



Managing Cash Flow

Managing cash flow is important to make sure that you have enough money available at the times that you need it. It is particularly difficult for most community-based projects to produce realistic cash flow projections, as many items are not certain. Once down in black and white, the figures can look intimidating, but like the business plan as a whole, having a good cash flow chart will help you identify and resolve potential problems.

Potential problems could include:

- The project may not generate much income in the early months
- Costs pile in upfront at the start of the year
- Income is spread over the whole year.
- Your income may be provided by trusts retrospectively
- You may rely on payments, which are often late.

Expenditure

Set out a monthly chart and a list of all costs, indicating which months they will require paying. When you extend it to years 2, 3, 4, and 5 remember to include an inflation increment (normally between 2% and 4% each year). This is for the running of a project. If you are planning building work the cash flow can be very complicated. Your architect, contractors, and all professionals involved should indicate to you with a cash flow chart of their own (normally produced by the architect) when payments on the scheme are due.

Remember to Include:

- Salaries and national insurance, pension contributions etc.
- Volunteer expenses

- Training costs
- Insurance
- Equipment costs and replacement
- Vehicle depreciation
- Usual bills
- A realistic value of what the everyday running costs will be
- On-going professional fees
- Any statutory fees that you may be required to pay
- If you are running a building include maintenance costs
- Contingency

If your project involves a major building project, you might find it helpful to do a separate budget for the one off capital costs relating to the building work, distinct from the on-going revenue (running) costs for the project. Remember to feed both into the cash-flow chart.

Income

On a similar monthly chart indicate your income month by month. By comparing the two you will be able to plan your income / expenditure so that you will meet all your costs.

A good way to bring security to a project is to reward your users if they agree to contract to use your project for a set period of time. Many after school clubs and playgroups offer reduced fees to parents who contract on a termly/ yearly basis to pay for the facilities. Income lost is gained through the security of knowing for certain that the money will be coming in.

You should also consider what level of reserves you want to try and establish through your budget. It is sensible for a project to try and build up reserves of between two and twelve months' income, depending on the exact nature of your project. If you are employing a number of staff, for example, you need to be sure you can continue to pay them even if your income dips. How much you decide to raise for reserves depends on the risks that are likely to occur.

It is worth having a 'notes' column alongside the budget you keep for internal use (not necessarily for sending to funders), to remind you how you reached certain figures. **For Example:** Income from mothers and toddlers group (based on average of 8 mothers attending each week paying £x per session; at the Nursery up the road they charge £X).

St. Peter's Church, Ugborough

Cash Flow for Delivery Phase for Sheet Lead Replacement Version 4

Cash Inputs £	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Nov-15	Dec-15	Total
PCC from Reserves	4023												4023
Grocers' Charity	5000												5000
PCC Sale of Scrap Lead			2500										2500
Central Government VAT reclaim					6299	6969	519	349					14485
HLF Payments	33150		26520							6630			66300
Volunteer Time (Notional Cash)						1500			1500				3000

Monthly Total Cash In	42173	0	29020	0	6299	8469	519	349	1500	6630	0	0	95308
------------------------------	--------------	----------	--------------	----------	-------------	-------------	------------	------------	-------------	-------------	----------	----------	--------------

Cash Payments £	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Nov-15	Dec-15	Total
University of Plymouth	2700												2700
Carpenter for Mirror Trolley in													0
English Oak	570				1330								1900
Contractor (Contract Price)		37250	29089		1746							1746	69831
Contractor (VAT)		7450	5818		349							349	13966
Architect						2066							2066
Architect VAT						413							413
CDM Co-ordinator						527							527
CDM Co-ordinator VAT						106							106
Seminar Fees etc						400			400				800
Volunteer Time (Notional Cash)						1500			1500				3000
Monthly Total Cash Out	3270	44700	34907	0	3425	5012	0	0	1900	0	0	2095	95309

Running Totals	38903	-5797	-11684	-11684	-8810	-5353	-4834	-4485	-4885	1745	0	-350	-1
-----------------------	--------------	--------------	---------------	---------------	--------------	--------------	--------------	--------------	--------------	-------------	----------	-------------	-----------

