

Crisis Changing Lives Application form – Section 5.7 Financial Planning

How to fill in the cash flow analysis table

The cash flow analysis table gives details of your business’s expected income and costs for each month over the coming year. It is an important tool because it lets you know when your expenditure is likely to be greater than your income, and allows you to make sure you are not likely to run out of money at any point during the year. As the name implies it only deals with cash – so each month it is asking you to identify what cash will be coming in (revenues) and what cash you will have to spend (costs).

Everything you put in this table are **projections** – your best estimate of the future, not what has happened in the past. This means that you will need to make some estimates of what your sales are likely to be over the next 12 months, and when your costs are likely to fall – you may need to do some research as to the likely size of these costs before you fill in the form, and think about when you must pay these. There might be some things that you use all the time that you only have to pay for every quarter or every year - for example this might be the true for your electricity or water bill. If this is the case you should only enter it as a cost in the month that you intend to actually pay it – a cash flow has occurred.

Step 1

Fill in the names of the months across the top of each column to be the next 12 months and fill in your opening balance - the amount of cash the business starts with. This will often be 0 if it is a new business – any grants, loans or awards received at start up will be entered in Step 2.

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0												
REVENUES													
Sales													
Awards/grants/other income													
Total Expected Income													
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)													
Other salaries to staff													
Costs of materials													
Capital expenditure (machinery etc.)													
Income tax and National Insurance													
Insurance													
Rent and council tax													
Water / electricity / gas													
Telephone													
Travel or motor expenses													
Postage/ stationary / printing													
Other advertising													
Interest & charges													
Professional fees/ union membership													
Other (What.....)													
Total Expected Costs													
Closing Balance													

Step 2

Think about your first month – November in this example. What cash is the business likely to receive? These are your revenues – it could be either from sales or work done, or you might have received some money from somewhere else – a loan, a grant or an award such as a Changing Lives award. Try to be realistic in your estimates of what money you will make – it is very easy to over-estimate your level of sales. Also you should only include cash that you will actually receive in the month – if you do the work this month but are likely to get paid next month then it should go in next month’s column, not this month’s.

Put the amount of money you will receive next to the 'Sales' and 'Awards/grants/other income' boxes in the column for the first month (November).

Add together these two numbers and put this total next to 'Total Expected Income' in the column for the first month (November).

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0												
REVENUES													
Sales	850												
Awards/grants/other income	2000												
Total Expected Income	2850												
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)													
Other salaries to staff													
Costs of materials													
Capital expenditure (machinery etc.)													
Income tax and National Insurance													
Insurance													
Rent and council tax													
Water / electricity / gas													
Telephone													
Travel or motor expenses													
Postage/ stationary / printing													
Other advertising													
Interest & charges													
Professional fees/ union membership													
Other (What.....)													
Total Expected Costs													
Closing Balance													

Step 3

Think about what you will have to pay out in the first month (November) – these are your costs. As well as the running costs of the business (costs of materials, tax, insurance, utility bills etc.), you will probably be intending to use some of the money for a salary for yourself – to pay for your personal living costs. If there are costs that you can think of that are not on the list, they should be included under 'other'.

Put your own salary for the month in first column (November) next to the box called 'Drawings to cover personal living expenses', and the costs for the business in the same column next to the appropriate cost.

Add together all your costs that you have just entered, and put this total next to 'Total Expected Costs' in the column for the first month (November).

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0												
REVENUES													
Sales	850												
Awards/grants/other income	2000												
Total Expected Income	2850												
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)	500												
Other salaries to staff	0												
Costs of materials	100												
Capital expenditure (machinery etc.)	900												
Income tax and National Insurance	75												
Insurance	20												
Rent and council tax	400												
Water / electricity / gas	150												
Telephone	30												
Travel or motor expenses	50												
Postage/ stationary / printing	10												
Other advertising	0												
Interest & charges	0												
Professional fees/ union membership	0												
Other (What.....)	0												
Total Expected Costs	2235												
Closing Balance													

Step 4

Next you compare your money coming in and your money going out for that month. Subtract your 'Total Expected Costs' from you 'Total Expected Income' for the first month (November). This gives you the amount of money the business made in the month. Add this amount to the 'Opening Balance' for the month to get the 'Closing Balance' for that month. This is the money the business should have spare at the end of the month, so put this amount in the first month's column (November) next to 'Closing Balance'.

In this example the amount of money made in the month is £2850 - £2235 = £615. The Opening Balance was £0 so the Closing Balance is therefore £615.

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0												
REVENUES													
Sales	850												
Awards/grants/other income	2000												
Total Expected Income	2850												
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)	500												
Other salaries to staff	0												
Costs of materials	100												
Capital expenditure (machinery etc.)	900												
Income tax and National Insurance	75												
Insurance	20												
Rent and council tax	400												
Water / electricity / gas	150												
Telephone	30												
Travel or motor expenses	50												
Postage/ stationary / printing	10												
Other advertising	0												
Interest & charges	0												
Professional fees/ union membership	0												
Other (What.....)	0												
Total Expected Costs	2235												
Closing Balance	615												

Step 5

Your Closing Balance for the end of November is also the amount of money you have at the start of December – your Opening Balance for December. Therefore simply copy the Closing Balance for November into the next column as the Opening Balance.

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0	615											
REVENUES													
Sales	850												
Awards/grants/other income	2000												
Total Expected Income	2850												
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)	500												
Other salaries to staff	0												
Costs of materials	100												
Capital expenditure (machinery etc.)	900												
Income tax and National Insurance	75												
Insurance	20												
Rent and council tax	400												
Water / electricity / gas	150												
Telephone	30												
Travel or motor expenses	50												
Postage/ stationary / printing	10												
Other advertising	0												
Interest & charges	0												
Professional fees/ union membership	0												
Other (What.....)	0												
Total Expected Costs	2235												
Closing Balance	615												

Step 6

Now repeat what you did in Steps 2 to 5 for the next month (December in this example) – write down your estimates of your revenues, add the Sales and the Awards/grants/other income together to get your Total Expected Income. Then write down your expected costs for the month and add up these to get your Total Expected Costs. Subtract your Total Expected Costs for December from your Total Expected Revenues and add this to your Opening Balance to get your Closing Balance. Copy this amount to the next column as your Opening Balance for the next month.

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0	615	230										
REVENUES													
Sales	850	1000											
Awards/grants/other income	2000	0											
Total Expected Income	2850	1000											
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)	500	600											
Other salaries to staff	0	0											
Costs of materials	100	150											
Capital expenditure (machinery etc.)	900	0											
Income tax and National Insurance	75	75											
Insurance	20	20											
Rent and council tax	400	400											
Water / electricity / gas	150	30											
Telephone	30	30											
Travel or motor expenses	50	70											
Postage/ stationary / printing	10	10											
Other advertising	0	0											
Interest & charges	0	0											
Professional fees/ union membership	0	0											
Other (What)	0	0											
Total Expected Costs	2235	1385											
Closing Balance	615	230											

In this example, in the month of December sales have increased to £1000, but no other income such as grants or awards has been received, meaning Total Expected Income is £1000.

As a result of the increased sales, the costs of materials have increased, as has the cost of transport. The owner has also decided to increase his salary to £600 from £500. However, capital expenditure is not needed this month since the owner bought the required machinery in November. Total Expected Costs are therefore £1385.

The difference between his total expected revenue (£1000) and total expected costs (£1385) is -£385. This means the business has lost money in December. At the start of the month the opening balance was £765 so deducting this £385 loss means the closing balance for December is £380.

The closing balance for December is the opening balance for January.

Step 7

Continue this process until the table is complete for every month.

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0	615	230	65	70	260	475	230	230	255	245	270	
REVENUES													
Sales	850	1000	1250	1500	1750	1800	1850	1900	1950	2000	2050	2100	
Awards/grants/other income	2000	0	0	0	0	0	0	0	0	0	0	0	
Total Expected Income	2850	1000	1250	1500	1750	1800	1850	1900	1950	2000	2050	2100	
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)	500	600	600	600	650	650	650	700	700	750	750	800	
Other salaries to staff	0	0	0	0	0	0	100	100	100	100	100	100	
Costs of materials	100	150	175	190	200	220	240	260	280	300	310	320	
Capital expenditure (machinery etc.)	900	0	0	0	0	0	150	0	0	0	0	0	
Income tax and National Insurance	75	75	75	75	75	75	75	75	75	75	75	75	
Insurance	20	20	20	20	20	20	20	20	20	20	20	20	
Rent and council tax	400	400	400	400	400	400	400	400	400	400	400	400	
Water / electricity / gas	150	30	30	30	30	30	150	30	30	30	30	30	
Telephone	30	30	30	30	30	30	60	60	60	60	60	60	
Travel or motor expenses	50	70	75	80	85	90	95	100	105	110	115	120	
Postage/ stationary / printing	10	10	10	20	20	20	30	30	30	40	40	40	
Other advertising	0	0	0	50	50	50	75	75	75	75	75	75	
Interest & charges	0	0	0	0	0	0	0	0	0	0	0	0	
Professional fees/ union membership	0	0	0	0	0	0	50	50	50	50	50	50	
Other (What.....)	0	0	0	0	0	0	0	0	0	0	0	0	
Total Expected Costs	2235	1385	1415	1495	1560	1585	2095	1900	1925	2010	2025	2090	
Closing Balance	615	230	65	70	260	475	230	230	255	245	270	280	

Step 8 – Final Step

Next add up all the figures in each row and put these totals in the 'Totals' column on the right hand side. There is no need to do a total for the Opening Balance or Closing Balance row – the total for this row is meaningless.

	Month Nov	Month Dec	Month Jan	Month Feb	Month Mar	Month Apr	Month May	Month Jun	Month Jul	Month Aug	Month Sep	Month Oct	Totals
Opening Balance	0	615	230	65	70	260	475	230	230	255	245	270	N/A
REVENUES													
Sales	850	1000	1250	1500	1750	1800	1850	1900	1950	2000	2050	2100	20000
Awards/grants/other income	2000	0	0	0	0	0	0	0	0	0	0	0	2000
Total Expected Income	2850	1000	1250	1500	1750	1800	1850	1900	1950	2000	2050	2100	22000
COSTS													
Drawings to cover personal living expenses (food, clothing etc.)	500	600	600	600	650	650	650	700	700	750	750	800	7950
Other salaries to staff	0	0	0	0	0	0	100	100	100	100	100	100	600
Costs of materials	100	150	175	190	200	220	240	260	280	300	310	320	2745
Capital expenditure (machinery etc.)	900	0	0	0	0	0	150	0	0	0	0	0	1050
Income tax and National Insurance	75	75	75	75	75	75	75	75	75	75	75	75	900
Insurance	20	20	20	20	20	20	20	20	20	20	20	20	240
Rent and council tax	400	400	400	400	400	400	400	400	400	400	400	400	4800
Water / electricity / gas	150	30	30	30	30	30	150	30	30	30	30	30	600
Telephone	30	30	30	30	30	30	60	60	60	60	60	60	540
Travel or motor expenses	50	70	75	80	85	90	95	100	105	110	115	120	1095
Postage/ stationary / printing	10	10	10	20	20	20	30	30	30	40	40	40	300
Other advertising	0	0	0	50	50	50	75	75	75	75	75	75	600
Interest & charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Professional fees/ union membership	0	0	0	0	0	0	50	50	50	50	50	50	300
Other (What.....)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expected Costs	2235	1385	1415	1495	1560	1585	2095	1900	1925	2010	2025	2090	21720
Closing Balance	615	230	65	70	260	475	230	230	255	245	270	280	N/A