

# Cash-flow forecasting: will the smoothie truck run dry?

Teacher guidance and answers | Original TBS classroom practice

Use this lesson after learners have met cash inflows, cash outflows and the layout of a cash-flow forecast. Learners complete a six-month forecast, find the months with a negative balance, test a delayed purchase and compare three ways to fix the problem. The tasks are planned to take about 55 minutes and have not been trialled in a classroom. The minutes include brief answer checking but not handing out materials or a full plenary; allow about 65 minutes in the timetable. Suited to International GCSE Business classes taking Pearson Edexcel 4BS1, usually in the first or second year of the course.

## Curriculum fit

Pearson Edexcel International GCSE in Business (4BS1) specification, Issue 2, February 2026, Topic 3 Business finance, section 3.2 Cash flow forecasting (printed page 14): 3.2.1 the importance of cash to a business (paying suppliers, overheads and employees; preventing business failure; the difference between cash and profit) and 3.2.2 calculation and interpretation of cash-flow forecasts (cash inflows, cash outflows, net cash flow, opening and closing balances). Pearson's published timetable for 2027 lists 4BS1 Paper 1 in May 2027. Checked against the archived Issue 2 specification; please confirm with your exams officer. This is a TBS lesson, not a Pearson resource; it is not endorsed by Pearson and uses no Pearson exam questions or mark schemes.

All business details and numbers are fictional; dollars are used for an international class. The answers are indicative teaching guidance only. There is no official mark tariff, level descriptor or AO allocation for these tasks and no grade claim is made.

## Lesson plan (about 55 minutes of tasks, estimated)

| Stage                         | Minutes | What happens                         |
|-------------------------------|---------|--------------------------------------|
| Starter: cash or profit?      | 4       | Three statements.                    |
| Task 1: complete the forecast | 14      | Months 2 to 6 of the forecast.       |
| Task 2: read the forecast     | 7       | Negative months; cash versus sales.  |
| Task 3: delay the freezer     | 8       | New closing balances.                |
| Task 4: three ways to fix it  | 9       | Pairs: advantages and disadvantages. |
| Task 5: recommend             | 9       | Written recommendation.              |
| Exit ticket                   | 4       | Two quick questions.                 |
| Total                         | 55      |                                      |

45-minute version: starter 3, Task 1 11, Task 2 6, Task 3 6, Task 4 8, Task 5 7, exit ticket 4. In Task 1 pairs can split the rows for ingredients, total outflows and net cash flow (one partner Months 2 to 4, the other Months 5 and 6), then fill in the opening and closing balances together in month order, because each month opens on the previous month's closing balance. Ask for about 50 words in Task 5. This timing has not been trialled. The 45 minutes are task time only, so in a real 45-minute period, with handing out and feedback, move the exit ticket to homework.

## Answers: starter and Task 1

Indicative guidance for teachers. This is not an exam board mark scheme and carries no marks or grades.

Starter: (i) cash; (ii) profit; (iii) cash.

| \$                       | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|--------------------------|---------|---------|---------|---------|---------|---------|
| Cash inflows: sales      | 6,000   | 5,500   | 4,000   | 3,500   | 6,500   | 8,000   |
| Ingredients              | 1,800   | 1,650   | 1,200   | 1,050   | 1,950   | 2,400   |
| Wages                    | 2,200   | 2,200   | 2,200   | 2,200   | 2,200   | 2,200   |
| Pitch rent               | 800     | 800     | 800     | 800     | 800     | 800     |
| Loan repayment           | 500     | 500     | 500     | 500     | 500     | 500     |
| New freezer and blenders | 0       | 2,500   | 0       | 0       | 0       | 0       |
| Total cash outflows      | 5,300   | 7,650   | 4,700   | 4,550   | 5,450   | 5,900   |
| Net cash flow            | 700     | (2,150) | (700)   | (1,050) | 1,050   | 2,100   |
| Opening balance          | 2,000   | 2,700   | 550     | (150)   | (1,200) | (150)   |
| Closing balance          | 2,700   | 550     | (150)   | (1,200) | (150)   | 1,950   |

Working for Month 2: ingredients  $30\% \times 5,500 = 1,650$ ; outflows  $1,650 + 2,200 + 800 + 500 + 2,500 = 7,650$ ; net  $5,500 - 7,650 = (2,150)$ ; closing  $2,700 - 2,150 = 550$ . Common errors: forgetting the freezer in Month 2; using the opening balance of Month 1 every month; adding a negative net cash flow instead of subtracting it (Month 3 should be  $550 - 700 = (150)$ , not 1,250). Task 3 builds on Task 1: check Task 1 first, and accept Task 3 answers that correctly carry forward a learner's own figures.

## Answers: Task 2, Task 3 and Task 4

Task 2a: Months 3, 4 and 5 are negative. The lowest balance is (\$1,200) in Month 4.

Task 2b: accept the simple point that outflows are higher than sales in Months 2, 3 and 4. A fuller answer: cash depends on timing. The \$2,500 freezer is paid all at once in Month 2, then sales fall to \$4,000 and \$3,500 while wages, rent and the loan (\$3,500 a month) must still be paid, so the balance goes below zero before sales recover.

| Task 3              | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|---------------------|---------|---------|---------|---------|---------|---------|
| Net cash flow       | 700     | 350     | (700)   | (1,050) | 1,050   | (400)   |
| New closing balance | 2,700   | 3,050   | 2,350   | 1,300   | 2,350   | 1,950   |

Task 3 sentence: yes, on these forecasts every closing balance stays positive (lowest \$1,300 in Month 4), but Lena works with older equipment for longer.

Task 4, accept any reasoned points, for example: A - no interest or borrowing needed, but the old equipment may break down or slow service in the busy Month 5; B - keeps the new equipment and covers the lowest balance of (\$1,200) with \$300 to spare, but interest and possibly a fee must be paid and the bank may refuse or withdraw it; C - saves wages when sales are lower (Months 3 and 4), but service may be slower, the worker may leave, and the saving cannot be costed because the case does not give one worker's pay.

## **Answers: Task 5 and exit ticket**

### **Task 5: indicative guidance**

A well supported answer recommends one option, uses figures and compares it with another. Example response (not a mark scheme): I recommend delaying the freezer to Month 6. The forecast shows the balance falling to (\$1,200) in Month 4, but without the \$2,500 payment in Month 2 every month stays positive, with a lowest balance of \$1,300. Unlike an overdraft, this costs no interest and does not depend on the bank. The risk is that the old equipment breaks down, so Lena should check it before the busy months.

Learners may recommend the overdraft if they argue the new equipment raises sales or is needed now; that is acceptable if justified with figures (it covers the (\$1,200) low point). Look for correct figures, a clear comparison and a judgement linked to Lena's situation. Do not award a grade or percentage from these tasks.

### **Answers: exit ticket**

a.  $1,000 + 4,000 - 4,600 = \$400$ . b. Any one: to pay suppliers, staff and overheads such as rent on time; to avoid insolvency and business failure; to take up opportunities such as discounts for prompt payment.

### **Sources and limits**

Curriculum source: Pearson Edexcel International GCSE in Business (4BS1) specification, Issue 2, February 2026, section 3.2 (printed page 14). The specification verifies the topic scope only. The tasks, figures, timings and guidance are original TBS teaching design.