

Title: Cash Flow Statement

Scenario: Growth

Format: Interactive Case Study

Green Spokes is a start-up bicycle manufacturing business that has been running for a few years. Please now log into the simulation and look at the BRIEFING tab.

Here you will find an introduction from Claire Jones (CEO), and an overview of the company, a segmentation research report, a competition report and some company targets.

As a member of the management team of the company, whatever your role, it is important that you understand the financial implications of any decisions made.

In the simulation, the company produces a Cash Flow Statement each quarter. As part of its decision-making process, the management team should forecast the next quarter's Cash Flow Statement values, to ensure that the company's performance is following the path determined by the overall strategy.



The actual outcomes can then be compared with the forecast or budget to determine where any differences have arisen and enable the management team to critically review its decisions, and make any necessary alterations resulting from changes internal or external decisions.

The task detailed below can be tackled as a one-off activity or as part of a range of business activities. It can be a team based or an individual activity.

TASK:

Open the Driving Lesson scenario and analyse the Cash Flow Statement for the latest quarter by accessing History/Quarterly Reports/ Cash Flow. Decide upon one or more strategic business targets e.g. Overall cash flow/Receipts from sales/Payments for purchases

- Prepare a forecast Cash Flow Statement for the next quarter.
- Execute and evaluate your plan, run the quarter.
- Compare your forecast Cash Flow Statement with the actual outcome.
- What are the differences? Can you determine the reasons for those differences?
- What have you learned about the way that the business operates?