

A person with long brown hair, wearing a yellow cable-knit sweater, is sitting at a desk. They are holding a black pen with a gold tip in their right hand, which is resting on a large, dark-colored calculator. Their left hand is also on the calculator. In the background, a laptop is visible on the desk, and a window with a grid pattern is out of focus. The overall scene suggests a professional or business setting.

Cash flow

forecast template

What is a cash flow forecast?

Cash flow is the money you have coming into (and leaving) your business. A cash flow forecast is how you plot your cash flow over a certain period of time – usually 12 months.

As it's a forecast, you can only use your best estimates. It doesn't need to be accurate to the penny, so use round numbers when filling it in. That being said, your figures should be as realistic as possible. You should also make sure that you keep your forecast updated if you perform differently than expected, because it's no good using a forecast with out-of-date numbers.

Your cash flow forecast is beneficial because it can help you to understand when you might suffer quieter times when you need to rein in spending. At the same time, it can indicate times when you might have more money to spend on things like new equipment or hiring employees.

How to write a cash flow forecast

You can use this template alongside [our Knowledge centre article](#) to help write your cash flow forecast.

You'll need 12 columns (one for each month), with space to add both the money coming in and going out during that month (you can split this out in the rows underneath).

Each income or expenditure type should also have its own row. For example:

- utilities, wages and rent in your **money out** rows
- income from sales, investment, or other funding in your **money in** rows
- total rows that add up the **total money out and money in** for each month

You can use the pre-start column if you're a new business or radically shifting your venture. This involves costs before the business is open, for example rent and utilities. In terms of money in, this might be your own cash, or loans received before starting.

The useful information is your **net cash movement**, which is your cash in minus your cash out for the month – along with your monthly **closing balance**, which shows the cash you have available. If your net cash movement is negative or close to zero for one month, this might be a problem. If it's like this for a number of months, it's likely that you'll have to rethink your business model.

But if you have a positive net cash movement, therefore money to spend, you can then make decisions about what to do with the cash – whether it's investing in new product lines or hiring staff.

It's important to check all your calculations manually. Your opening balance is the closing balance from the previous month, and your closing balance each month should be:

Net cash movement + opening balance for the month

Please use this template as a guide only and get professional advice if you need it.

Cash flow forecast

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About Simply

Business

We're one of the UK's largest business insurance providers. Since we started life in 2005, we've been helping small businesses and the self-employed find the protection that's right for them – from builders to bakers and personal trainers (we cover landlords, too).

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Answer a few questions about your business and we'll show you quotes from a range of insurers. After you buy, our Northampton-based team will be with you through every step of your cover – whether you have questions about your policy or you need to make a claim.

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Get a quote

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