



Finances - Cash Flow Exercise

Freddy's Festivals: Cash Flow Information

Freddy organises 2 music festivals per year, one at the end of April and the other on August bank-holiday weekend. They are very popular, but he struggles to manage his cash flow. He currently has £5000 in his account and has been told he should create a cash flow forecast for the next 9 months.



Complete the attached cash flow forecast using the information below.

- 1) In April, all 2000 tickets will go on sale for £25 each. Freddy expects the tickets to sell out quickly.
- 2) In February, he must pay in advance for the rental of the marquees (£9000)
- 3) In March, he must pay a deposit for the security team for the first festival (£12500)
- 4) Also in March, he must pay the brewery for the drinks he will sell at the festival (£20000)
- 5) Just before the April festival, the food van owners will all pay Freddy for their pitches (£5000)
- 6) In April, the first festival will happen. Freddy estimates total bar sales to be £45000.
- 7) In May, Freddy will have to pay the bands and the wages of bar staff (£20000)
- 8) Freddy will have to pay his insurance premium in June to cover the second festival (£8000)
- 9) In May, Freddy must pay in full for the rental of marquees for the second festival (£9000)
- 10) Tickets for the second festival go on sale in August - usually, all 2000 will sell out at £25 each.
- 11) In July he must pay to reserve the security team (£12500)
- 12) The second festival usually sells more drinks so in July Freddy plans to order £25000 of stock from the brewery.
- 13) In August, people selling food at the festival will pay their pitch fees (£5000)
- 14) Freddy predicts that the takings from the bar at the August festival will be around £55000
- 15) Straight after the August festival, Freddy will pay staff wages and band fees totalling £20000



	February	March	April	May	June	July	August	Total
Opening Balance								
Inflows								
Total inflows								
Outflows								
Total Outflows								
Net Cash Flow								
Closing Balance								

Once you're done, you can find the answers overleaf - no peaking unless you're really stuck!



EUROPEAN UNION



	February	March	April	May	June	July	August	Total
Opening Balance	5000	-4000	-36500	63500	34500	26500	-11000	
Inflows								
Ticket Sales	0	0	50000	0	0	0	50000	100000
Bar Takings	0	0	45000	0	0	0	55000	100000
Pitch Fees	0	0	5000	0	0	0	5000	10000
Total inflows	0	0	100000	0	0	0	110000	210000
Outflows								
Marquee Rental	-9000	0	0	9000	0	0	0	18000
Security Firm	0	12500	0	0	0	12500	0	25000
Brewery	0	20000	0	0	0	25000	0	45000
Insurance	0	0	0	0	8000	0	0	8000
Staff Wages	0	0	0	20000	0	0	20000	40000
Total Outflows	9000	32500	0	29000	8000	37500	20000	136000
Net Cash Flow	-9000	-32500	100000	-29000	-8000	-37500	90000	74000
Closing Balance	-4000	-36500	63500	34500	26500	-11000	79000	79000