Supported preparation: Cash, finance and appraisal

International Baccalaureate · IB Diploma · Business Management · HL

Scope and prerequisites

IB business management first assessment 2024. Business research project investigates one real organization through a conceptual lens. The toolkit and change, creativity, ethics and sustainability connect units; HL-only topics remain marked.

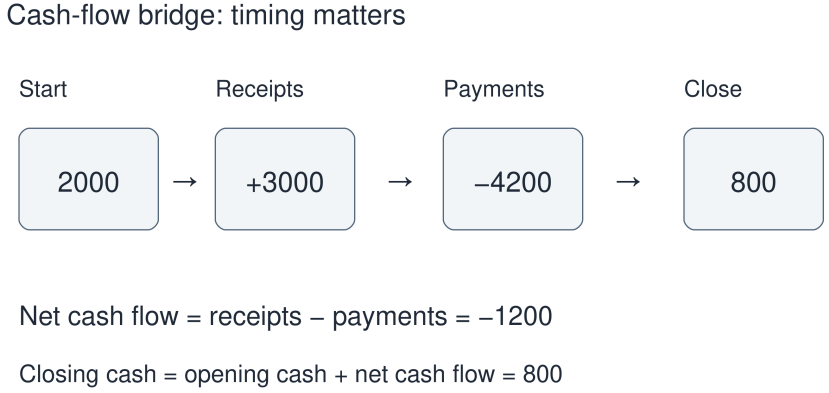
Mapped preparation outcomes: ib_business_management_hl.3.1, ib_business_management_ Read the matching native lesson first. Actual approved choices, evidence and final learner work remain separate.

Source vocabulary

cash flow ; **liquidity** .

Explanation and worked method

Profit records revenue and expenses; cash flow records receipts and payments. A profitable sale on credit may not supply cash today. Match finance duration, cost, control and repayment to the need. Appraisal must state forecast assumptions and uncertainty.



Original case: opening cash 1,500 currency units, receipts 2,800, payments 3,600. Compute closing cash and evaluate paying 900 for equipment immediately.

Net cash flow=receipts−payments=2,800−3,600=−800 units. Closing cash=opening cash+net cash flow=1,500−800=700 units. An immediate 900-unit purchase creates a 200-unit cash gap unless other timings or finance change. Forecast later receipts, consider staged purchase or suitable finance and compare repayment with expected benefits. A positive accounting profit cannot resolve this timing gap.

Independent transfer

Project A repays sooner; project B produces larger later inflows. Is payback sufficient for choosing?

Attempt independently before reading the model.

Checked original model

Payback indicates recovery time and liquidity exposure but ignores later flows and, in its simple form, time value. Compare relevant appraisal measures, forecast reliability, finance and strategic fit. Neither larger total cash nor quicker recovery alone decides every context.

These are authored formative expectations, not official IB descriptors. Accept other justified arguments with evidence and material limits.

Source and task holds

This supplement teaches the method for this part of the course. The full assessment criteria and any texts your school chooses come from your teacher.