

# PREPARING A CASHFLOW

As part of the financial section of a business plan, you will need to prepare a cashflow forecast. This helps you to see how your business will actually operate financially, and whether your estimates sales figures stack up.

Estimate what you might charge for your product or service each month. Enter this figure onto your sheet. Remember to bear in mind peak months and likely quiet periods ( for example holiday periods )  
If you have not seen a cashflow before, it will take you some time to understand it. Remember that all these rows can be changed to fit your own business model.

Turn the page and have a look at this example cashflow to get a better idea of how it works.

DETAILS	MONTH1	MONTH2	MONTH3	MONTH4	MONTH5	MONTH6	MONTH7	MONTH8	MONTH9	MONTH10	MONTH11	MONTH12	TOTAL	EXPLANATION
Sales														All your incoming payments
Other income														Any other income
<b>A. Total Receipts</b>														The total of the two boxes above
<b>EXPENDITURE</b>														
Wages (inc PAYE, NI)														Any salaries or other staff costs (include any tax where relevant)
Rent /rates														Premises
Light /heat /power														Electricity, water rates, gas
Insurance														Insurance costs
Travel														Petrol / Taxis / transport
Advertising														Adverts, promotions, flyers
Telephone / Postage														Phone bills and postage
Legal fees														Lawyers fees
Accountancy														Accountants fees
Bank interest														(For example bank overdraft)
Loan repayments														Any loan repayments
<b>B. Total Payments</b>														The total of all EXPENDITURE in that month
<b>C. Net cashflow ( A - B )</b>														This is your Profit or Loss in that one month period
<b>Closing balance (= previous month closing balance + C )</b>														This is what you have left in your bank balance. It's the difference between what you had in the month previous and box C.