**Brent Bishop’s Equestrian Supplies**

**Task 1** Brent Bishop’s Equestrian Supplies is struggling to pay its bills because it doesn’t seem to have enough available cash when it needs it. Brainstorm and consider all the factors that might be causing this problem.

**Task 2**

**As a class** on the board create an outline of a spreadsheet to record the financial information provided below. Brent needs a Cash Flow Forecast so he has a clear picture of what to expect next year, and he should be able to use your spreadsheet to make decisions about his business.

* *Sales per month are forecast to be $23,000 except in the run up to Christmas when October sales are forecast at $25,000 and November and December sales are anticipated to be $30,000.*
* *Brent Bishop’s Equestrian Supplies receives $500 per month interest on an investment it has in another business*
* *Rent on the shop unit is $5,800 per month although the landlord has advised Brent that the rent will increase to $6,000 in December.*
	1. *Bills are paid quarterly in January, April, July and October. Brent pays $5,000 each quarter.*
* *Salaries usually cost Brent $10,000 per month however in the last three months of the year he will take on temporary staff during the busy Christmas period and this will cost him an extra $2,000 per month.*
* *Between January and August Brent expects to pay $5,100 per month for stock. In September that will rise to $8,000 and in October and November it will be $10,000. In December stock costs will fall to $7,000.*
* *Theft has been a problem at Brent’s Shop so additional security equipment is going to be installed in May. This will cost $50,000 and Brent is hoping to get a loan to pay for this. Repayments (including interest) will be $750 per month.*
* *The* ***opening bank balance*** *for Brent Bishop’s Equestrian Supplies in January is $100.*

**Receipts** come from: Sales, Interest and Loan

**Payments** include: Rent, Bills, Salaries, Purchases of Stock and Loan Repayments.

**Task 3**

**Individually** create the spreadsheet and enter the figures, then answer the following questions:

1. Why is Brent Bishop’s Equestrian Supplies struggling to pay its bills?
2. Why is it important for Brent to draw up a cash flow forecast?
3. What problem does Brent face in January and October, and what is causing this problem?
4. What could Brent do to eliminate this problem in future?

