

⇒ CASH FLOW FORECAST

- A table showing the estimated cash flows of a business over a time period.
 - Such forecasts help to identify future finance problems & help the firm to plan for its cash needs.
- Opening Balance is the amount of cash held by a business at the start of a time period.
- Closing Balance is the amount of cash held by a business at the end of a time period.
- Cash Inflow / Earnings is the amount of cash received by a business in each time period.
- Cash Outflow / Expenditure is the amount of cash paid out by a business over a period of time.

(1)	Jan	Feb	March
Opening Balance	100	130	[20]
Earnings ↓			
Sales	50	20	70
Expenditure ↓			
Purchase OR Bills OR Salary	20	170	30
Net Cash flow	$(50 - 20)$ 30	[150] $(20 - 170)$	40 $(70 - 30)$
Closing Balance	$(30 + 100)$ 130	$(-150 + 130)$ [20] (solution - bank overdraft)	$(40 + (-20))$ 20

[] brackets indicate that the figure is in negative

(2)	Jan	Feb	March
Opening Balance	0	50	80
Earnings	80	50	200
Expenditure	30	20	300
Net Cash Flow	50	30	[100]
Closing Balance	50	80	[20]