

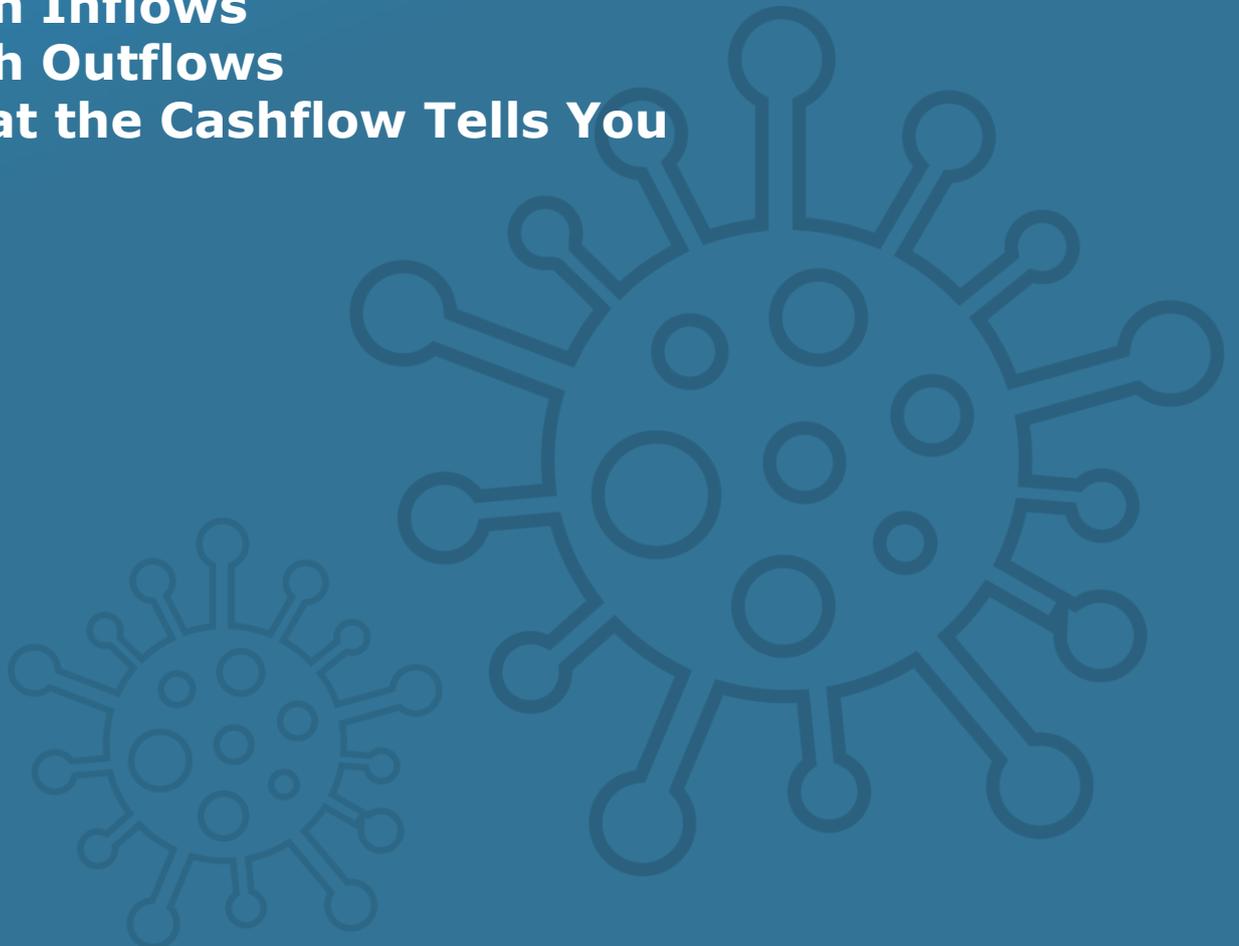


## GUIDANCE NOTE CASHFLOW STATEMENT

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**This Guidance Note is a supporting document to the Fáilte Ireland Cashflow Template. It will help you to use the Cashflow Template and includes guidance on:**

- **Cash Inflows**
- **Cash Outflows**
- **What the Cashflow Tells You**





## Overview

The cashflow statement identifies the movement of cash in and out of the cash account. It details the timing of payment of purchases, VAT, PAYE/PRSI, payroll, loan payments, leasing, etc. It also details the inflows of cash from sales, debtors, director's loans or other forms of cash into the business. It allows a business to forecast cash receipts and outgoing payments for the months ahead, and ultimately its ending cash position.

## Using the Cashflow Template

The cashflow statement starts with an opening cash balance (cell C5 on the Fáilte Ireland Cashflow Template). At the beginning of each month the tourism business will start with a cash surplus or deficit.

Only enter data into cells in orange.

**Cash Inflows** for each month include cash sales, debtors, any loans, the revenue supports such as the wage subsidy scheme, and any other direct cash income for the particular month. Where a tourism business has tour groups or some corporate accounts, for example, these customers may not pay in the month but during the months ahead.

It is important to understand when payment of these debtors will occur as it helps to manage cashflow. Any wage subsidy scheme payments received can be included as cash inflows. All cash inflows in the Cashflow Template are inserted as a positive number.

**Cash Outflows** include the payment of bills (creditors), Revenue (VAT, PAYE, PRSI), Local Authority rates, wages and salaries, rent, loans, credit card charges etc. VAT is paid in the following month for the preceding two months (i.e. in March for January and February; in May for March and April, etc.).

While PRSI payments can be bi-monthly, in tourism businesses they are often paid monthly. Creditor payments can be spread out based on cash flow. Creditor terms may be monthly, bi-monthly, quarterly, etc. Cash outflows are inserted as negative figures in the Cashflow Template.



A specific cash inflow or outflow can be inserted as a line within the Cashflow Template. For example, if you wish to have a row showing deposits for group bookings, weddings, school groups, etc., this can be added to the **Cash Inflows**. If you have certain scheduled cash outflows, such as an excise license, for example, this can also be included as a separate row item in the **Cash Outflows** with a specific payment month.

**Net Cash Inflow/Outflows** show the net position from the cash inflows and outflows for the period. It does not include the opening bank balance.

The **Closing Cashflow Balance** shows the cash balance before loan repayments. The loan repayments are entered as negative numbers. There are two rows: one for existing loan repayments and one for an additional working capital/other loan. These may have different payment terms and therefore they have been separated on the cashflow statement.

If you have a director's loan that has to be repaid, then this could also be included as an additional row.

The **Adjusted Cashflow Balance** at the end of the month is then the starting position for the following month.

For reference, there is an example of a completed cashflow on the second tab of the Fáilte Ireland Cashflow Template.