

12-Month Cash-Flow Planning Guide

A practical framework for building a forward-looking cash plan that helps management anticipate funding needs and avoid surprises.

Step 1 - Establish the opening position

- Confirm opening bank and cash balances.
- Separate restricted cash from freely available cash.
- Identify undrawn credit facilities separately from cash.

Step 2 - Forecast cash inflows

- Forecast cash sales by month.
- Forecast credit collections based on realistic collection timing.
- Separate recurring revenue from one-off projects.
- Include financing or owner funding only when reasonably supportable.

Step 3 - Forecast cash outflows

- Payroll and contractor payments.
- Supplier payments using realistic payment terms.
- Rent, utilities, insurance and recurring overhead.
- Taxes and statutory payments when due.
- Loan principal, interest and lease payments.
- Capital expenditure and deposits.

Step 4 - Model working capital

- Reflect receivable collection days.
- Reflect supplier payment terms.
- Reflect inventory purchasing and turnover timing.
- Identify months where growth creates a cash requirement before collections arrive.

Step 5 - Build scenarios

- Base case - managements most likely operating plan.
- Conservative case - slower collections, lower sales or higher costs.
- Growth case - stronger sales plus the working capital and capacity needed to support growth.

Step 6 - Review management triggers

- Identify a minimum cash buffer.

- Flag months where closing cash falls below the buffer.
- Define actions in advance: accelerate collections, defer discretionary CAPEX, reduce costs, negotiate terms or arrange financing.
- Update the forecast monthly using actual results and revised assumptions.

IMPORTANT

A cash-flow forecast is only as reliable as its assumptions. Separate facts, assumptions and management estimates, and update the model when conditions change.

Need help? Book a consultation at www.acuityjm.com.