

Guidance Note Monthly Cashflow Statement



Introduction

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

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

Overview

The monthly cashflow statement identifies the movement of cash in and out of the cash account on a monthly basis. 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, 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

Only enter data into cells in **orange**.

The cashflow statement starts with two initial inserts:

- *Opening Month* (cell C5): Insert the month that you are starting the cashflow statement from, for example: July 2021
- *Opening Cash Balance* (cell C8): At the beginning of each month the tourism business will start with a cash surplus or deficit. This is the opening cash balance for the month that you are starting with and will need to be populated. The template will then populate the remaining opening cash balances for each month following.

Using the Cashflow Template (cont.)

Cash Inflows

Rows 11-17, (columns C-T) for each month include cash sales, debtors, any loans, Revenue supports such as EWSS, CRSS, etc. 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

Rows 21-30, (columns C-T) 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 positive 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.

Using the Cashflow Template (cont.)

Net Cash Inflow/Outflow shows the net position from the cash inflows and outflows for the period for operating activities. It does not include the opening bank balance.

The **Closing Cashflow Balance** shows the cash balance before loan repayments.

The **lending repayments outflows** are entered as positive numbers in rows 38-40, columns C-T. There are three potential inputs:

- Existing loan repayments.
- Repayment of directors loans. If the owners/directors of the business provided a loan to the business during difficult trading, then this can be paid back during this period.
- New lending requirements (such as a new working capital or investment loan). These may have different payment terms to the existing loan repayments and therefore they have been separated on the cashflow statement.

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

For reference, an example of a completed cashflow is also included in the Cashflow Template.