

There were no significant changes to the outflow of the business so the closing balance of April is £10,462.00, £642.00 higher than the opening balance of the month. This closing balance looks to be good and means that May starts with a higher opening balance than April did.

May has an opening balance of £10,462.00, a positive figure to start with. Furthermore, total inflows are high with a figure of £13,530.00. However, there is an increase in credit purchases causing the total outflows of the month to rise to £14,287.00. Subsequently, the closing balance is £9,705.00, a decrease from the previous month. This decrease puts June at a disadvantage as its opening balance will be lower too, putting pressure on June's sales to be higher.

June is expected to have a significant decrease in credit sales when compared to the previous month, with a figure of £5,460.00. This results in the total inflows being £9,970.00 showing a lower revenue income. Joan's wages also increase in June to £3,000. The outflows for June are too high and the closing balance for June is expected to be £6,363.00, leaving a smaller opening balance for July.

July is expected to have the lowest opening balance of the year so far which will put pressure on Joan's business. Although revenue income increases for both cash and credit sales, the expenses of the business increase as well to £13,887.00. Due to the small opening balance for July and sales not being high enough/expenses being too high, the closing balance resulted in an even smaller figure of £2,906.00. This figure will put serious pressure on Joan's business in August if she is to improve her cash flow.

August has an opening balance of £2,906.00. Joan's cash flow actually improved based upon the previous month of July. For example, its total inflows increased to £10,570.00 and its total outflows decreased to £13,822.00. However, as August started with such a small opening balance it is very hard to improve its closing balance and as a result it decreased even further to reach the business' first negative figure of -£346.00. This negative closing balance means that September will begin with a negative sum of capital which is a problem for Joan and her party planning business. This negative figure will put pressure on Joan's business and sales will have to increase as well as no major increases in her expenses.

In September, both the cash sales and credit sales increased resulting in the total inflows figure to be £11,690.00. However, cash purchases increased in this month too, as well as wages increasing by £950.00 meaning that the total outflows significant £15,022.00. Due to a low opening balance to start with and outflows exceeding inflows, the September closing balance fell to an even lower figure of -£3,678.00, making this struggle more and more in the month/s that follow.

October is a worrying month for Joan's business. Although the revenue income increases to £13,750.00, it is clear that the outflows of the business are too great. Credit purchases increase to £5,625.00 as well as advertising increasing to £345.00. These additional expenses caused the total outflows to reach a figure of £16,512.00. This is a problem as the inflows are less than the outflows of the business. Additionally, the opening balance was -