

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

