

Monthly Cash Flow Forecast

Select a month to start	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
Receipts													
Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less payments													
Direct costs													
Materials	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Packaging	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overheads													
Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bank Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cleaning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt repayments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Freight and postage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Marketing and advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Motor vehicle expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Power	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repairs and maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Salaries and employee expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stationery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subscriptions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uniforms	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Web site hosting and maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total cash payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cash flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Opening bank balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing bank balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cash flow forecasts

This section will help you fill out the template by providing a breakdown of each question and additional information to help inform your answer.

Forecasting sales

To help you forecast sales, split your receipts into as many categories as you need. You may decide to just have one row titled 'sales', but consider splitting out sales where they are easily identified or you want to track them. For example, a retailer may wish to track 'sales' from the physical store, and 'sales' from their online store.

To help estimate revenue from your business look at the seasonality of sales from past trading history. If you have none, talk to as many people as you can – like other business owners or professionals with experience in your industry – to help you build realistic figures. Allow your knowledge of future events and changes in your business, industry and the wider economy to influence your forecasts.

Include other impacts on sales when you expect them, such as the addition of new sales staff who might help sales trend upwards after they join, or economic or seasonal influences that could mean you see less custom for a while.

The point is all these things are assumptions. Highlight your assumptions when you've had to make them to justify your reasoning to readers. But wherever possible research your assumptions and drill down into the detail to make sure your sales forecasts are as accurate as possible.

Estimating costs

Costs are split into two sections:

- Overheads (or fixed costs) that you're committed to and remain the same or similar through the year, like rent.
- Direct costs that vary with the level of production or supply. These are costs like material and labour.

The key to estimating costs is detail. Overheads costs you can confirm accurately – by checking your last bill or gaining a quote from a provider, for example – but direct costs will need to be estimated as they will fluctuate with sales. Make sure you double check that direct costs mimic the rise and fall of your sales estimates.

Drill down into the detail as much as possible. Think of all the hidden costs and all the internal and external influences that might affect production or service delivery levels.

Important considerations:

- Work out the maximum production or service delivery capacity of your business.
- Make sure your drawings are realistic. Don't take out too much money, or too little.
- Make sure you add in one off costs when you need to pay them, such as accounting fees, insurance etc. If you have arranged to pay them monthly, then include the monthly amount
- Ask your accountant to help estimate your tax and the dates it is due.

Just like when you forecast sales, highlight the assumptions that influence your cost estimates so you and the reader of your forecast are on the same page.

Using your cash flow forecast

A cash flow forecast helps you make better decisions. You can apply it to a variety of situations. Alter the cash flow forecast and see what the results are for;

- Making hiring decisions. Add staff salaries to the expenses and see the impact on the bottom line.
- Creating growth plans. Juggle the costs of investing in new ideas with the potential sales.
- Preparing for future cash deficits by seeing how much you may be short.
- Planning the best use of future cash surpluses by identifying surplus cash and making sure it is allocated to the right areas of your business.
- Making strategic asset purchases or sales.
- Assessing finance needs.

After the period you've forecasted is over you can also look back on your forecast and compare them to the actual performance of the business.

This helps you:

- Assess business performance.
- Improve the accuracy of your forecasts.

If you find sales or costs varied to what was expected, look into the reasons. A cash flow forecast can be a useful barometer for your business that highlights and helps you identify hidden threats or potentially dangerous assumptions.

While it's tempting to carry out long range forecasts, remember this rule; the longer the time frame the less accurate the forecast. Keep your initial forecasts to a year, or perhaps two at most if you've just started your business and you want to investigate the second-year changes, such as provisional tax, that may influence your sales or costs.

Think about using scenarios as well. Your initial forecast should reflect the most likely scenario, but if you carry out best case and worst case scenarios too you can show readers that you're really thinking ahead.