DOWNLOAD PDF BUSINESS PLAN CASH FLOW PROJECTION

Chapter 1 : Transportation business plan | Cash flow projections | Financial projections

Cash flow is king for small businesses and the self-employed. But planning cash flow is easier said than done, especially if you're not a numbers person. However, if you're going to succeed in business, mastering basic cash flow projections is a must. After all, you can be a profitable business.

How to use Financial Plan Model Inputs Use the Model Inputs sheet to enter information about your business that will be used to model results seen on the other pages. Forecasted Revenue The forecasted revenue section allows you to estimate your revenue for 4 different products. Simply use the white boxes to enter the number of units you expect to sell, and the price you expect to sell them for, and the spreadsheet will calculate the total revenue for each product for the year. If you want to give your products names, simply type over the words "Product 1", "Product 2" etc. Cost of Goods Sold Your margins are unlikely to be the same on all of your products, so the cost of goods sold allows you to enter your expected gross margin for each product into the white boxes in Column B. The spreadsheet will automatically calculate the annual cost of goods sold based on this information, along with your forecasted revenue. Annual Maintenance, Repair and Overhaul As the cost of annual maintenance, repair and overhaul is likely to increase each year, you will need to enter a percentage factor on your capital equipment in the white box in Column B. This will be used to calculate your operating expenses in the profit and loss sheet. Asset Depreciation Use the white box to enter the number of years you expect your assets to depreciate over. This may vary greatly from business to business, as assets in some sectors depreciate much more quickly than they do in others. Tax In most parts of the world, you will have to pay income on your earnings. Enter the annual tax rate that applies to your circumstances in the white box in Column B. If you have to pay any other taxes, these can be entered later on the Profit and Loss sheet. Inflation Although you cannot be certain of the level of inflation, you will still need to try and plan for it when coming up with a 5-year financial plan. The International Monetary Fund provide forecasts for a number of countries, so is a good place to look if you are unsure what to enter here. Simply enter your inflation rate in the white box. Product Price Increase As a consumer, you are no doubt aware that the price of products goes up over time. Enter a number in the white box to show the expected annual price increase of your products to enable the spreadsheet to calculate income in future years. If you are unsure what to put here, increasing your product price in line with inflation is a good starting point. If your business is just starting out, you may be able to command higher prices for your products or services as the years go on, as you build up brand recognition and a good reputation. Funding The funding section allows you to enter information about your business loan. To use this section, simply fill in the three white boxes representing the amount of the loan, the annual interest rate and the term of the loan in months - for example, 12 for 1 year, 24 for 2 years, 36 for 3 years, 48 for 4 years, or 60 for a 5 year loan. Profit and loss This sheet calculates your profit and loss for each year over a 5 year period. The profit and loss assumptions, along with income, are automatically calculated using information entered in the model inputs sheet. Non-Operation Income You may have, or be expecting some income in addition to your operating income. There are pre-entered categories for rental, lost income and loss or gain on the sale of assets, as well as an additional row where you can enter your own non-operation income. Operating Expenses Some parts of this are already filled in based on information you put on the Model Inputs, for example, depreciation, maintenance and interest on long-term debt. Years are also filled in for you across all categories based on the inflation information entered in the Model Inputs sheet. Non-recurring Expenses This section is for entering any expenses that you will not be paying on an annual basis. The Unexpected Expenses row allows you to enter a contingency for unexpected expenses, whilst the Other Expenses row allows you to enter any other one off expenses you may be expecting to make, for example the purchase of new equipment part way into your 5 year plan. Taxes Income Tax is filled in based on the information you enter into the model inputs. Depending on where your business is based, you may find yourself having to pay other taxes. These can be entered in the Other Tax row. You can rename this row by typing over the "Other Tax specify " text. Balance Sheet The annual balances for Years are, in most cases, filled in for you, based on the information you have entered on the Model Inputs sheet and in the Initial Balance column of the Balance

Sheet column itself. This makes it very easy to use. At the bottom of this section is a space for you to enter any other current assets you may have that do not fall into any of these categories. Property and Equipment Depending on the nature of your business, you may have assets such as Buildings, Land, Capital Improvements and Machinery. Enter the value of these assets into Column B, and these values will be copied over to each of the 5 years of the plan. The depreciation information entered into the Model Inputs sheet will be used to calculate the depreciation expenses, which allows a total for property and equipment to be calculated automatically. Enter the information into Column B, and it will be carried across to the yearly columns automatically. Current Liabilities As well as assets, your business is likely to have liabilities. Just leave blank any rows where you do not have any liabilities, and the totals will be calculated for you. Unlike much of the rest of the Balance Sheet, you can manually enter different amounts for each year, as you may, for example, be expecting to take on another loan to purchase some new equipment in Year 3 as your business expands. Other Liabilities Use this section to enter any liabilities not covered by the pre-defined labels. You can amend the text in Column A, in order to specify the liabilities, and then enter the cost of these liabilities in Column B. Equity Your business is likely to have some equity, and this can be entered into this section. Your retained earnings are automatically calculated based on the Profit and Loss sheet. Cash Flow Much of the information on the cash flow sheet is based on calculations in the Balance Sheet. It is important to plan your cash flow carefully, so that you know what funds you will have available to buy new stock and equipment. Operating Activities Much of this section is automatically filled in based on your balance sheet. You only need to fill out the white boxes in Column B for Year 1, as these values will automatically be carried over into subsequent years for you. Investing Activities Your capital expenditures and sale of fixed assets will be automatically populated if you have filled out the relevant sections of the Balance Sheet. They will be blank if they do not apply. As investing activities can vary year on year, you will need to fill out any investment activities for each of the 5 years in the appropriate columns for Acquisition of Business, and any Other Investing Cash Flow items. This information will automatically carried over to Years Loan Payment Calculator There is nothing to enter on this sheet, as it is for information only. Whether or not you already have a loan, or are using this spreadsheet as a part of a business plan to help you obtain one, it allows you to easily see how much you will be paying each month, showing how much you are paying off your loan, and how much you are paying in interest. This will allow you to get an idea of whether or not you can afford to borrow a bit extra, if you feel it would allow you to push your business into higher places, or whether you need to shop around for a better interest rate or adjust the loan term in order to afford the loan payments.

Chapter 2 : Sample Cash Flow Statement | calendrierdelascience.com

A good cash flow analysis might be the most important single piece of a business plan. All the strategy, tactics, and ongoing business activities mean nothing if there isn't enough money to pay the bills. That's what a cash flow projection is aboutâ€"predicting your money needs in advance. By.

Morgan Beall October 19, At Vancity, we see hundreds of business plans each year from new and aspiring entrepreneurs. And from that experience, we know there are five areas in the business plan that entrepreneurs may not spend enough time on: Cash flow projection Creating a cash flow forecast is a critical step in your business plan. A good projection should track your business income and expenses month by month, while reflecting the times of year when your cash requirements increase and decrease. It should not only help a financial institution understand more about investing in your business, it should help you to understand your own financing needs. Here are some tips to help build a comprehensive cash flow projection: Lay out your first 24 months Most financial institutions are looking for a two-year plan. Here is an example of a cash flow template to detail a month cash flow, with annual and monthly totals if you prefer a spreadsheet that also works. Go one extra and important step further and include three versions of your projection: Keep in mind how much you need to sell or profit just to cover your daily operations. Not sure where those magical numbers come from? For a service-based business, think about how many billable hours per week you need at your projected hourly rate to cover your expenses. How many clients will it take you to reach those numbers? Be specific Be as detailed as possible by breaking down your monthly, annual, and seasonal expenses. Things like insurance, business license, subscriptions, memberships, cell phones, supplies, rent, heat, and light. Plan for contingencies A potential lender will always look at the worst-case scenario. If you only make half of what you thought you would, will your business survive? Plan for contingencies and be realistic. Ask yourself some tough questions. How are you paying yourself? Is that enough for you to live on? Lack of cash flow is one of the main causes of small business failure. Looking for more support? Looking for more support to help you complete your business plan? Find out when our next Each One, Grow One small business workshop is happening. The workshop is offered free for members and non-members, and are a great starting place to create your perfect business plan.

Chapter 3 : Business plan tips: how to plan a cash flow projection | Good Money by Vancity

While both types of Cash Flow reports are important business decision-making tools for businesses, we're only concerned with the Cash Flow Projection in the business plan. You will want to show Cash Flow Projections for each month over a one year period as part of the Financial Plan portion of your business plan.

The cash flow completes the system. It reconciles the Profit and Loss with the Balance. Experts can be annoying. There are several ways to do a cash flow plan. You can see the potential complications and the need for linking up the numbers from the other statements. Your estimated receipts from accounts receivable must have a logical relationship to sales and the balance of accounts receivable. Likewise, your payments of accounts payable have to relate to the balances of payables and the costs and expenses that created the payables. Vital as this is to business survival, it is not nearly as intuitive as the sales forecast, personnel plan, or income statement. The mathematics and the financial projections are more complex. That estimate looks like this: And the money involved comes in one month later. The receivables analysis depends on information in the Profit and Loss Projection, plus an assumption about Sales on Credit, and another on waiting time before payment. And it affects the Projected Balance and the Projected Cash Flow, as shown in this next illustration: Estimating the Impact of Inventory Inventory presents another set of important cash-related assumptions. I explained earlier that in the case of inventory, proper accounting practices require special details. The cost of inventory that shows up in the Projected Profit and Loss is related to timing of sales. The actual cash flow implications of inventory depend on when new inventory is purchased, as shown here: Estimating the Impact of Payables Most businesses wait a month or so before they pay invoices for goods and services received from other businesses. That means we can save on our cash flow by holding back some money and paying it later. With proper accrual accounting, that money is recorded on the Balance Sheet as Accounts Payable. Estimating Accounts Payable takes a careful combination of calculations and assumptions. First we have to collect the full amount of payments. Then we account for payments made immediately, not held in Accounts Payable. After that, we estimate how long, on average, we hold payments. That analysis is shown below: In this case, it is assumed that the store will pay its bills about a month after it receives them. Cash Flow is About Management Reminder: These are useful projections. But real management is minding the projections every month with plan vs. The illustration here shows projected profits for the bicycle store compared to the projected cash flow, using the projections presented in this chapter:

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Chapter 4 : How to Project Cash Flow | Lean Business Planning

Cash Flow Projections Cash flow forecasting or cash flow management is a key aspect of financial management of a business, planning its future cash requirements to avoid a crisis of liquidity.

Based in the Washington, D. Getty Images A business plan is all conceptual until you start filling in the numbers and terms. You do this in a distinct section of your business plan for financial forecasts and statements. The financial section of a business plan is one of the most essential components of the plan, as you will need it if you have any hope of winning over investors or obtaining a bank loan. Realize that the financial section is not the same as accounting. Many people get confused about this because the financial projections that you include--profit and loss, balance sheet, and cash flow--look similar to accounting statements your business generates. But accounting looks back in time, starting today and taking a historical view. Business planning or forecasting is a forward-looking view, starting today and going into the future. They are going to want to see numbers that say your business will grow--and quickly--and that there is an exit strategy for them on the horizon, during which they can make a profit. Any bank or lender will also ask to see these numbers as well to make sure you can repay your loan. It should be a guide to running your business," Pinson says. One way, Berry says, is to break the figures into components, by sales channel or target market segment, and provide realistic estimates for sales and revenue. But if you break the guess into component guesses and look at each one individually, it somehow feels better," Berry says. For example, what you see in the cash-flow plan might mean going back to change estimates for sales and expenses. Start with a sales forecast. Set up a spreadsheet projecting your sales over the course of three years. Set up different sections for different lines of sales and columns for every month for the first year and either on a monthly or quarterly basis for the second and third years. Because you want to calculate gross margin. The best way to do that, Berry says, is to look at past results. Create an expenses budget. Berry likes to differentiate between fixed costs i. Berry recommends you go with simple math. He says multiply estimated profits times your best-guess tax percentage rate to estimate taxes. And then multiply your estimated debts balance times an estimated interest rate to estimate interest. Develop a cash-flow statement. This is the statement that shows physical dollars moving in and out of the business. You base this partly on your sales forecasts, balance sheet items, and other assumptions. If you are operating an existing business, you should have historical documents, such as profit and loss statements and balance sheets from years past to base these forecasts on. If you are starting a new business and do not have these historical financial statements, you start by projecting a cash-flow statement broken down into 12 months. Some business planning software programs will have these formulas built in to help you make these projections. This is your pro forma profit and loss statement, detailing forecasts for your business for the coming three years. Use the numbers that you put in your sales forecast, expense projections, and cash flow statement. You also need a projected balance sheet. Some of those are obvious and affect you at only the beginning, like startup assets. A lot are not obvious. Then figure out what you have as liabilities--meaning debts. The three-year income projection will enable you to undertake this analysis. How to Use the Financial Section One of the biggest mistakes business people make is to look at their business plan, and particularly the financial section, only once a year. And then use those comparisons to revise projections in the future. Pinson also recommends that you undertake a financial statement analysis to develop a study of relationships and compare items in your financial statements, compare financial statements over time, and even compare your statements to those of other businesses. Part of this is a ratio analysis. She recommends you do some homework and find out some of the prevailing ratios used in your industry for liquidity analysis, profitability analysis, and debt and compare those standard ratios with your own. You should be utilizing your financial statements to measure your business against what you did in prior years or to measure your business against another business like yours. This is a summary of your business from its start to the present. Sometimes a bank might have a section like this on a loan application. All of the various calculations you need to assemble the financial section of a business plan are a good reason to look for business planning software, so you can have this on your computer and make sure you get this right. Software programs also let you use some of your projections in the financial section to create pie charts or bar graphs that you can use elsewhere in your business plan to highlight your financials, your sales history, or your projected income over three years.

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Chapter 5 : Cash Flow Projections | Business Plan Writing Services

Create a cash flow projection Before you create a cash flow projection for your business, it's important to identify your key assumptions about how cash flows in and out of your business each month. Key assumptions should relate to two primary areas.

August 29, Tags: Fortunately, spending just 35 to 45 minutes each month on a cash flow projection can help you identify potential cash shortfalls in the months ahead. Key assumptions should relate to two primary areas: These assumptions should outline how quickly you receive payment from your customers. For example, if most of your customers pay you within 30 days, a key assumption could be: These assumptions should outline when your payments are due. For example, if your vendors require payment within two weeks of delivery, a key assumption could be: Payables are due within 14 days of purchase. Only the most likely numbers should appear on your spreadsheet. Tips for creating accurate cash flow forecasts. For many projections, business owners will use the high end of their sales estimates in an attempt to put their best foot forward for potential investors , explains Jerry L. However, in this case, aiming high can actually create a financial shortfall, he says. To get started, create 12 columns across the top of a spreadsheet, representing the next 12 months. Then, on the left-hand side, list the following cash flow categories: Sources of cashâ€" All money coming in each month receivable collections or direct sales, loans, etc. Total sources of cashâ€" Add the amounts in the Operating cash, beginning row to the amounts in the Sources of cash for each month. Uses of cashâ€" List every likely expense your business may incur, such as payroll, accounts payable to vendors, rent and loan payments. Total uses of cashâ€" Tally all your expenses so you can see exactly what will be going out the door each month. Excess deficit of cashâ€" This is the number that counts. If you see positive numbers across the board â€" congratulations, you may have some extra dollars to invest back into your business. Learn more about using competitive analysis to differentiate your business. Strategies to improve accuracy As the months pass and you compare your monthly cash flow statements to your projections for each month, the numbers should match up. Even if your actual numbers come in higher than your projections, you should take a close look at your assumptions, because higher returns in the short term could lead to shortfalls later on. To make sure your projection stays accurate throughout the year, be sure to consider these variable expenses: Months with three payrolls Months when insurance premiums are due Increased estimated taxes due to increased sales Tip: Continue to refine your projection To keep your projections on track, create a rolling month plan that you update at the end of each month. One, you spend a lot of time. Two, there are too many variables that can happen. Prime rate could shoot up, for example. Beyond saving you time, this allows you to take a higher-level view of the projection and will help you identify errors more easily. The information in this article was based on an interview with Jerry L.

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Chapter 6 : Business Plan Financial Projections

The next part of the cash flow projection is the beginning cash balance (line 2)â€”the money available to you in your bank accounts or in cash at the beginning of the month.

Estimate accuracy Important There are two ways to improve how you manage your cash flow. The first is working capital management managing stock , managing suppliers and debt recovery. The second, described here, is using cash flow forecasting. A cash flow forecast is the most important business tool for every business. The forecast will tell you if your business will have enough cash to run the business or pay to expand it. It will also show you when more cash is going out of the business, than in. Use below Cash flow worksheet to forecast and record cash flow. The worksheet will update your figures as you type. The easiest way to prepare a cash flow forecast is to break the task into several steps. Then bring all the information together at the end. The five steps to preparing a cash flow forecast are: Then decide what adjustments you will need to make based on past trends, i. Note that sales figures always change because they depend on various factors, such as the types of customers you sell to, how quickly they have to pay you, what the economy is doing e. GST rebates and tax refunds owners invest more money add extra equity in the business government or other grants loans are paid back to you or you sell an asset other sources such as royalties, franchise fees, or licence fees. Prepare detail on all estimated cash outflows and expenses When you calculate your cash outflows, work out what it costs to make goods available. By doing this, if you do need to adjust your sales numbers later eg you actually sold 10 units in March when you thought you would sell five , it will be easier to adjust actual cost of goods sold. Expenses can be money spent on administration or operation. Again, expenses depend on the type of business you are starting or already run. Prepare your cash flow forecast by putting all the gathered detail together At the beginning you will have decided the period the forecast should cover. Since cash flows are all about timing and the flow of cash, you will need to have an opening bank balance i. The number at the end of each month is referred to as the closing cash balance and this number becomes the opening cash balance for the next month. Review your estimated cash flows to actual This is the most important step of all. Remember that cash flow is all about timing and the flow of cash, so when preparing your cash flow forecast, make sure you are as accurate as possible on the timing of the cash flows.

Chapter 7 : Guest house sample business plan | Cash flow projections

This is another of my series on standard business plan financials. After all, all the strategy, tactics, and ongoing business activities mean nothing if there isn't enough money to pay the bills. And that's what a cash flow projection is about - predicting your money needs in advance.

Chapter 8 : 5-Year Financial Plan | Free Template for Excel

The cash flow projection shows that provisions for ongoing expenses are adequate to meet JJB's needs as the business generates cash flow sufficient to support operations. Need actual charts? We recommend using LivePlan as the easiest way to create graphs for your own business plan.

Chapter 9 : How to Write the Financial Section of a Business Plan | calendrierdelascience.com

Download a free 5-Year Financial Plan template, which helps when planning a launch of a new products with involvement of a long-term financing. 5-Year Financial Plan includes, Profit and Loss, Balance Sheet, Cash Flow and Loan Amortization.