

Fact Finder - Cash Flow

Below are 12 statements about cash flow. Your task is to find the facts by identifying which statements are true and which are false!

If you think a statement is true, write the word "FACT" in the last column. If you think the statement is false, write the word "FICTION".



STATEMENT	FACT OR FICTION?
1) Cash flow is really important in a business, as it tells you how much profit is being made	
2) Net cash flow is the difference between cash inflows and cash outflows	
3) A cash flow forecast is a prediction of the money expected to come in and go out of a business	
4) Producing a cash flow forecast will prevent a business becoming insolvent	
5) The closing balance of one month is the opening balance of the following month	
6) Cash inflows will include money from selling products	
7) A cash flow forecast can help avoid problems, as it can show when a business might be short of cash	
8) An error in one month of a cash flow forecast will not affect any other months	
9) A spreadsheet is always used to produce a cash flow forecast	
10) A cash flow forecast is a planning tool	
11) The opening balance of one month becomes the closing balance of the next month	
12) Cash outflows refers to cash coming into a business from outside	

An interactive version of this activity is available at https://www.businessed.co.uk/activities/fact_finder/cash_flow/index.html