Preparing Your Projections

HELP GUIDE

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PREPARING YOUR PROJECTIONS FOR A START-UP BUSINESS

Why Cash Flow and Profit and Loss Projections are your best allies in the planning process.

One of the hardest parts of preparing a Business Plan for people looking to start up a business seems to be doing the financial forecasting (projections). In the scheme of things, people can talk about their businesses; tell what kind of products or services they'll be selling, who their competitors are, or where they want to be located. When it comes to having to put down numbers on paper, there's something very intimidating about it. It is viewed as hard and unnecessary. Something only the people you're looking to borrow money from want to see. On the contrary, these forms are your best planning chance to make sure that you're going to be able to get a paycheck out of your business and that's a pretty important thing to know. Let's try to take the mystique out of doing these projections.

First, let's look at the term **projection**. Doesn't that mean a guess? Yes, that's true. You are guessing at what you think your business will do. Once you start putting some thought into what you'll be able to sell, then it becomes an estimate. An estimate is an educated guess. Well if it's a guess, then what good is it? Projecting how much you think you'll sell tells you, given that particular estimate, whether you'll be able to pay your bills (including your paycheck). Wouldn't you rather know in advance if there's going to be a problem in paying you? At least then you can make some adjustments before it comes to that. Suppose you worked for someone else and they said to you that they wouldn't know whether or not they're going to be able to pay you until they get to the end of the week and see what's left in the checkbook. That wouldn't be acceptable to you because you had bills to pay and needed the money. You should be able to ask yourself that same question if you're going to be your own employer.

Estimating your sales will give you a starting point to base paying your expenses. If you estimate and it falls short of it, then you can plan at how to increase your sales and ask yourself why you couldn't sell what you thought. If you estimate your sales and it is higher than you anticipated, then you can find the things that are selling the best for you and adjust yourself accordingly. If you don't plan for your sales, then you don't know whether you are doing well or not, and how do you adjust for that. The truth is that every projection is an estimate until after it happens. Then it's a reality and it can't be changed. The numbers are only meaningless if you make them meaningless.

Both Cash Flow and Profit & Loss Projections are based on your sales estimates. Offsetting your sales are the expenses you incur while running your business. You know that you'll have to pay rent whether you sell anything or not. The same holds true with your utility bills, phone bills, taxes, and insurance. These are your basic fixed expenses. Other costs vary with the amount of your sales. These are your variable expenses. If you don't sell your inventory, then you won't have to buy inventory to replace it.

Estimating your sales

When estimating your sales, you're taking into account your research on the strength of your industry, who your competitors are, and who your customers are. These are the basis of your projections. Also, the month that you start may be a very strong or weak month in your industry. You have to take into account the business cycles that you'll go through. For instance, if your business were selling Christmas ornaments, then your sales would be very high in November and December, while the rest of the year would be relatively low (in comparison). You would also know that your inventory purchases would be high in August, September, or October in anticipation of bringing in your merchandise for the season.

An easy way to start estimating your sales for the year is to break the year into quarters.

- The **1st** Quarter - January, February, March
- The **2nd** Quarter - April, May, June
- The **3rd** Quarter - July, August, September
- The **4th** Quarter - October, November, December

Which quarter, in your industry, should be the best selling quarter?
Which quarter is the second best, the third, the fourth?
Which is the strongest month in each quarter, the second strongest, the third?
What percentage of the years' sales does each quarter represent?

If you were selling Christmas ornaments, probably 85% of your sales would be done in the 4th quarter (Oct., Nov., & Dec.). This only leaves 15% of your sales for the rest of the year. This may be an extreme example, however; but many retail stores will do 40-50% of their business during this season. A Furnace Repair business will do most of their sales during the winter months, not the summer ones. An Air Conditioner business will do most of their business in the summer months, not the winter ones. Once you can identify which quarters will be your best ones, then you have a better idea on how your year will shape up. It makes your forecasting easier. If you are selling a small variety of products or services, then you should basically know the cost of your products and the price you'll be selling them for. You can then estimate how many of these you think you can sell based on your research of your business and taking into account the best selling months.

Estimating your expenses first

If you have a large variety of products or services, then you may want to list your expenses first and figure out how many dollars in sales it would take to pay for those expenses, taking into account an average profit margin on all that you sell. You then have a sales number that you can look at to see if it's attainable. If you do your projections using this method, then you have to do a lot of homework on how much of each item that you're going to be purchasing for your inventory. If you make too many wrong decisions on your inventory purchases, then you may have too much money tied up in items that don't sell and that could collapse your business. The same holds true if you have a service business. If you have to schedule more jobs than there is time to do them, then you won't be able to meet your expenses.

Let's look at the two sets of projections and put them into perspective.

Profit and Loss Projections

Your Profit and Loss projections deal with how and when your business becomes profitable. It is broken down into three categories; (1**) Sales**, (2) **Cost of Goods Sold** (What those goods actually cost you), and (3) **Expenses**.

It begins with your sales estimates. Start with the first period (1) on the worksheet. Pick the month that you think your business will first be open and put it into period 1. Continue on through month twelve. Now put in your sales estimates for each month. Under each estimate, place the cost of those goods. As an example, if you buy an item for $9.50 (**Cost of Goods**) and you resell that item for $20 (**Sales**), your **Gross Profit** is $11.50. If you think that you'll sell 200 of these in a month, then your **Sales** are $4000 (200 X $20), your **Cost of Goods Sold** is $1900 (200 X $9.50), and your **Gross Profit** is $2100 ($4000 - $1900). The Gross Profit is expected to pay your monthly expenses. Continue through the months until you've completed your year. Total your Sales, Cost of Goods Sold, and your Gross Profit to year-end to give you a full picture of your year. These estimates should reflect all your research.

Estimating your expenses
On the Profit and Loss Worksheet, you will see a list of possible expenses that you'll use in your business. Pick the ones that apply to your business. Your fixed expenses are probably the easiest to start with. You already have an idea of where you would like to be located. Find out what the lease costs might be. Call your insurance agent for a quote on the types of insurance you'll need. Call the Utility Company and Phone Company to get an idea of what these costs might be. Talk to other business owners to see what costs they faced when starting their businesses. Start putting these numbers into the appropriate boxes throughout the year. Fill in the other monthly expenses using your research as your guide. Remember that some of these expenses will vary with the business cycles you'll go through. You may be putting extra advertising dollars into your better selling seasons, like Christmas. This needs to be reflected. These costs may be altered at that time depending on how your year is shaping up. Total each month's expenses and subtract the expenses from your Gross Profit. Add up the twelve months to give you a yearly total.

You now have a look at what your business should be producing in profits and expenses. Now look to the bottom line. Is there enough to give yourself a paycheck? If not, why not? Are you missing areas of sales? Are your expenses too high? What's standing in the way of your paycheck? Do this for every month of the first year and you'll see which months are good and which need some help. All the months may not be profitable. Your job is to make sure that enough of them are profitable to cover the bad ones and make sure there is enough left over for you. When you see which months are weak, then you'll also see when your cash reserves are weak. The following Cash Flow projection will point out how much of a strain this will put on you. It would be nice if you could sell the same amount every month, but it never works out this way. Remember that the end result is what's left for **your** paycheck, so we want to **plan** for that.

Cash Flow Projections

Cash flow is one of the most misunderstood areas of a business plan or a business itself. It simply is a way to make sure that you have enough cash on hand to run your business. It identifies weak areas of the year where you'll have to have money on hand to support your business. Whether you have a line of credit at your bank, bringing money forward from your strong sales times, or from your savings, **it requires that you have a plan**.

The Cash Flow Projections look very much like the Profit and Loss Statement. The main differences are:

1. **In the P& L (Profit and Loss) Statement, the Cost of Goods Sold only covers the cost of the items sold and not for inventory purchases that might exceed that quantity.**
2. **The P&L Statement deals with profit margin (Gross Profit) and the Cash Flow is only concerned with 'Cash In' and 'Cash Out'.**
3. **In the P&L statement, only the interest can be captured and expensed on a loan payment but you have to make full payments, which represents extra money. The Cash Flow statement captures the entire payment.**
4. **The Cash Flow captures the cash from your sales when they actually come into your business. Anyone who has to invoice their sales knows that 'when' those receivables come in, is very important to their financial health.**

Preparing the Cash Flow Projection requires almost the same data that was used on the P&L. Start by putting your starting month in period 1, followed by the other months. In the first box under 'Beginning Cash Balance', put in the amount of Working Capital that will be coming into the business. The Working Capital amount will come from your Sources and Uses of Funds Worksheet in the section to follow. Now fill out the sales figures that you used in your P&L, making sure to put in the cash sales (Those sales where you get cash immediately) into the proper box and then the sales that you have invoiced (for later collection) into the month that they become due. If all your sales are cash, credit card, and checks, then it all goes into cash sales (Cash Inflow). Now fill in each of the expenses in their proper months. Note that you'll have to put in your inventory purchases into the month that you must pay for them and you'll put in the entire amount of a loan payment. Add up your Beginning Cash Balance plus your Total Cash Inflow and subtract the Cash Outflow to give you an Ending Cash Balance. This Ending Cash Balance then moves up to the Beginning Cash Balance of the next month. Do this for every month.

You now have a model of your business's cash outlook for the year. How many of the months have negative numbers as the Ending Cash Balance? If you don't have enough money at the end of the month, what will you have to give up to balance your accounts? Your Paycheck? Do the strong months outweigh the weak ones? Is there money left at the end of the year? Can you make arrangements with your vendors to delay payments until the better months? Do you have a line of credit at your bank that can help smooth out these rough areas? Do you have a nest egg that you can tap? You'll see some examples of cash flow in the case study at the end of this booklet.

Sources and Uses of Funds

Now that you've prepared your Profit and Loss Statement and your Cash Flow Statement and figured out that your business can be profitable enough to let you make a living, you now need to figure out what it's going to cost you to get into your business. The Sources and Uses of Funds Worksheet will ask you:

1. **Where will this money come from?**
2. **How will I be spending this money?**

Let's start from the **Uses** portion of this worksheet. This is an important part of starting your business. List the expenses that you'll incur in getting your business started. You don't want to get your business started and then be surprised by something costly that you forgot to plan for. Do you have to lease your location? Then you'll need at least one; maybe two month's rent as a security deposit. Chances are that you'll need to put a security deposit on your Utilities. Will you need to remodel the space you're going into? How much will you need to spend on displays or other fixtures? What about equipment? Will you need a computer, computer programs, cash register, fax machine, copier, phones, or other equipment? What about business cards, stationery, invoices, purchase orders, or other office items? You'll have to pay in advance for your insurance. How much money will you need for your inventory to get you started? Do you need desks, tables, or other furniture? What about advertising? What about a security system? Once you identify these costs, then ask yourself," where am I getting these funds"?

You now have an estimate of how much money it will take to get this business started. You'll need to identify the **Sources** of those funds. Will you have to borrow the money? If so, then you'll need to have a minimum 20% of your own money injected into your business. Are you prepared for this? Do you have a nest egg behind that to protect you if you need it?

You now have the tools that you need to evaluate and plan for your business. When you get your business started, you'll need to monitor and update your Cash Flow and Profit and Loss to keep track of a growing business with changing needs. Let's look at an example of a start-up company and how they handled their Projections and planning.

The XYZ Company
A Case Study of a Start-up

A person is going to open a retail store and will be selling only a few main lines of goods. The goods will cost $9.50 each and they can sell them for $20.00 each.
Note: These estimates could be arrived at by figuring out an average cost and selling price of all the products they have for sale. They could even be what they figure is the average purchase per customer. The important thing is that there is a profit margin established.
They feel that they could sell approximately 5,000 of these during the course of the year. It is determined that the 4th quarter will account for 45% of their sales for the year (100% equals the whole year). This means that they will sell 2250 (5000 X 45%) of the projected 5000 yearly sales. The 1st quarter represents 10% (500pcs.), the 2nd quarter

represents 25% (1250pcs.), and the 3rd quarter represents 20% (1000pcs.).This accounts for 100% of the year. The monthly breakdowns are as follows:

Qtr	%	Pieces	Best	2nd Best	3RD Best
1st	10%	500	Jan-250pcs..	Feb-150pcs.	Mar-100pcs.
2nd	25%	1250	May-550	Apr-400	Jun-300
3rd	20%	1000	Sept-400	Jul-300	Aug-300
4th	45%	2250	Dec-1050	Nov-700	Oct-500
Total		5000pcs.			

These represent what we think that each month can produce in sales. Sales for January would then be $5000 (250 X $20), with the Cost of Goods Sold $2375 (250 X $9.50), and Gross Profit of $2625 ($5000 - $2375). Feb $3000 w/ $1450 CofGSold, Mar $2000 w/ $950 CofGS, Apr $8000 w/ $3800 CofGS, May $11,000 w/ $5225 CofGS, Jun $6000 w/ $2850 CofGS, Jul $6000 w/ $2850 CofGS, Aug $6000 w/ $2850 CofGS, Sep $8000 w/ $3800 CofGS, Oct $10,000 w/ $4750 CofGS, Nov $14,000 w/ $6650 CofGS, and Dec $21,000 w/ $9975 CofGS. You'll see these numbers show up under both the Profit and Loss Worksheet and the Cash Flow Worksheet.

We are going to start our business in June. Our research has given us some estimates of our expenses and our start-up costs. Let's look at the example.

Sources and Uses of Funds for XYZ Company

Uses of funds

Inventory- 1300 pcs. of goods at $9.50 Since we're starting in June, we're buying 4 months of goods to get us through September (Jun-300, July-300, Aug-300, and Sept-400).	$12,350
Leasehold Improvements- painting, fix-up, etc.	$ 2,500
Fixtures- displays, shelving	$ 7,500
Office supplies- stationery, invoices, etc.	$ 1,200
Equipment- cash register, fax machine, computer, credit card machine, phone system, copier, etc.	$ 4,800
Advertising- brochures, ad space, phone book	$ 4,850
Rent Deposit- first and last month's rent	$ 1,700
Utility Deposit-	$ 600
Insurance- business insurance, one year	$ 500
Working Capital -	**$ 0**
Total Start-up Costs-	**$36,000**

Sources of Funds

Loan Proceeds	$28,800
Owner's Equity	$ 7,200
Total	**$36,000**

Note that there is no Working Capital left in this example. This means that the owner of the XYZ Company is using all their money to get this business started. The business is expected to start producing immediately. Let's move to the Profit and Loss Statement and see how this first year shapes up. Remember, if you are prepaying some of your expenses, as in this example with prepaid advertising and business insurance, then these won't show up on your projections until further expense is incurred.

The XYZ Company's Profit and Loss Projection

Let's look at the Profit and Loss Projection for the XYZ Company marked as **WORKSHEET 1** at the end of this Help Guide. You can see how the monthly sales figures were put in, as well as, the Cost of Goods Sold and the monthly expenses. The advertising was pre-paid (see above) except for the extra holiday ads in November and December. The insurance was for health insurance and the interest was for a business loan used to help start the business. Look at how we had to arrange the owner's salary during this first year. We had to stagger the amounts to account for the different amounts of sales and the payroll taxes reflect those changes. The rent is listed monthly as is the phone and utilities. Look at how the utilities reflect the colder months, which typically would cost us more. The Gross Profit shows you how much money you'll have to pay these bills with. Starting our business in June gave us three negative months in a row, but nothing that we can't handle. The negative $85 will have to be paid though, and it will probably come out of your paycheck. Look at the rest of the month's Net Operating Income. The extra profits in September, October, November, and December can be carried forward to make up for the losses in January, February, and March. Had we started our company in January, look at how our negative profit would have affected us. The first three months (Jan, Feb, & Mar) would have put us in the hole by $4,635 (-$665, -$1740, & -$2230 respectively). Who wouldn't you have paid to make it through those months. Yourself and who else? If you had any Working Capital or money in the bank, you'd be using it now. Look at the monthly Net Operating Income. You can see that six out of the twelve months were run at a loss but the year came out with a $10,650 profit. This profit can be used to help boost your next year's sales.
Question: How can I improve my Profit and Loss Statement?
Answer: There are only two ways to do this. Increase your sales without increasing your expenses (which may include raising your prices) or decrease your expenses.

The XYZ Company's Cash Flow Projections

Let's look at the XYZ Company's Cash Flow projections, which show you if you have enough cash on hand to run your business. **WORKSHEET 2** at the end of this Help Guide shows you how the company will perform if you get it started with the cash sales coming in from the beginning. **WORKSHEET 3** at the end of this Help Guide shows you what happens to the business if you can't generate immediate sales. You'll recognize the numbers from the Profit and Loss Statement with the exception of a full loan payment being taken and the inventory purchases that you'll need to stay in business. When you look at the two statements you'll see a great deal of difference even though the numbers are basically the same. In **WORKSHEET 2** you see that your Ending Cash Balance looks pretty good up until September when the purchase of the new inventory takes place. We have identified both September and October as weak month's during our year. We'll have to make arrangements to borrow or acquire money to get through these months. Otherwise our year doesn't look too bad. Now look at **WORKSHEET 4** at the end of this Help Guide showing the effects of a Split Inventory Purchase. We altered our big inventory purchase so that the shipments of our products were split up into three separate shipments. That means that we will be paying for them at three different times, which gives us a stronger cash position. We'll be carrying $15,025 into next year. **WORKSHEET 3** shows what happens when we don't get the proper start on our business and we delay collecting our sales dollars by just one month. You can see how we get in trouble immediately and will have trouble digging out from there. Had we accounted for an extra month's worth of expenses at the pre start up phase, this would be a lot better. It points out the importance of planning for our business.

Question: How can I improve my Cash Flow position?
Answer: Make sure that when you are starting your business, the expenses you incur before you open your doors should be covered in your pre-business start up costs. Have some money put aside for emergency uses. Put money away during the stronger months. Keep a watchful eye on your expenses, especially in this first year where you are trying to get your business to grow to better levels. Find ways to stretch your money, just as we did by splitting the inventory shipments of the XYZ Company. Don't assume that the money that you make in your good months will go straight into your pocket. It must be used to stabilize your business cycles. Good ideas help to start a business but **Cash** is what keeps your business running.

- **Every bad expense that you have to pay comes straight from your paycheck.**

- **Time is the only thing that you have in this world to make money from. You can choose to make $6.00 an hour or $600.00. Gauging how productive your time is probably is one of the most important management decisions that you'll ever make.**

- **We all need some luck for our businesses to grow. Planning takes most of the 'chance' out of luck.**

- **Motivation to succeed in business is 80% of the battle. Motivation is also what it takes to do the planning necessary to battle the other 20%.**

- **You can never spend money that you were supposed to get but didn't.**

- **Do the work. Leaving your future and well-being in the hands of others is like leaving your pet parakeet in the hands of your cat and assuming that your cat has your best interests in mind.**

WORKSHEET 1 -- XYZ COMPANY Projected Profit and Loss Statement													
Period	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Total**
Gross Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	
Less Sales Returns													
Net Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	**100,000**
Materials	2850	2850	2850	3800	4750	6650	9975	2375	1450	950	3800	5225	
Labor													
Other Direct Expenses													
Total Cost of Goods Sold	2850	2850	2850	3800	4750	6650	9975	2375	1450	950	3800	5225	**47,525**
Gross Profit	3150	3150	3150	4200	5250	7350	11025	2625	1550	1050	4200	5775	**52,475**
Advertising						475	475						
Bad Debts													
Bank Charges													
Car Expense													
Credit Card Fees													
Delivery Expenses													
Depreciation / Amortization													
Dues and Subscriptions													
Employee Benefits													
Equipment Rental													
Insurance	230	230	230	230	230	230	230	230	230	230	230	230	2760
Interest	350	350	350	350	350	350	350	350	350	350	350	350	4200
Maintenance													
Miscellaneous													
Office Expense													
Owner's Salary	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	20500
Operating Supplies													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	1640
Permits and Licenses													
Postage													
Rent	850	850	850	850	850	850	850	850	850	850	850	850	10200
Taxes - other													
Telephone	55	55	55	55	55	55	55	55	55	55	55	55	660
Travel													
Utilities	130	130	130	130	145	155	185	185	185	185	165	140	1865
Total Operating Expense	3235	3235	3235	3235	3790	4815	4845	3290	3290	3290	3270	3245	**41825**
Net Operating Income	-85	-85	-85	965	1460	2535	6180	-665	-1740	-2240	930	2530	**10,650**
Other income (expense)													
Net Income Before Tax													**10650**

WORKSHEET 2 -- XYZ Company-Cash Flow Budget Worksheet													
Period	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Total**
Beginning Cash Balance		2415	4830	7245	-9715	-3855	4980	16035	17395	16755	3240	7620	
Cash Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	
Accounts Receivable													
Other													
Loan Proceeds													
Total Cash Inflow	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	100000
Available Cash Balance	6000	8415	10830	15245	285	10145	25980	21035	20395	18755	11240	18620	
Advertising						475	475						
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance	230	230	230	230	230	230	230	230	230	230	230	230	
Insurance													
Interest													
Inventory Purchases				21,375			4750			11,875			
Maintenance													
Office													
Officer Salary													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	
Professional Fees													
Rent or Lease	850	850	850	850	850	850	850	850	850	850	850	850	
Subscriptions & dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone	185	185	185	185	200	210	240	240	240	240	220	195	
Other													
Travel													
Maintenance													
Subtotal Cash Outflow	1385	1385	1385	22760	1440	1965	6745	1440	1440	13315	1420	1395	
Capital Purchases													
Loan Payment	700	700	700	700	700	700	700	700	700	700	700	700	
Owner's Draw	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	
Other:													
Subtotal Other Cash Outflow	2200	2200	2200	2200	2700	3200	3200	2200	2200	2200	2200	2200	
Total Cash Outflow	3585	3585	3585	24960	4140	5165	9945	3640	3640	15515	3620	3595	84975
Ending Cash Balance	2415	4830	7245	-9715	-3855	4980	16035	17395	16755	3240	7620	15025	

WORKSHEET 3 -- XYZ Company-Cash Flow Budget Worksheet -- No Immediate Sales													
Period	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Total**
Beginning Cash Balance		-3585	-1170	1245	-17715	-13855	-9020	-4965	12395	13755	1240	-380	
Cash Sales		6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	
Accounts Receivable													
Other													
Loan Proceeds													
Total Cash Inflow	0	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	89000
Available Cash Balance	0	2415	4830	7245	-9715	-3855	4980	16035	17395	16755	3240	7620	
Advertising						475	475						
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance	230	230	230	230	230	230	230	230	230	230	230	230	
Insurance													
Interest													
Inventory Purchases				21,375			4750			11,875			
Maintenance													
Office													
Officer Salary													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	
Professional Fees													
Rent or Lease	850	850	850	850	850	850	850	850	850	850	850	850	
Subscriptions & dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone	185	185	185	185	200	210	240	240	240	240	220	195	
Other													
Travel													
Maintenance													
Subtotal Cash Outflow	1385	1385	1385	22760	1440	1965	6745	1440	1440	13315	1420	1395	
Capital Purchases													
Loan Payment	700	700	700	700	700	700	700	700	700	700	700	700	
Owner's Draw	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	
Other:													
Subtotal Other Cash Outflow	2200	2200	2200	2200	2700	3200	3200	2200	2200	2200	2200	2200	
Total Cash Outflow	3585	3585	3585	24960	4140	5165	9945	3640	3640	15515	3620	3595	84975
Ending Cash Balance	-3585	-1170	1245	-17715	-13855	-9020	-4965	12395	13755	1240	-380	4025	

WORKSHEET 4 -- XYZ Company-Cash Flow Budget Worksheet -- Split Inventory Purchase

Period	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Total**
Beginning Cash Balance		2415	4830	7245	2160	1845	4980	16035	17395	16755	3240	7620	
Cash Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	
Accounts Receivable													
Other													
Loan Proceeds													
Total Cash Inflow	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	100000
Available Cash Balance	6000	8415	10830	15245	12160	15845	25980	21035	20395	18755	11240	18620	
Advertising						475	475						
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance	230	230	230	230	230	230	230	230	230	230	230	230	
Insurance													
Interest													
Inventory Purchases				**9,500**	**6175**	**5700**	4750			11,875			
Maintenance	Look at what happens when you put in the same 2250 pc. order but split up the delivery (1000 pcs, 650pcs, and 600pcs) and payment schedule												
Office													
Officer Salary													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	
Professional Fees													
Rent or Lease	850	850	850	850	850	850	850	850	850	850	850	850	
Subscriptions & dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone	185	185	185	185	200	210	240	240	240	240	220	195	
Other													
Travel													
Maintenance													
Subtotal Cash Outflow	1385	1385	1385	10885	7615	7665	6745	1440	1440	13315	1420	1395	
Capital Purchases													
Loan Payment	700	700	700	700	700	700	700	700	700	700	700	700	
Owner's Draw	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	
Other:													
Subtotal Other Cash Outflow	2200	2200	2200	2200	2700	3200	3200	2200	2200	2200	2200	2200	
Total Cash Outflow	3585	3585	3585	13085	10315	10865	9945	3640	3640	15515	3620	3595	84975
Ending Cash Balance	2415	4830	7245	2160	1845	4980	16035	17395	16755	3240	7620	15025	