Cash flow



Cash Flow

- Cash flow is the flow of money into and out of a business over a given period of time. It represents the actual cash and cash equivalents that are received and spent during that time frame.

- A cash flow forecast is the prediction of how the cash will flow into and out of a business over a given period of time.

Carisma Solutions confidential. Please do not distribute.

Components of Cash flow

Cash Inflows:

- Income sources like salary, business revenue, investments, loans.
- Money coming into your account.

Cash Outflows:

- Expenses like rent, bills, groceries, loans.
- Money going out of your account.

Usefulness of Cash Flow Statement

- It provides cash information
- Facilitates Cash Forecasting
- Spending money details
- To analyze working capital
- Planning for the short-term and long-term
- Helps to maintain optimum Cash Balance

Carisma Solutions confidential. Please do not distribute.

Classification of Cash flow

Operating Activities:

- Includes Income Statement Items.

Investing Activities:

- Generally includes Long- Term Asset Items.

Financing Activities:

- Generally includes Long- Term Liability and Equity Items.

Carisma Solutions confidential. Please do not distribute.

OPERATING ACTIVITIES

This is the amount of cash that is generated by doing what you do. This is how much cash is generated by making, selling or providing services or product to your customers. These are the activities or accounts that you will find on your income statement.

Add all the cash you received from your customers, and **subtract** all the expenses for the month.

Carisma Solutions confidential. Please do not distribute.

OPERATING ACTIVITIES

CASH INFLOW

Proceeds from sale of goods and services to customers

Receipt from royalties, fees, commissions and other revenues

CASH OUTFLOW

Payment of employees Benefit expenses

Purchase of inventory from suppliers

Pay operating expenses

Payment of Taxes

Carisma Solutions confidential. Please do not distribute.

Financing Activities

- It refers to the cash transactions related to a company's financing and capital structure.
- These activities involve raising capital and repaying capital providers, such as shareholders and lenders.

Carisma Solutions confidential. Please do not distribute.

Financing Activities

CASH INFLOW

- Proceeds from issue of preference or equity shares
- Proceeds from insurance of debts/bonds
- Procurement of loans

CASH OUTFLOW

- Redemption of preference shares, buy back of own equity shares
- Redemption of debentures and payment of the long-term debts
- Redemption of debentures and payment of the long-term debts

Carisma Solutions confidential. Please do not distribute.

Investing Activities

- It refers to the cash transactions related to a company's investments in long-term assets and securities.
- These activities involve the acquisition and disposal of assets that are not intended for day-to-day operations but rather for generating income or achieving long-term strategic goals.

Carisma Solutions confidential. Please do not distribute.

Investing Activities

CASH INFLOW

Sale of property, plant equipment, Long term investments

Receipt from interest and dividends

Proceeds from the issue of preference or equity shares

CASH OUTFLOW

Purchase of property, plant equipment and non-current investments

Carisma Solutions confidential. Please do not distribute.

Elements of Cash Flow Forecast

The Cash flow should list:

- Receipts – any money that will come in during that period.
- Payments – any money that will go out during that period
- Excess of payments over receipts – with negative figures shown in brackets.
- Bank balance at the start of the period.
- Bank balance at the end of the period.

Carisma Solutions confidential. Please do not distribute.

Conclusion of Cash Flow

- The cash flow identifies the sources and amounts of cash coming into the business and destinations and amounts of cash going out over a given period.
- There are normally two columns, listing forecast and actual amounts forecasting.
- Cash Flow is usually done for a year or a quarter in advance and divided into weeks or months.

Carisma Solutions confidential. Please do not distribute.

Format of Cash Flow Statement

Reports

Statement of Cash Flows

Date range: This month | 1 Sept 2023 | 30 Sept 2023 | Compare with: None | Filter | More | Update

Statement of Cash Flows

Demo Company (AU)
For the month ended 30 September 2023

	Sep 2023
Operating Activities	
Receipts from customers	7,095.00
Payments to suppliers and employees	(14,602.00)
Cash receipts from other operating activities	(532.95)
Net Cash Flows from Operating Activities	**(8,039.95)**
Investing Activities	
Payment for property, plant and equipment	(6,300.00)
Net Cash Flows from Investing Activities	**(6,300.00)**
Financing Activities	
Other cash items from financing activities	1,507.00
Net Cash Flows from Financing Activities	**1,507.00**
Net Cash Flows	**(12,832.95)**
Cash and Cash Equivalents	
Cash and cash equivalents at beginning of period	**1,714.86**
Net change in cash for period	(12,832.95)
Cash and cash equivalents at end of period	**(11,118.09)**

Carisma Solutions confidential. Please do not distribute.

Example of Weekly Cash Flow

	Company 1 Business Bank	Company 2 NAB Bank	Company 3 NAB Bank	Company 4 NAB Bank	Company 5 NAB Bank	Expense reserve	TOTAL
Available as @ 16.11.2023	8,315.64	5,155.02	-	27,922.77	4,684.88		46,078.31
Unpresented deposits	-	-					-
Unpresented payments	-	-	-	-	-		-
	8,315.64	5,155.02	-	27,922.77	4,684.88	-	46,078.31
Less:							
Mthly super pmt - 6th of every month	- 4,168.13	- 5,157.75					- 9,325.88
Creditors payment (7th)	- 3,663.66	- 36,781.99	-		- 871.20		- 41,316.85
Wages (incl SS $1K) (14th)	- 28,033.12	- 14,342.81					- 42,375.93
Drawings ($14,000; 15th)	- 14,000.00						- 14,000.00
BAS Payable	- 1,770.00			- 2,631.00	-		- 4,401.00
IAS payable	- 890.00			-	-		- 890.00
	-	-					-
Add : Recruitment Fee Provision					-		-
Drawings ($13,000; 28th)	- 13,000.00		-				- 13,000.00
Monthly direct debits	- 477.90						- 477.90
Transfer to loan for future expenses							-
Special drawings							-
Allw visa card (to be deducted early next mth)	-						-
NAB loan Interest repmt (Start of each mth)	-						-
	- 66,002.81	- 56,282.55	-	- 2,631.00	- 871.20	-	- 1,25,787.56
Cash Shortfall 30.11.2023	-57,687.17	-51,127.53	0.00	25,291.77	3,813.68	0.00	-79,709.25
							-
	Debtors 0-60 days today		1,79,142.34	0.50			89,571.17

Percentage of aged-receivables changes according to the week period.
1st week - 90% , 2nd week - 50%, 3rd week - 30% , 4th week - 10%

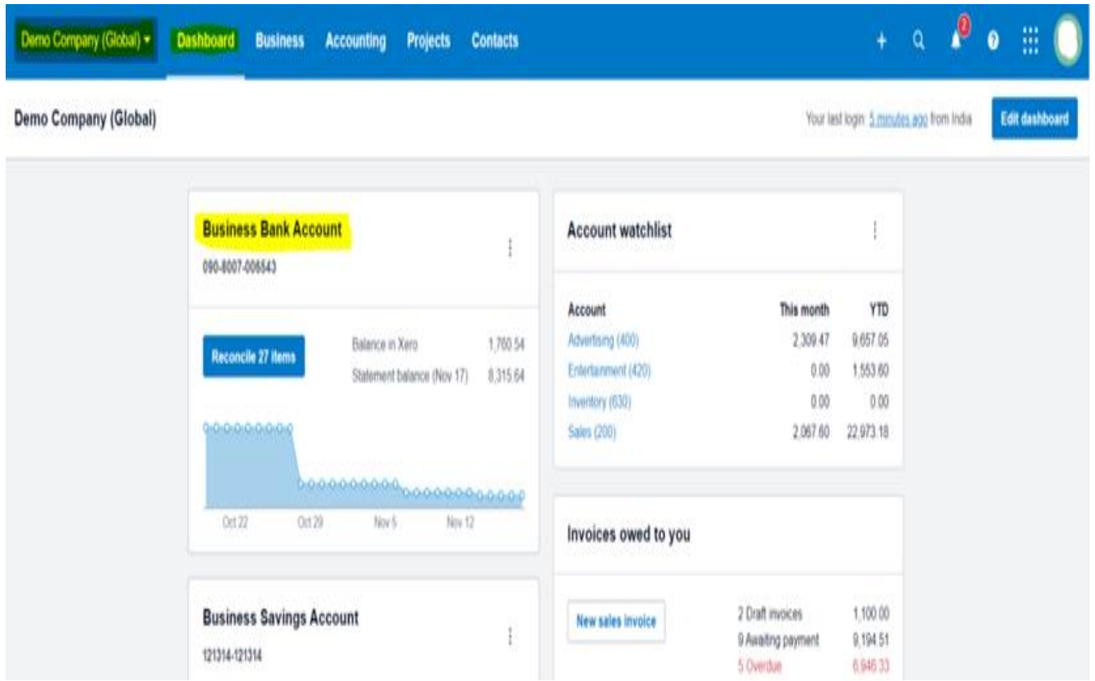
Notes:

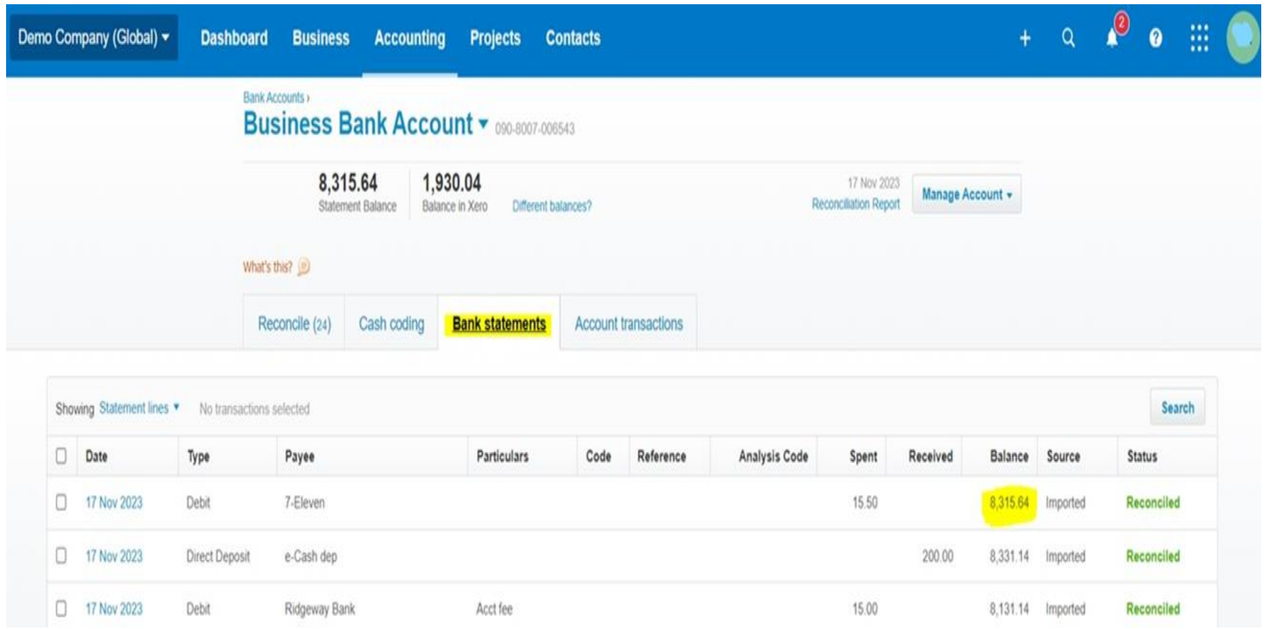
- Opening Bank Balance should be there for the start of the period.
- From Bank Balance, Should add the income and to subtract the expenses.
- **Subtract** - Super, Creditors payment, Wages to employees, Drawings, BAS and IAS Payable, direct debits, etc.
- **Add** – Debtors payment(Aged Receivables)
- Closing Balance at the end of the period.

Carisma Solutions confidential. Please do not distribute.

Opening Bank Balance at the start of the period

Xero ➡ Select the Entity name ➡ Dashboard ➡ Bank A/c ➡ Bank Statements ➡ Bank Balance





Carisma Solutions confidential. Please do not distribute.

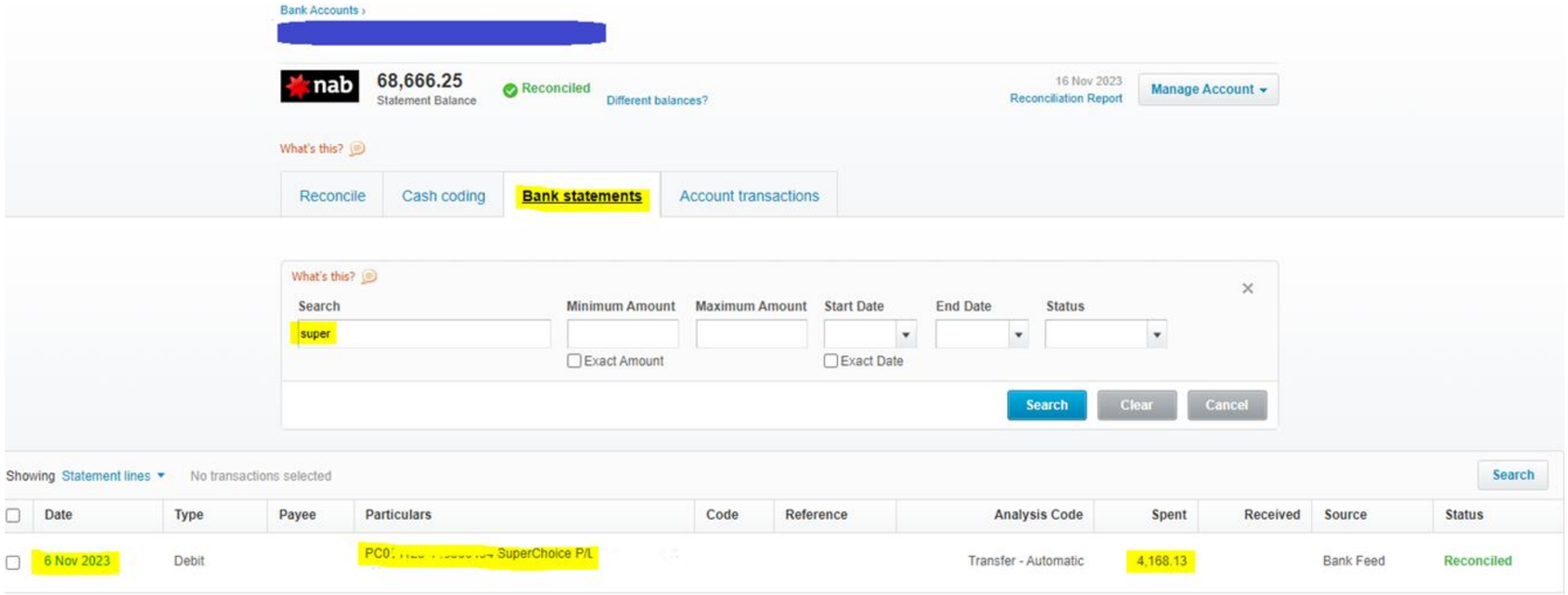
CARISMA SOLUTIONS

Subtract:

Super

Xero ➡ Select Bank A/c

In bank statements, to see whether the client paid their employees' superannuation. If they paid, don't count it in the cash flow. If they haven't paid, include it in the cash flow to show it as something they still need to pay in the future.



Carisma Solutions confidential. Please do not distribute.

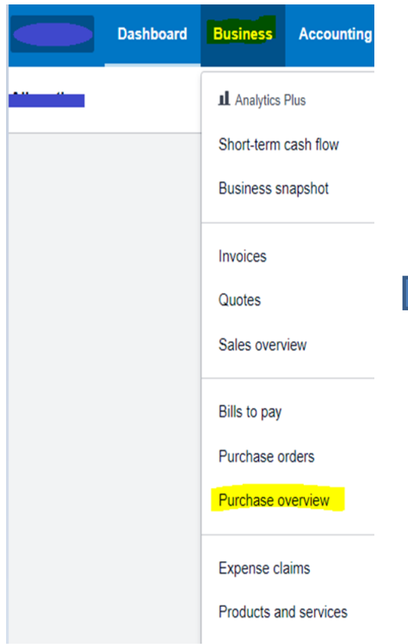
CARISMA SOLUTIONS

Subtract:

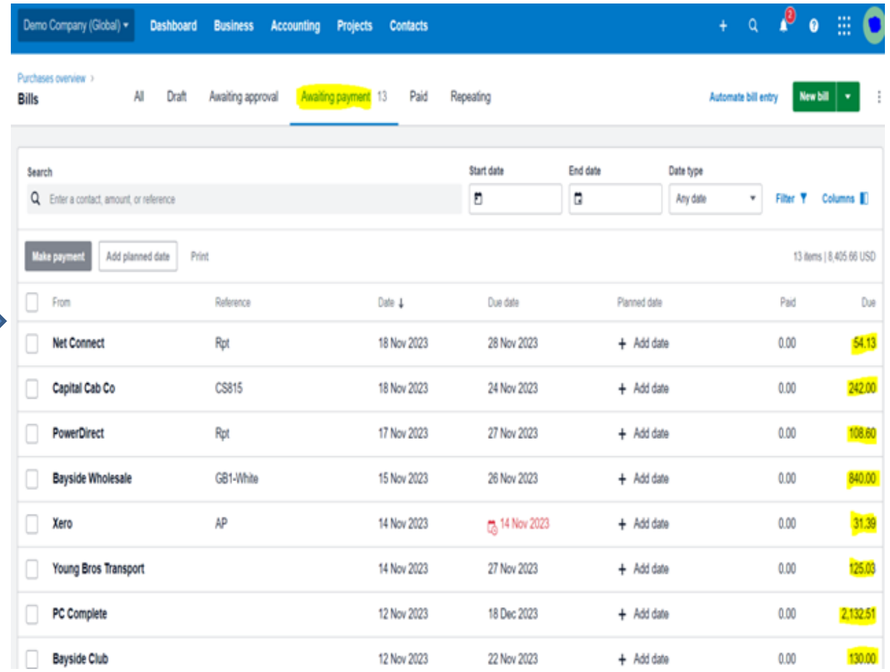
Creditors payment

Xero ➡ Business ➡ Purchase overview

"Awaiting payments" are the amounts the client still need to pay to their creditors. Include all these awaiting payments in the cash flow to show them as upcoming expenses.







Carisma Solutions confidential. Please do not distribute.

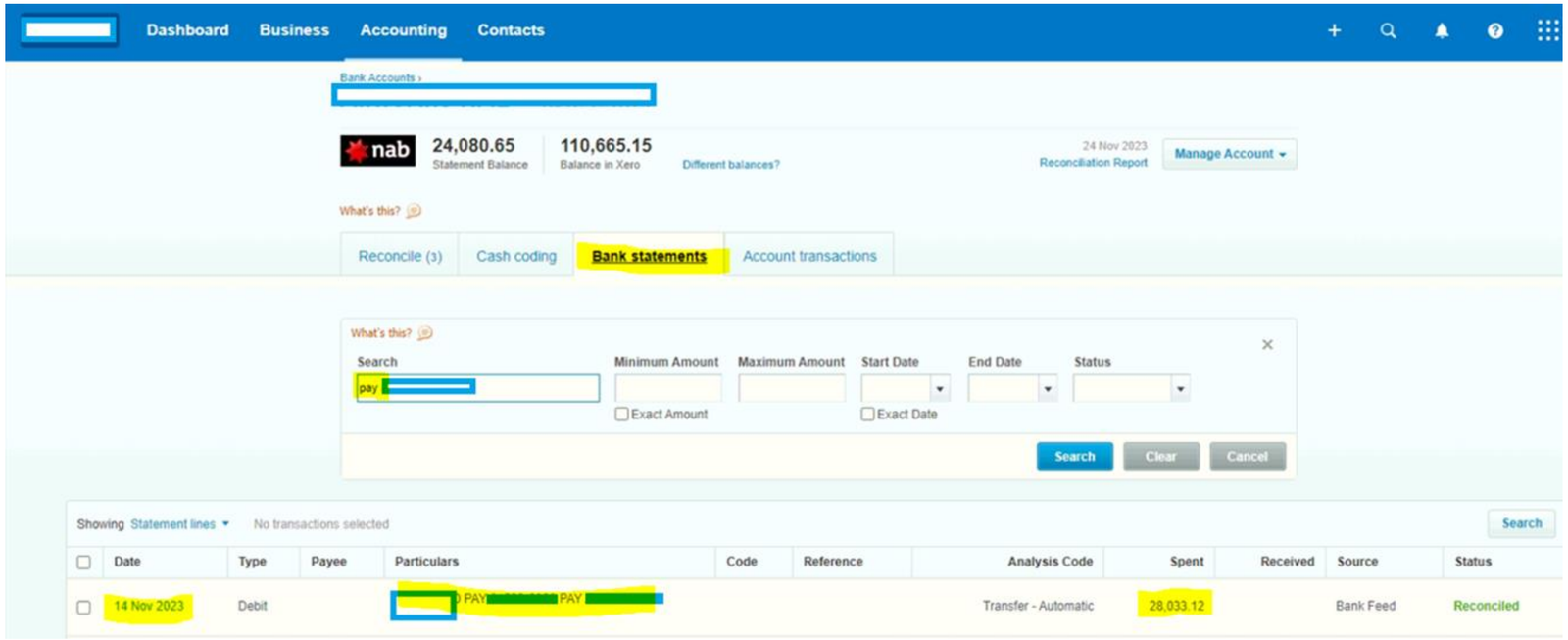
CARISMA SOLUTIONS

Subtract:

Wages to employees

Xero ➡ Select Bank A/c

In bank statements, to see if the client has paid their employees' wages. If they have, don't include that amount in the cash flow. If they haven't paid, include it in the cash flow to show it as something they still need to pay in the future.



Carisma Solutions confidential. Please do not distribute.

CARISMA SOLUTIONS

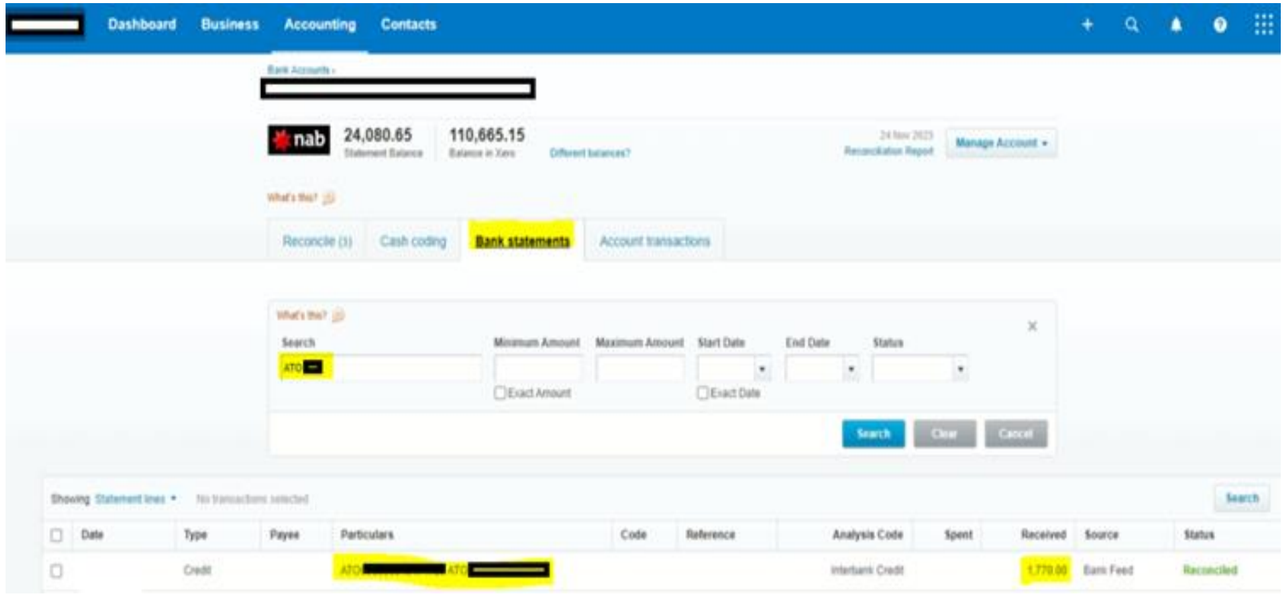
Subtract:

BAS and IAS Payable

XPM ➡ Search Entity name ➡ Tax Returns ➡ Can check BAS and IAS payable amounts.

In Bank Statements, to check whether the client has paid their BAS and IAS. If yes, don't consider those amounts as upcoming expenses in the cash flow. If no, include those amounts to indicate that these are payments the client still needs to make. This way, the cash flow shows a clear picture of their future financial commitments.





Carisma Solutions confidential. Please do not distribute.

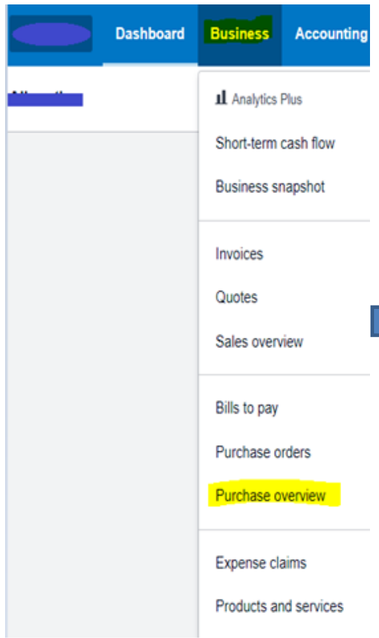
CARISMA SOLUTIONS

Subtract:

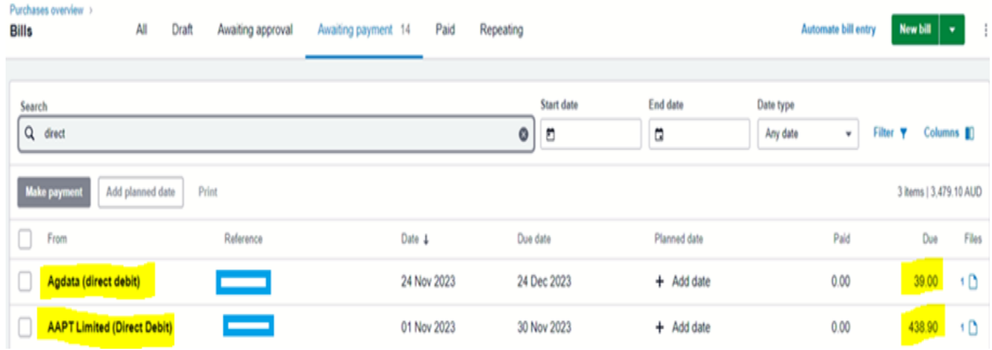
Direct Debits

Xero ➡ Business ➡ Purchase overview ➡ Awaiting payment(Direct Debits)

In bank statements, to see if the client has already paid for any direct debits. If they have, leave that amount out of the cash flow. If they haven't paid, include the amount in the cash flow to show it as a future expense.







Carisma Solutions confidential. Please do not distribute.

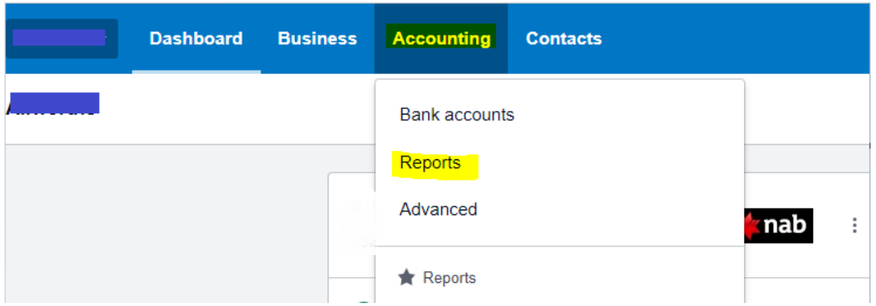
CARISMA SOLUTIONS

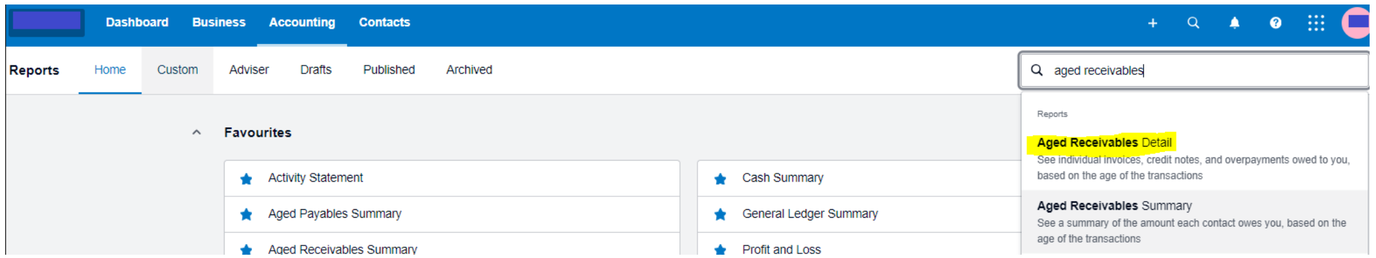
Add:

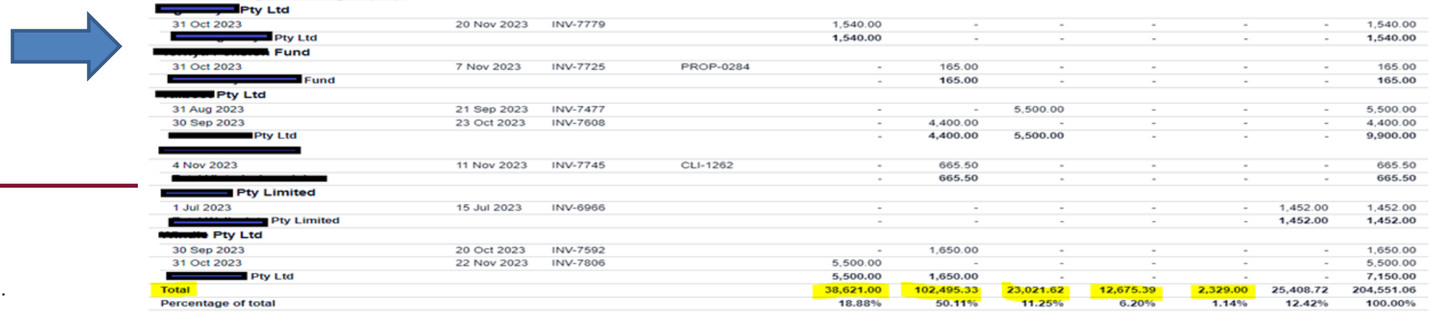
Debtors Payment

Xero ➡ Accounting ➡ Reports ➡ Aged Receivables Detail

Add up all the amounts for upto three months. This total represents the payments still to be received from their en-clients, commonly known as debtor payments. It shows the amount expected from their en-clients over three months.







Invoice Date	Due Date	Invoice Number	Invoice Reference	Current	< 1 Month	1 Month	2 Months	3 Months	Older	Total
[redacted] Superannuation Fund										
10 Nov 2023	17 Nov 2023	INV-7813	CLI-1196	-	3,410.00	-	-	-	-	3,410.00
[redacted] Superannuation Fund				-	3,410.00	-	-	-	-	3,410.00
[redacted]										
28 Feb 2023	20 Mar 2023	INV-6593		-	-	-	-	-	550.00	550.00
[redacted]				-	-	-	-	-	550.00	550.00
[redacted] Pty Ltd										
31 Oct 2023	20 Nov 2023	INV-7779		1,540.00	-	-	-	-	-	1,540.00
[redacted] Pty Ltd				1,540.00	-	-	-	-	-	1,540.00
[redacted] Fund										
31 Oct 2023	7 Nov 2023	INV-7725	PROP-0284	-	165.00	-	-	-	-	165.00
[redacted] Fund				-	165.00	-	-	-	-	165.00
[redacted] Pty Ltd										
31 Aug 2023	21 Sep 2023	INV-7477		-	-	5,500.00	-	-	-	5,500.00
30 Sep 2023	23 Oct 2023	INV-7608		-	4,400.00	-	-	-	-	4,400.00
[redacted] Pty Ltd				-	4,400.00	5,500.00	-	-	-	9,900.00
[redacted]										
4 Nov 2023	11 Nov 2023	INV-7745	CLI-1262	-	665.50	-	-	-	-	665.50
[redacted]				-	665.50	-	-	-	-	665.50
[redacted] Pty Limited										
1 Jul 2023	15 Jul 2023	INV-6966		-	-	-	-	-	1,452.00	1,452.00
[redacted] Pty Limited				-	-	-	-	-	1,452.00	1,452.00
[redacted] Pty Ltd										
30 Sep 2023	20 Oct 2023	INV-7592		-	1,650.00	-	-	-	-	1,650.00
31 Oct 2023	22 Nov 2023	INV-7806		5,500.00	-	-	-	-	-	5,500.00
[redacted] Pty Ltd				5,500.00	1,650.00	-	-	-	-	7,150.00
Total				38,621.00	102,495.33	23,021.62	12,675.39	2,329.00	25,408.72	204,551.06
Percentage of total				18.88%	50.11%	11.25%	6.20%	1.14%	12.42%	100.00%

Carisma Solutions confidential. Please do not distribute.

CARISMA SOLUTIONS

Monthly Cash Flow

In the monthly cash flow, list all the money coming in and going out for the entire month. This is to show the client the expected income and expenses they might have during that month.

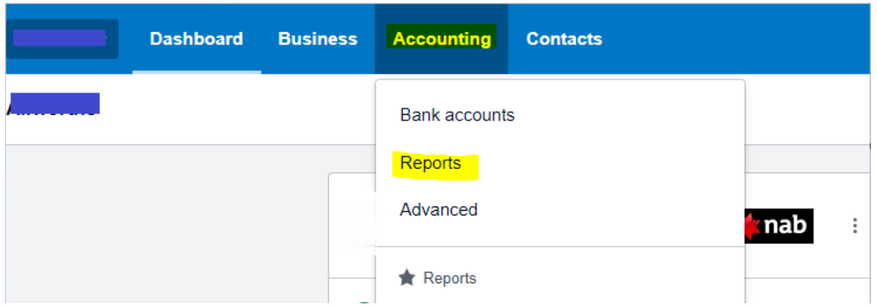
	Company 1 Business Bank	Company 2 NAB	Company 3 NAB	Company 4 NAB	Company 5 NAB	TOTAL
Cash Shortfall 30.11.2023	-60,749.55	-51,127.53	0.00	25,291.77	3,813.68	-82,771.63
Less:						
Mthly super pmt (from April mth onwards)	- 4,136.54	- 2,889.82				- 7,026.36
Creditors payment (7th)	- 5,982.42	- 41,450.78	-	-	-	- 47,433.20
Wages (15th)	- 28,033.15	- 14,343.96				- 42,377.11
Drawings ($13,000; 15th)	- 13,000.00					- 13,000.00
		-				-
November BAS 23	- 64,532.00	-	-	-	0	- 64,532.00
November IAS 23	- 8,948.00					- 8,948.00
						-
Drawings ($13,000; 28th)	- 13,000.00					- 13,000.00
Monthly direct debits	- 450.36	- 5,141.61				- 5,591.97
visa card (to be deducted early next mth)	- *15,000.00*					- 15,000.00
NAB loan Interest repmt (Start of each mth)	- *5,800.00*					- 5,800.00
	- 1,58,882.47	- 63,826.17	-	-	-	- 2,22,708.64
Cash Shortfall 31-12-2023	-2,19,632.02	-1,14,953.70	0.00	25,291.77	3,813.68	-3,05,480.27
						-
						diff s/be NIL.
Estimated fees received last month						77,474.62
Estimated Fees received for month	Fees budgeted last month		2,15,895.00	0.6		1,29,537.00
Balance of fees from last month				0		-

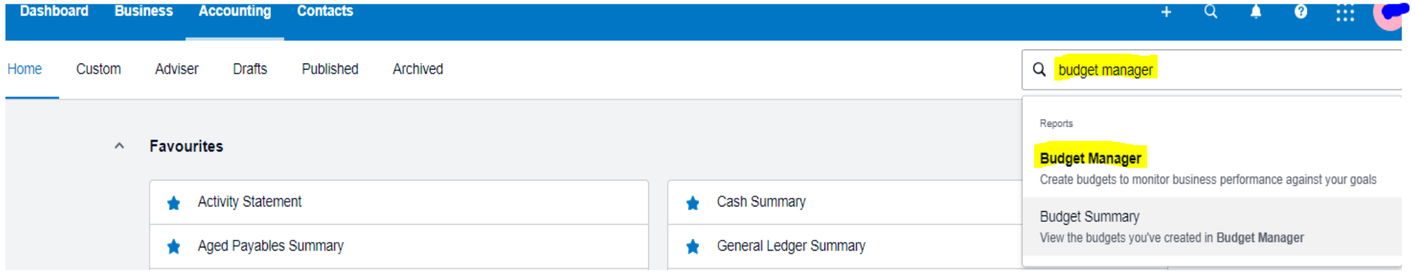
Carisma Solutions confidential. Please do not distribute.

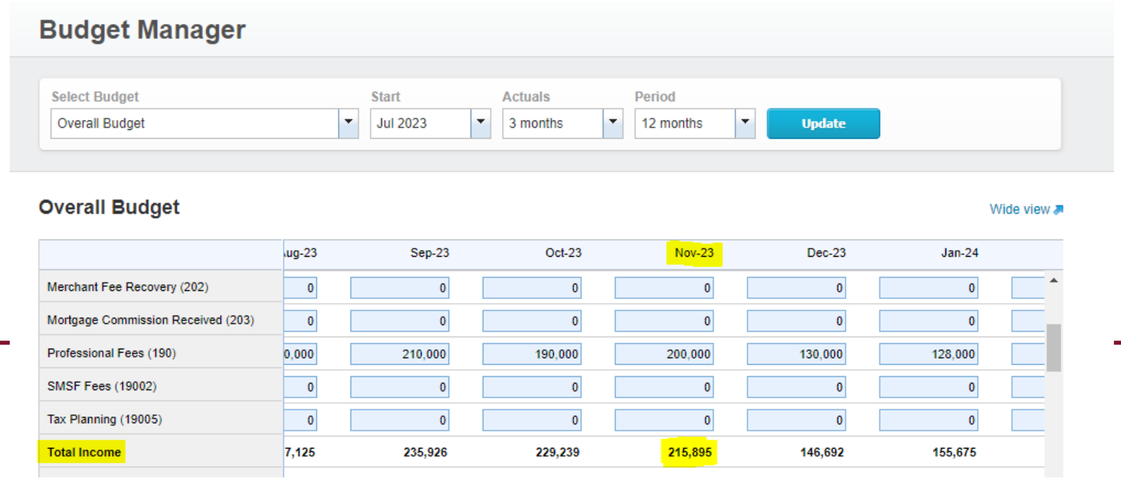
Estimated income for the month (i.e., Fees budgeted last month)

The estimated income for the month, commonly referred to as the budget, is the total amount of money expected for that month. It's a prediction based on expected income.

Accounting ➡ Reports ➡ Search Budget Manager ➡ Check Month and Total Income amount.







Carisma Solutions confidential. Please do not distribute.

CARISMA SOLUTIONS