

## MONTHLY CASH FLOW PROJECTIONS

*Instructions for completing the Monthly Cash Flow Projection form follow. A sample form appears on pages 3 and 4.*

Recommend that cash flow projections during at least the first 2 months (18 to 24 months does not hurt) of the business be prepared on a monthly basis. The reason is that there can be a serious mismatch of timing of receipt of **cash** revenue and the payment of expenses. Determining the maximum amount of working capital needed depends upon being able to determine how far you will be in the hole and when.

**Remember cash is king.** The profit and loss statement doesn't measure cash. If you can't pay the bills, you'll be out of business.

**Cash on hand at beginning of month:** Must be the same as cash on hand at the end of the prior month

### **Cash Receipts**

**Cash sales:** All cash sales. Omit credit sales, unless cash is actually received.

**Collections on accounts:** Amounts paid by credit customers.

**Loans or other cash injections:** All cash received other than cash sales and collections on accounts.

### **Cash Paid Out**

**Purchases merchandise:** Payments for products, or material to be made into products, that are to be sold to customers.

**Gross wages:** Base pay plus overtime, if any.

**Payroll expenses (taxes, etc.):** Include paid vacations, sick leave, health and unemployment insurance and other benefits.

**Outside services:** Outside labor, material for specialized or overflow work, including subcontracting.

**Supplies:** Items purchased for use in the business (not for resale).

**Repairs & maintenance:** Include periodic large expenditures such as painting or decorating.

**Advertising:** Newspaper, radio, and television advertising; business cards, brochures, etc.

**Car, delivery & travel:** If personal car is used, charge in this column, including parking.

**Outside services:** Accounting & legal: (e.g., bookkeeping)

**Rent:** Real estate only.

**Telephone:** Includes regular and cell phones and pagers, if used for business.

**Utilities:** Water, heat, light, and power.

**Insurance:** Coverage on business property and products (fire, liability); worker's compensation, fidelity, etc. Does not include life insurance.

**Taxes:** Real estate, inventory tax, sales tax, excise tax, personal property taxes, etc.

**Interest:** Be sure to include only the interest on loans.

**Other:** When equipment is rented or leased, record payments here. Also record any unexpected expenditures.

**Miscellaneous:** Small expenditures for which separate accounts would be impractical.

**Loan principal payments:** Principal portion of payments on all loans (including vehicle) and equipment purchases on time.

**Capital purchases:** Non-expensed (depreciable) expenditures, e.g. equipment, building purchases.

**Other Start-up costs:** Expenses incurred prior to first month projection and paid for after start-up.

**Reserve and/or escrow:** Insurance, tax, or equipment escrow to reduce impact of large payment.

**Owner's withdrawal:** Include owner's: income tax, social security, health & life insurance, etc

Note: This statement is most important as it combines needed information from both the Balance Sheet and Income Statement.

**Cash is what keeps your business open!**

**Essential Operating Data:**

**Sales volume (dollars):** A very important figure that should be estimated carefully, taking into account size of facility and employee output as well as realistic anticipated sales (actual sales, not orders received).

**End of Month Data:**

**Accounts Receivable:** Previous unpaid credit sales plus current month's credit sales less amounts received during the current month less bad debts. Aging of amounts due by months after invoiced.

**Bad debts:** Bad debts should be deducted in the month they are determined to be bad.

**Inventory:** Last month's inventory plus merchandise received and/or manufactured, less amount sold this month.

**Accounts payable:** Previous month's payable plus current month's payable less amount paid during month

This information was excerpted from a 48-page *U.S. Small Business Administration* publication entitled *The Business Plan- Road Map To Success*.

# Monthly Cash Flow Projection

Name of Business \_\_\_\_\_ In hundreds \_\_\_\_\_ or thousands \_\_\_\_\_ of Dollars

Year _____ Month:	Pre-start up position		1 <sup>st</sup> month		2 <sup>nd</sup> month		3 <sup>rd</sup> month		4 <sup>th</sup> month		5 <sup>th</sup> month		6 <sup>th</sup> month		Total	
	Est.	Actual	Est.	Actual	Est.	Actual	Est.	Actual	Est.	Actual	Est.	Actual	Est.	Actual	Est.	Actual
<b>Cash on hand at beginning of month</b>																
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>CASH RECEIPTS</b>																
Cash sales	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Collections on accounts	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Loans or other cash injections	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Total cash receipts</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>CASH PAID OUT</b>																
Purchases merchandise	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Gross wages	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Payroll expenses (taxes, etc.)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Outside services	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Supplies (office, etc)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Repairs & maintenance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Advertising	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Car, delivery & travel	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Accounting & legal	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Rent	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Telephone	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

