

Business planning tools

Cash Flow Forecasting:

Cash flow is the amount of money going into and out of a businesses bank account.

Businesses need money to pay bills. They need to know when and how much money is going to come in and when and how much they need to spend.

Balancing this means dealing with their **cash flow**

Business planning tools

Cash Flow Forecasting identifies the money coming into a business (**cash inflows**) and the money going out of a business (**cash outflows**) over a period of time.

This allows the business to plan and monitor its cash flow and spot potential problems in advance.

This helps the business make sure it will have enough money to pay for its costs on time.

Business planning tools

Cash inflows are any revenue.

Cash outflows are any costs.

Business planning tools

A cash flow forecast will identify inflows and outflows and be able to show the way in which **money flows through a business over a period of time.**

Business planning tools

Timings of cash flows:

- ▣ Will I have enough money to pay the bills this month?
- ▣ Will I have enough money to buy materials for my staff to make new stock?
- ▣ Will my customers pay on time?
- ▣ Will they pay the right amount?
- ▣ What will happen if a big customer pays the bill late?
- ▣ Will I have enough money to pay the bank loan this month?