

3 LFK is a coal-mining business. It has 135 employees who are all provided with training. After the dismissal of one of LFK’s employees there is a job vacancy for a new supervisor. External recruitment will be used. The Managing Director is preparing a cash flow forecast for LFK. An extract is shown in Table 3.1.

Table 3.1

Extract from LFK’s cash flow forecast July - September 2025 \$000			
	July	August	September
Cash inflow	600	400	730
Cash outflow	720	X	590
Net cash flow	(120)	(100)	140
Opening balance	40	(80)	(180)
Closing balance	(80)	(180)	Y

(a) Define ‘dismissal’.

.....

.....

.....

..... [2]

(b) Calculate the value of X and Y.

X:

.....

Y:

..... [2]

(c) Identify **four** reasons why a cash flow forecast might be useful to a business.

Reason 1:

.....

Reason 2:

.....

Reason 3:

.....

Reason 4:

..... [4]

(d) Explain **two** advantages of LFK training its employees.

Advantage 1:

.....

Explanation:

.....

.....

.....

Advantage 2:

.....

Explanation:

.....

.....

..... [6]

(e) Do you think the advantages of external recruitment for a business are greater than the disadvantages? Justify your answer.

[illegible]

[6]

2 FLD is a furniture retailer. It has 460 shops and 20 000 employees. Internal recruitment is used when recruiting new shop managers. The Managing Director wants to know whether job rotation is the best method of motivation for a large business to use. The Finance Director is reviewing FLD's income statement. An extract is shown in Table 2.1. She is concerned that FLD's gross profit is decreasing.

Table 2.1

Extract from FLD's income statement for year ending April 2025 (\$ million)	
Revenue	400
Gross profit	200
Expenses	60
Profit	140

(a) Define 'profit'.

.....

.....

.....

.....

.....

[2]

(b) Identify **two** expenses a business might have.

Expense 1:

Expense 2:

[2]

(c) Outline **two** possible reasons why FLD's gross profit is decreasing.

Reason 1:

Reason 2:

[illegible]

[4]

(d) Explain **one** benefit and **one** limitation to ADN of using off-the-job training.

Benefit:

.....

Explanation:

.....

.....

.....

Limitation:

.....

Explanation:

.....

.....

.....

[6]

(e) Do you think it is better for a business to use internal growth or external growth when planning to expand? Justify your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

[6]