



# Cashflow Forecast



If you are in business, financial projections can be difficult to get your head around. They are really important in showing that a business can be successful and sustainable in the longer term.

## **So how do I go about completing the Cashflow Forecast?**

### **Lets start with Business Income**

Business Income is your cash inflows – that is all the ways in which your business is going to generate cash. This will include all of your sales (should be broken down between cash sales and credit sales). Credit sales are sales where you have provided the buyer with credit terms and you will be paid for these at a later stage.

Now include anything else that is deemed to be Business Income (e.g Grant Support, Social Welfare etc). If you are applying for a loan from Microfinance Ireland, the loan amount that you are applying for should also be included as income as it is going to inject money into the business. The loan amount you are applying for should be entered into Month 1 of your Cashflow Forecast as it is usually drawn down in the month after your loan application is approved.

## Outgoings/ Business Expenses



Outgoings/ Business Expenses are all of the items that will cost you money to make your business successful.

Firstly look at all your fixed costs – these are all the bills and overheads that you have to pay even if you don't make one sale (e.g rent, rates, utility bills, transport, wages, loan repayments etc)

Now look at variable costs – these are costs that will increase/decrease depending on your volume of sales (e.g stock, marketing etc).

Under the heading **Microfinance Ireland Loan Amount (Use of funds)** it is important to specify how you intend to spend the funds e.g. Stock €5,000, Van €10,000. These costs will generally be one-off and will usually occur in Month 1 of your Cashflow Forecast.

With regards to recurring expenses (e.g wages) these should be spread over a number of months and included as an expense in the relevant month(s).

Remember though that if it is included here, you should **NOT** include it as another line item (avoids double counting).

Microfinance Ireland loan repayments should also be included under Outgoings/Business expenses under the heading **Proposed MFI Loan Repayments** with repayments commencing in the month following expected drawdown of the loan.

## VAT

If your business is registered for VAT, you must charge the applicable rate of VAT on any services you provide, or products you sell.

VAT should be included as turnover in the month you receive it and under expenditure in the month that you make your VAT payment to Revenue. Check out the Revenue website to see if you should be registered and charge VAT on your products and/or services.

[Click here to go to Revenue website](#)

## Cashflow Forecast Template

We have developed a simple template that you can use to prepare a simple Cashflow Forecast for your business.

Once you input the figures for each month under Business Income and Outgoings/Business Expenses, the calculations will be done automatically. We have provided a number of line items for both Business Income and Outgoings/Business Expenses.



**Click here to  
download the  
Cashflow  
Forecast  
Template**

Not all headings will be relevant for every business so you can change /update them as you go.

We have also added some notes in the right hand column in order to make the template as clear and easy to use as possible.

We hope you find it useful!