

Kinaesthetic Cash Flow



Teachers Instructions

This activity is a more kinaesthetic approach to use when delivering cash flow forecasting.

The activity is to be used as a **main activity** for consolidating the learning on producing a cash flow forecast.

How to deliver Kinaesthetic Cash Flow

The activity is best carried out in groups of 3. Each group is given a copy of the business information, a cash flow forecasting template and a pack of numbers.

The students simply need to use the business information to ascertain where each of the numbers goes on the cash flow template.

Even though the numbers have been provided, the students still need to carry out some calculations to work out monthly inflows, monthly outflows, opening and closing balance.

The activity also helps support less able students as they can check their working out against the actual numbers on the cards.



Pauls Pie Palace

Paul Parry has just started up Pauls Pie Palace, a business that produces and sales a wide range of pies and pasties.

Estimated sales revenue:

- Sales of Pies, Paul's speciality are estimated to be £19,000 per month, except for in January when Paul expects the sales to be £3,000 due to the business just getting started. Sales in February are forecasted to be £10,000 and in March, £12,000.
- Sales of Pasties are expected to be a steady £5,000 for two months and then rise by 20% in the next month and stay at that amount for the remainder of the year. However, pasty production will not start until end of January with the first sales expected to be in February.

Costs and Estimated Costs

After purchasing the equipment he needs to make his pies and pastes he was left with £30,000 from his own personal finance which is in the bank.

Paul bought the lease on the premises on the 1st January for £25,000. The rent on Pauls Pie Palace is £12,000 per year, which is paid in 3 equal instalments in January, April and August.

Paul has estimated that he will have the following monthly costs (6 month forecast):

- Wages: £5,000 per month for the first 4 months and then £7,000 for the remaining 2 months
- Stock: £8,500 per month for the first 3 months, £9000 for the following two months then £8,000
- Admin: £2800 per month
- Gas and Electric will be £2,000 per quarter to be paid in March, June, September and December



Activity Template

	Jan	Feb	Mar	Apr	May	June
Pie Sales	3,000		12,000	19,000		19,000
Pasty Sales		5,000	5,000			
Total In	3000	15000		25000	25000	25000
Wages, Stock and Admin	16,300	16,300	16,300			
Gas and Electric			2,000			2,000
Lease	£25,000					
Rent						
Total Out			18,300	20,800	18,800	
Net Cash Flow	-42,300	-1300	-1300		6200	5200
Opening Balance						
Closing Balance	-12,300					700

Teacher Answers

	Jan	Feb	Mar	Apr	May	June
Pie Sales	3,000	10,000	12,000	19,000	19,000	19,000
Pasty Sales	0	5,000	5,000	6,000	6,000	6,000
Total In	3000	15000	17,000	25000	25000	25000
Wages, Stock and Admin	16,300	16,300	16,300	16,800	18,800	17,800
Gas and Electric	0	0	2,000	0	0	2,000
Lease	£25,000	0	0	0	0	0
Rent	4,000	0	0	4,000	0	0
Total Out	45,300	16,300	18,300	20,800	18,800	19,800
Net Cash Flow	-42,300	-1300	-1300	4200	6200	5200
Opening Balance	30,000	-12300	-13600	-14900	-10700	-4500
Closing Balance	-12,300	-13600	-14900	-10700	-4500	700

Activity Number Cards

10,000	19,000	6,000	6,000	6,000	17,000		
16,800	18,800	17,800	4,000	4,000	45,300		
16,300	19,800	30,000	-12,300	-14,900	-4,500		
-13,600	-14,900	-10,700	-13600	-10700	-4500		
4200							

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