

When will the cash run out, and what does each snack really cost? Cash flow and costs

AS Level 5.3 Forecasting and managing cash flows · 5.4 Costs

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Running case: Wahat Foods, Dubai · 60 minutes

How this topic is examined

Paper 1 • Business concepts • 40 marks

Define the term fixed / indirect cost [2]

Explain one way to improve cash flow [3]

Analyse why poor cost data may cause failure [5]

Essay: Analyse [8] • Evaluate whether... [12]

Paper 2 • Business decision-making • 60 marks

Explain the term cash flow / contribution [3]

Calculate a closing balance or contribution [3]

Analyse two limitations of full costing [8]

Evaluate whether to accept the special order [12]

Typical questions on this topic

Define the term trade receivables. [2]

Explain one problem of allocating indirect costs. [3]

Analyse two benefits of a cash flow forecast. [8]

Analyse two methods [owner] could use to improve cash flow. [8]

Evaluate whether cash flow forecasting is the most important activity... [12]

By the end of this lecture you can...

- 1 Explain the purpose of cash flow forecasts.
- 2 Complete and amend a forecast: net flow, opening and closing balances.
- 3 Evaluate methods of improving cash flow.
- 4 Distinguish fixed, variable, direct and indirect costs.
- 5 Compare full costing and contribution costing.
- 6 Use contribution to decide on special orders.

END OF PREVIEW

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