



Cash Flow Projection Instructions



Creating a cash flow forecast is crucial for businesses as it provides insights into financial health, helps anticipate shortfalls, ensures timely decision-making, and supports growth planning. It acts as a financial roadmap to maintain liquidity and achieve business goals.

Step 1

Fill in Business Information

- Locate the section labeled Business Name at the top of the sheet.
- Enter your business name. For example:
 - Example: "Parksville Decluttering Services"

Step 2

Identify Monthly Revenue

- Review historical financial data, such as sales records, to estimate monthly revenue.
 - If your business is new, use industry benchmarks or market research to estimate revenue.
- Enter revenue for each month under the corresponding column ("Month 1" to "Month 12").
 - Tip: Follow the "omit 00's" instruction. For example, if revenue is \$3,000, input "30."
 - Example:
 - Month 1: 25 (equivalent to \$2,500)
 - Month 2: 30 (equivalent to \$3,000)

Step 3

Estimate Monthly Expenses

- Categorize expenses into fixed and variable costs:
 - Fixed Costs: Rent, utilities, insurance.
 - Variable Costs: Materials, marketing, payroll.
- Input estimated expenses for each month.
 - Example:
 - Rent: 15 (equivalent to \$1,500)
 - Marketing: 5 (equivalent to \$500)

Step 4

Calculate Net Cash Flow

- Subtract total expenses from total revenue for each month:
 - $\text{Net Cash Flow} = \text{Revenue} - \text{Expenses}$
- Enter the result in the appropriate row.
 - Example:
 - Month 1: Revenue = 25, Expenses = 20, Net Cash Flow = 5 (equivalent to \$500)

Step 5

Summarize Annual Totals

- Add monthly values to calculate totals for "Year 1," "Year 2," and "Year 3."
 - Ensure totals match the sum of all monthly entries for each year.
 - Example:
 - Year 1 Total Revenue: 300 (equivalent to \$30,000)
 - Year 1 Total Expenses: 240 (equivalent to \$24,000)
 - Year 1 Net Cash Flow: 60 (equivalent to \$6,000)

Step 6

Verify Accuracy

- Double-check all calculations.
- Ensure all cells have been filled in appropriately.
- Confirm consistency between monthly and annual totals.

Additional Tips

New Businesses: Use market research and competitor analysis to estimate figures.

Adjustments: Update the sheet monthly to track actuals versus projections.