,500
Credit Purchases	5,000	2,000	1,000	8,000
Wages	6,000	6,000	7,500	19,500
Equipment	12,000	-	-	12,000
Total Payments	<u>24,000</u>	<u>10,500</u>	<u>12,500</u>	<u>47,000</u>
Net Cash	(9,500)	500	1,000	(8,000)
Opening Cash	3,000	(6,500)	(6,000)	3000
Closing Cash	(6,500)	(6,000)	(5,000)	(5,000)

- (i) Explain the benefits to Buttercup Garden Centre of preparing a Cash Flow Forecast.
(ii) Based on the information provided above, outline how Buttercup Garden Centre could improve the Cash Flow position of its business.

(20 marks)

- (B) Balden Ltd prepared the following cash flow forecast:

2007	July	August	September	Total
	€	€	€	€
Receipts	70,000	55,000	80,000	205,000
Payments	80,000	45,000	55,000	180,000
Net Cash	(10,000)	10,000	25,000	25,000
Opening Cash	3,000	(7,000)	3,000	3,000
Closing Cash	(7,000)	3,000	28,000	28,000

- (i) Why would this cash flow forecast be prepared by Balden Ltd?
(ii) How might management deal with the financial issue highlighted in this forecast?

(20 marks)

- (C) Liquidity ratios are used to assist in managing a business. Name **two** of these ratios and describe their respective benefits.

(20 marks)

10. The following sales information is taken from the books of The Grand Hotel:
May 2004: Rooms €45,000; Bar €35,000; Restaurant €25,000; Functions €15,000.
May 2005: Rooms €60,000; Bar €40,000; Restaurant €30,000; Functions €95,000.

Illustrate this information in bar chart form.



(A) Read the information supplied and answer the questions which follow.

Paul O’Brien is the Sales Manager with Water Solutions Ltd, a business which has recently developed a new water conservation product. Paul is due to make a presentation to the board of directors on the potential of this product. He will present the following projected sales data for the product for the next six months.

Month:	July	August	September	October	November	December
Sales in €:	50,000	60,000	40,000	30,000	20,000	10,000

- (i) Illustrate the above data by means of a bar chart or a line graph.
 - (ii) Outline the principles Paul should consider to ensure he communicates his message effectively to the board of directors.
- (25 marks)

10. Draft a Bar Chart from the following data:

<u>Cost Category</u>	<u>%</u>
Marketing	10
Transport	20
Raw Materials	25
Labour	30
Expenses	15



(C) The Business Cash Flow Forecast of Irish Garden Furniture Ltd. is set out below:

	July €	August €	September €	Total €
Receipts	16,000	15,750	14,850	46,600
Payments	28,000	13,000	24,500	65,500
Net Cash	(12,000)	2,750	(9,650)	(18,900)
Opening Cash	8,500	(3,500)	(750)	8,500
Closing Cash	(3,500)	(750)	(10,400)	(10,400)

- (i) Outline two reasons why Irish Garden Furniture Ltd. prepared the above Cash Flow Forecast.
- (ii) Analyse the Cash Flow Forecast. Explain, and offer solutions to, any two problems you think the business may have. (20 marks)

