

Cash flow forecast

If you are a starter in business you may find it easier to do a three month cash flow forecast showing the financial goals to be achieved, and actual monthly results. This will test your accuracy in setting your business goals; you may find you are aiming too high or too low. After 3 months of keeping track of business activity, you can assess the trend and prepare a twelve month cash flow forecast.

Complete the following example of a three month cash flow forecast:

Cash inflow	Month 1 target	ACTUAL	Month 2 target	ACTUAL	Month 3 target	ACTUAL
Cash sales						
Credit/payment received						
Bank/overdraft received						
Other income						
A. TOTAL INFLOW (receipts)						
Cash outflow						
Purchases						
Drawings						
Loan repayments						
Purchases						
Insurances						
Motor vehicle						
Telephone						
Accounting/ bank fees						
Advertising						

Elect. and Gas						
Stationery						
Office supplies						
Printing						
Postage						
Freight/ courier						
Repairs/ maintenance						
Other expenses						
B. TOTAL OUTFLOW (expenses)						
Net cash flow (A – B)						
Opening balance						
Closing balance						