

Annual cash flow forecast

Cash management is the process by which any business can maintain the proper balance between a healthy cash position and maximum profits. Cashflow forecasting enables you to estimate whether you will have sufficient cash to fund your debts over any given period of time.

Profit is not the same as cash

Profits may be tied up in the form of stock, debtors (those who owe you money) or assets. If these items cannot be readily converted to cash, the business may not be able to meet its debts as they fall due. If this happens, your suppliers may decide not to supply your business with necessary materials or they may take legal action. It could also stop you from trading.

Provisions for GST

When using this worksheet, you need to include GST when inserting amounts for some Cash Inflows (particularly Sales) and many Cash Outflows (particularly Purchases). The difference between total GST inflows and total GST outflows should be calculated and inserted in the row entitled "GST Payments" (under the Other Items section in Cash Outflows).

Please note that the GST attributes of each business will vary and so, specific advice from your taxation advisor is strongly recommended.

How to use this Annual Cash Flow Forecast

Step 1 - Cash Inflow

1. Calculate the Monthly Cash Inflow from Sales on the Debtors Analysis spreadsheet.
2. Transfer these amounts to the Annual Cashflow Forecast at line (A) "Sales".
3. Sales of Assets: Use only if you plan to sell assets during the year.
4. Capital Injection: If you plan to inject owners funds or borrowed funds into the business.
5. Other Sources: This should include cash received other than from sales such as interest received.
6. Total the Cash Inflows and enter at (B) "Total Cash Inflow".

Step 2 - Cash Outflow

1. Purchases: Calculate the Monthly Cash Outflow for Purchases on the Creditors Analysis spreadsheet.
2. Transfer this figure to the Annual Cashflow Forecast at line (C) "Purchases".
3. Overheads: These are taken from your Profit Budget except non-cash items such as depreciation or provisions.



› Driving the economic development of Queensland ‹

4. Divide your annual expenses into monthly payments putting the payments into the month it will be spent eg. rent is usually a monthly expense. Perhaps you have to also pay an extra month from your deposit in month 1, or a rent increase later in the year. Telephone and electricity are usually quarterly. If you run a trading account with a supplier you won't pay until next month (30 days), so place this into next month's column. Advertising is seasonal or specific to a special event eg. An Opening, Easter, Christmas and so on. Estimate bank charges, interest and all other money going out and place in their appropriate box.
5. Other items. The other payments are for items not shown on a Profit Budget such as purchase of assets, loan repayments, tax repayments and owners drawings.
6. Total the Cash Outflow and place at (F) "Total Cash Outflow". To do this, add the total figures that you have written in (C) "Purchases", (D) "Total Overheads" and (E) "Other Payments".

Step 3 - Net Cashflow

Calculate your net cashflow (B)-(F) and place at (G) "Net Cash Flow". This is the real test. Does money in, exceed money out?

Step 4 - Opening Balance

Put your cash balance at the beginning of the month at (H) "Opening Balance".

Step 5 - Cash at Bank

Calculate your funds available at (J) "Funds Available" by adding (G) "Net Cash Flow" and (H) "Opening Balance". Note: If (G) "Net Cash Flow" is negative then the balance of your funds available will be reduced.

Further information

The following fact sheets provide further information on these issues:

- Business growth tips
- Control your costs
- Financial analysis overview
- Financial ratios
- Improve your cash flow
- Profit and loss ratios

Annual Cash Flow Forecast

	July	August	September	October	November	December	January	February	March	April	May	June
Cash Inflow												
Sales (see Debtor Analysis spreadsheet)												
Sales of Assets												
Capital Injection												
Other Sources												
Total Cash Inflow												
Cash Outflow												
Purchases (see Creditors Analysis spreadsheet)												
Overheads												
Accountant's Fees												
Advertising												
Bank Charges												
Cleaning												
Commissison Paid												
Credit Card Fees												
Discounts Allowed												
Donations												
Electricity and Gas												
Fees and Licences												
Freight Out												
Insurance												
Interest												
Lease Payments												
Legal Fees												
Motor Vehicle Expenses												
Postage/Telephone/Fax												
Printing and Stationery												
Rent and Outgoings												
Repairs and Maintenance												
Security												
Staff Amenities												
Subscriptions												
Superannuation												
Trianing Costs												
Travel Expenses												
Wages (Net)												
Other Expenses												
Total Overheads												
Other Items												
Drawings (by Owners)												
Loan Principal Repayments												
Purchase of Fixes Assets												
PAYG (Instalments)												
PAYG (Witholding)												
GST Payments												
Other Payments												
Total (Other Items)												
Total Cash Outflow												
Net Cash Flow												
Opening Balance												
Funds Available												

(A)

(B)

(C)

(D)

(E)

(F)

(G)

(H)

(J)

Debtors Analysis (people who owe you money) for GST-registered businesses, all sales amounts should include GST

Estimated Monthly Sales	\$	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
July													
August													
September													
October													
November													
December													
January													
February													
March													
April													
May													
June													
Monthly Cash Inflow from Sales (A)													

1. Calculate your Estimated Monthly Sales and place in the first column.
2. Receipts from Cash Sales are entered into the month in which they occur.
3. Receipts from Sales made on Credit are entered into the month of receipt - eg sales on 30 days would be entered into the month after the sale.
4. Add each Monthly column to calculate the Monthly Cash Inflow from Sales

Creditors Analysis (people you owe money) for GST-registered businesses, all purchase amounts should include GST

Estimated Monthly Purchases	\$	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
July													
August													
September													
October													
November													
December													
January													
February													
March													
April													
May													
June													
Monthly Cash Outflow from Purchases (C)													

1. Calculate your Estimated Monthly Trade Purchases and place in the first column.
2. Payments for cash purchases are entered into the month in which they occur.
3. Purchases made on credit are entered into the month of payment - eg purchases on 30 days would be entered into the month after the purchase.
4. Add each Monthly column to calculate the Monthly Cash Outflow from Purchases.