




copyright flowcash 2019

cashflow



“Money makes money. And
the money that money
makes, makes more money” ...

Benjamin Franklin

FINANCIAL REVIEW

\$7bn per year



\$115bn

150,000 businesses

10,000,000 invoices



46%

fail in first five years due to cashflow problems...

"...Cashflow is the lifeline of small and medium sized businesses, needed for making investments such as hiring another person..." Trent Innes, MD XERO

improving cashflow...

"...has a domino effect on the economy – it goes right through the supply chain..." Andrew Charlton, Director - AlphaBeta

2016 UK study...

64%

paid late...



10%

of the day chasing payment...

Small business challenges

- Access to finance
- Cash flow
- Payment times
- Access to justice
- Energy prices
- Unfair contract terms
- Government procurement
- Red tape
- Workplace relations
- NBN connection and availability
- Cyber security



Cash flow

9 out of 10 SMEs have cash flow concerns

- 1 in 5 SMEs rejected for business loans
- SMEs reporting significantly worse cash flow has doubled on year
- 28% difficulty meeting tax payments on time
- 22% unable to take on new work



Statistics from SME Growth Index 2019, Scottish Pacific Business Finance

defined...

inflows >>>

inflows

<<< outflows

outflows

timing & cashflow

- biggest killer of a growing business can often be cashflow timing
- can a business be profitable, but not cashflow positive?
- many businesses don't clearly understand cash flow resides in both the p&l and the balance sheet
- must clearly grasp this to succeed

1st understand the cashflow cycle

- (a) you buy stock day 1
- (b) you pay for stock on day 30
- (c) it may be in stock for up to 60 days – sell day 60 = 30 days negative cash flow
- (d) you sell on 30 day credit terms = 60 days negative cash flow
- (e) but customer pays on 60 days = 90 days negative cash flow

this is a key factor in a profitable business feeling growth pains, when not planning for cash flow effects...

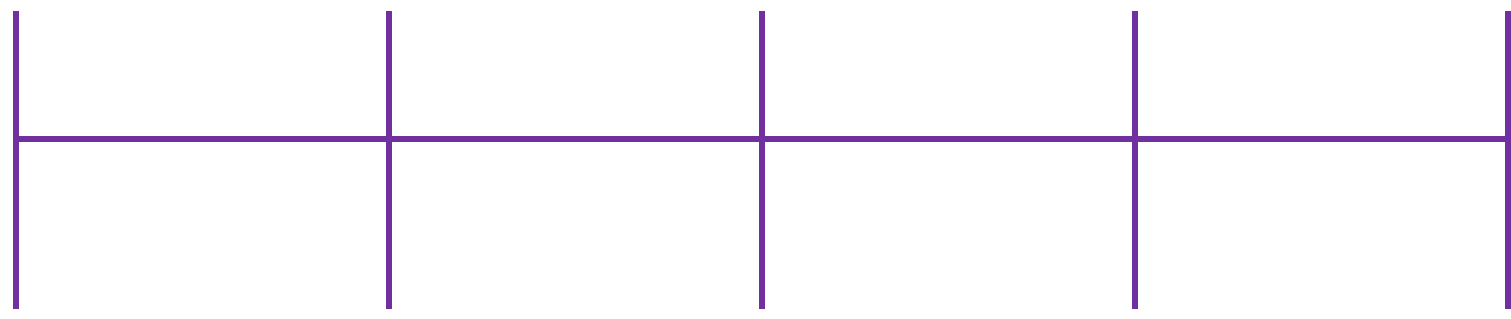
1

30

60

90

120



buy
stock

pay for
stock

sell
stock

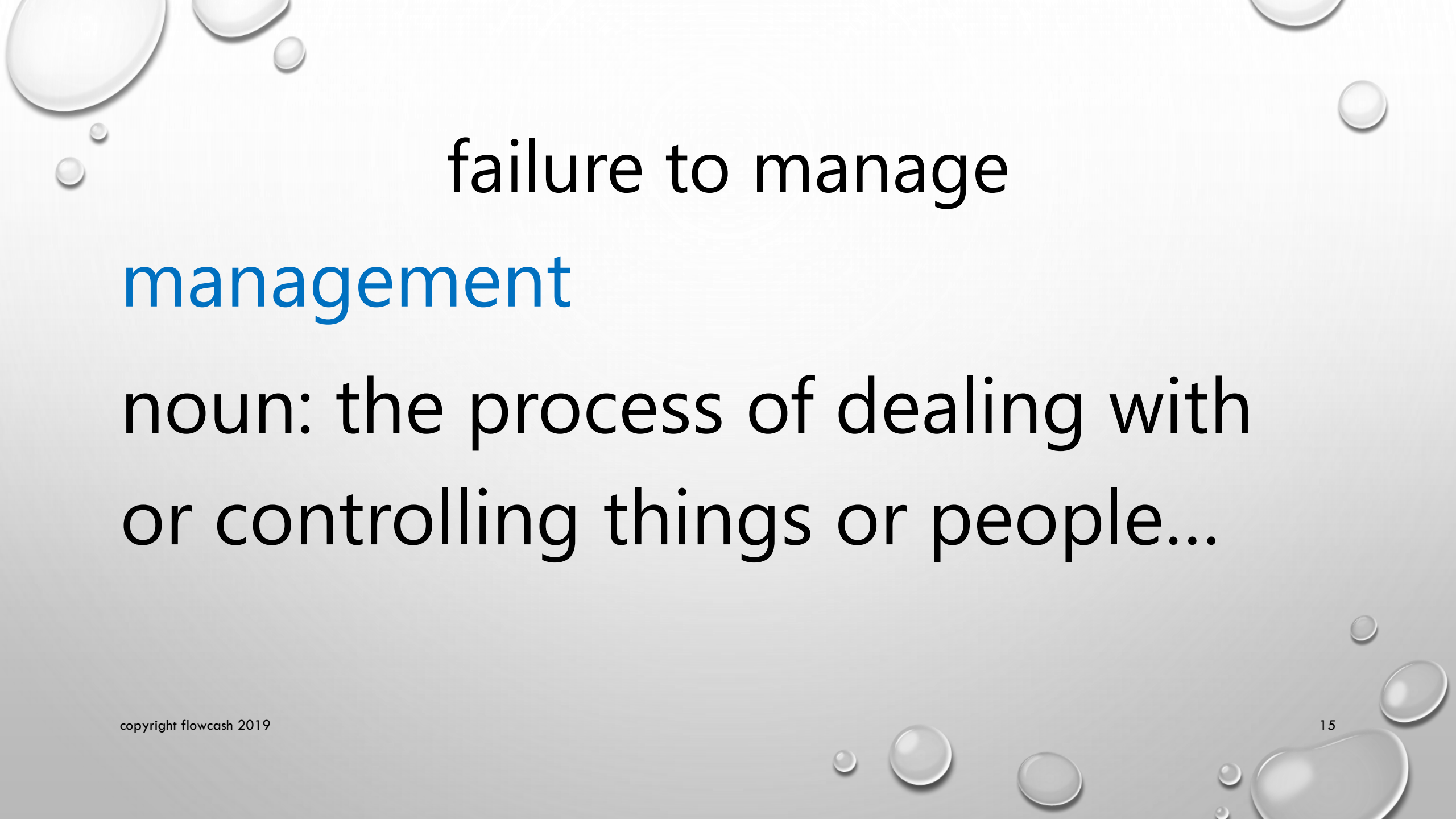
invoice
due

get
paid



yes! you are a tax collector

- yes...you work for the government!
- GST is not yours!
- director once thought the p&l was understating sales because he didn't understand the GST effect (P&L vs. B/S)!



failure to manage
management
noun: the process of dealing with
or controlling things or people...

failure to manage

- using bank statements as their cashflow tool!
- no forward projections or transactional planning etc.
- allowing debtors to blow out – remember...if you have provided goods or services to someone...it is your money they are holding onto
- be polite, but no need to be 'apologetic' when trying to collect debts

how can you improve?

- have separate bank accounts:
 - trading
 - GST
 - offset (maybe against home loans?)
- actively manage: debtors / creditors
- use purchase orders:
 - limit spending by approving a purchase before it is made
- don't get 'sucked in' to volume discounts or 'buy now' offers at the *wrong time* of the cashflow cycle!

how can you improve?

- reduce the time stock sits in store to be sold – stock management system *'just in time'*
- reduce your payment terms – study on late payers (*7 day vs. 15, 21 etc.*)
- negotiate longer supplier terms
- implement good invoicing/collection processes
- invoice quicker – particularly fee for services
- use **'Stop Credit'**



how can you improve?

- create a cashflow forecast and actively manage it
- your cashflow forecast cannot be *set-and-forget*
- cashflow and the inflows and outflows continually move
- keeping on top of these moves is not hard, there are no difficult concepts to master...
- simply – be disciplined and review 5-10 minutes daily

benefits of a cashflow forecast...

- helps to see difference between profit and cashflow
- predicts cashflow and a 'living' tool to show changes
- enables corrective action before issues hit
- smooths cashflow peaks and troughs
- confidence booster – *'finger on the pulse'*
- improves decisions – buy stock, equipment maint., payments, investing surplus, overdraft minimisation

then...*actively* manage

- knowing your major in/out flows will give confidence
- lenders particularly are easier to deal with if you have excellent cash flow management processes in place
- once confident, you may also utilise a credit card to extend cash flow providing
 - must pay full balance every statement
 - possible to attract f/flyer points for travel (reducing cash outflows for travel expenses)
 - once again, you can hold in an offset account, reducing interest expense

management tools

- excel
most
common
...but

SMS – The Sheet Metal Specialists Cash Flow Forecast - FY 2017/18													
Opening Balance	482,417												
Cash In		Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Domestic Products	201,000	7,500	8,500	9,000	24,000	24,000	9,000	9,000	39,000	9,000	19,000	34,000	9,000
Commercial	750,000											375,000	375,000
Design	285,000				10,000		250,000						25,000
Total	1,236,000	7,500	8,500	9,000	34,000	24,000	259,000	9,000	39,000	9,000	19,000	409,000	409,000
Cash Out													
Wages	92,600	3,400	3,400	3,400	6,600	10,000	15,000	15,000	15,000	8,000	6,000	3,400	3,400
Supplies	90,000	55,000				35,000							
Powder Coating	48,000				6,500	3,500	3,000		7,000	10,000	8,000		10,000
Steel	194,000	20,000	15,000	5,000	11,000	3,000	3,000		6,000	3,000	3,000	115,000	10,000
Servicing	82,000						20,000					62,000	
Freight	55,000											55,000	
Capital Equip	123,000	5,000	15,000	103,000									
Repairs & Maintenance	19,500	6,000	5,000			3,000	2,500	3,000					
Fuel and Lubricants	69,500	4,500	5,000		7,000	8,000	11,000	8,000	10,000	6,000		10,000	
Admin/Acctg/Legal/Insurance	96,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Motor Vehicles	3,200	300		250		500		1,500		250		400	
Electricity	25,000		25,000										
Research and Development	108,000	6,000	8,000	10,000	8,000	10,000	10,000	8,000	12,000	8,000	10,000	10,000	8,000
Lease	53,800	6,800	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	27,000
Tax payments	50,000											25,000	25,000
Total	1,109,700	115,000	86,400	131,650	49,200	83,000	74,500	45,500	60,000	45,250	37,000	290,800	91,400
Net Cash Flow	126,300	107,500	-77,900	122,650	-15,200	-59,000	184,500	-36,500	-21,000	-36,250	-18,000	118,200	317,600
Budget Net Cash Position		374,917	297,017	174,367	159,167	100,167	284,667	248,167	227,167	190,917	172,917	291,117	608,717

management tools

...but

- only as good as a user's skills with excel
- can become large and cumbersome
- staff changes, new user errors, new workbooks
- hard to share and keep 'clean' with multiple users
- print functionality – reporting detail vs. summary
- rolling forecasts are problematic
- adjusting views - day, week, month, qtr, year

led to design of ...

flowcash



flowcash



Flowcash™ is a cloud-based cash flow forecasting and management app that gives you full control of your business's cash flow.

FUNCTIONALITY

- Quick and easy set-up of your company details
- Allowance for your trading account and a linked second (investment) account
- Natural groups of cash inflow and outflow areas for clear tracking of income/expense areas
- Customisable inflow and outflow line items to show exactly what your company requires
- Create detailed forecasts quickly and easily with the *once only* or *forecast series* functionality for daily, weekly, monthly and quarterly transactions
- *Warning* markers help by alerting you to problematic days of the month
- *track, trace and action issues before they become problems!*

USER FRIENDLY

- User friendly layout
- Intuitive user functionality so it's easy to learn and use
- Cloud-based so you can view anywhere, anytime
- Easy grid layout – clear and concise

SIMPLE REPORTS AND GRAPHICS

- Built in cash flow reports
- Daily reports
- Full-year summary reports
- Graphs to highlight cash flow position
- Customisable for daily, weekly, monthly, quarterly, annual or any combination required at the click of a *tick box*

BANK RECONCILIATION

- Daily bank reconciliation and easy input
- Gives clear cash position and history
- Our daily *marker* shows the day you have reconciled to – great for multi-users to know where the business transactions are up to
- Allows un-forecast inputs, *push-forward* forecasts, splitting and edit functionality

AFFORDABLE

- Just \$40 per month, billed annually, gives you access to this clever tool
- Free test with your own company data through our 14-day login access



flowcash

Log In

Sign Up



yours@example.com



.....

Don't remember your password?

LOG IN >

General

Company Name

Cash Flow Model Start Date

Cash Flow Model End Date

Trading Account

Account Name

Opening Balance

Initial Bank Statement Date

Overdraft Limits

Limit	Start Date	End Date
0	01/07/2018	01/07/2018
-25,000	02/07/2018	02/07/2018
-50,000	03/07/2018	ongoing

[Manage limits](#)

Linked Account 1

Status

Account Name

Opening Balance

Linked Account 2

Status

Account Name

Cash Inflows **Trading Account**

Group name	Type	Group order	Item name	Item order	Contract	+ add group
Debtors	General	1	+ add item			
			Debtors - bulk payments	1		
			Debtors - general payments	2		
Interest & Other Income	General	2	+ add item			
			Interest income	1		
			Other income	2		
Cash Transfers IN (Linked Account 1)	Cash Transfer	3	+ add item			
			General transfers IN	1		
Cash Transfers IN (Linked Account 2)	Cash Transfer	10	+ add item			
			General transfers IN	1		
			My item	99		

Cash Inflows **Linked Account 1**

Item name	Item order	Contract	+ add item
Interest earned	1		

Cash Inflows **Linked Account 2**

Item name	Item order	Contract	+ add item
Interest earned	1		

Cash Outflows **Trading Account**

Group name	Type	Group order	Item name	Item order	Contract	+ add group
Payroll Items	General	1	+ add item			
			Payroll items	1		
			PAYG	2		
			Super payments	3		
Tax & GST	General	2	+ add item			
			Tax - net gst payment	3		
			Tax - payg company tax	4		
Creditors	General	3	+ add item			
			Creditors - bulk payments	1		
			Creditors - general payments	2		
			Insurances	3		
Lease / Finance Contracts	Contract	4	+ add item			
			Car	1	1/01/2016 1/01/2019	
Misc & Bank Fees	General	5	+ add item			
			Bank fees	1		
Cash Transfers OUT (Linked Account 1)	Cash Transfer	6	+ add item			
			General transfers OUT	1		
Cash Transfers OUT (Linked Account 2)	Cash Transfer	10	+ add item			
			General transfers OUT	1		

Cash Outflows **Linked Account 1**

Show From 09/07/2018

To 23/07/2018

Refresh

Daily

FY summary Weekly Monthly Quarterly Half-yearly Yearly

15 days

Sheet Viz

Excel Print

Search:

	Jul 09	Jul 10	Jul 11	Jul 12	Jul 13	Jul 14	Jul 15	Jul 16	Jul 17	Jul 18	Jul 19	Jul 20	Jul 21	Jul 22	Jul 23
Cash Inflows															
Debtors															
Debtors - bulk payments	10,000	100,000	8,000	15,000	2,800				52,000						
Debtors - general payments	10,000	3,000	1,500	1,275	1,275							170,000		50,000	70,000
Sub Total	20,000	103,000	9,500	16,275	4,075	0	0	0	52,000	0	0	170,000	0	50,000	70,000
Interest & Other Income															
Interest income							5,000								
Other income	6,000	5,000	2,500	10,000	10,000		10,000								
Sub Total	6,000	5,000	2,500	10,000	10,000	0	15,000	0	0	0	0	0	0	0	0
Cash Transfers IN (Linked Account 1)															
General transfers IN															
Sub Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	26,000	108,000	12,000	26,275	14,075	0	15,000	0	52,000	0	0	170,000	0	50,000	70,000
Cash Outflows															
Payroll Items															
Payroll items	-7,047			-7,963	-7,963		-28,675								
PAYG		-7,021													
Super payments			-26,395												
Sub Total	-7,047	-7,021	-26,395	-7,963	-7,963	0	-28,675	0	0	0	0	0	0	0	0
Tax & GST															
Tax - net gst payment															
Tax - payg company tax															
Sub Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

[Cash Inflows](#) [Debtors](#)

Debtors - bulk payments

Forecast items will be created between specified dates according to selected frequency ×

Forecast Frequency

Monthly ▾

From Date

16/07/2018

Defaults to the current **Bank Statement Date**

To Date

31/12/2019

Defaults to the **Cash Flow Model End Date**

Forecast Amount

15000

Note

If you enter a note, it will be repeated in each series forecast

[Cancel](#) [Add](#)

T1 Flowcash Test Company #1

Cash flow model: 1/07/2018 to 31/12/2019

Bank statement date 16/07/2018 previous 15/07/2018

[Cash flow](#) / [Manage item](#)

Cash Inflows Debtors

Debtors - bulk payments

Add once-only forecast

Add forecast series

Weekly Bulk delete

Item Date	Forecast Amt	Actual Amt	Note	Annotation
1/07/2018	12,000.00	11,473.25		Reconciled
3/07/2018	12,000.00	11,800.00		Reconciled
8/07/2018	10,000.00	10,000.00		Reconciled
10/07/2018	100,000.00	100,000.00		Reconciled
17/07/2018	52,000.00			edit delete
31/07/2018	12,000.00			edit delete
7/08/2018	12,000.00			edit delete
14/08/2018	12,000.00			edit delete
21/08/2018	12,000.00			edit delete
28/08/2018	12,000.00			edit delete

Monthly Bulk delete

Item Date	Forecast Amt	Actual Amt	Note	Annotation
11/07/2018	10,000.00	8,000.00		Reconciled
12/07/2018	10,000.00	15,000.00		Reconciled
1/08/2018	280,000.00		this is a billable contract	edit delete
1/09/2018	280,000.00		this is a billable contract	edit delete
1/10/2018	560,000.00		once off	edit delete
1/11/2018	280,000.00		this is a billable contract	edit delete
7/01/2019	100,000.00		50% debtors	edit delete
14/01/2019	60,000.00			edit delete
7/02/2019	100,000.00		50% debtors	edit delete

T1 Flowcash Test Company #1

Cash flow model: 1/07/2018 to 31/12/2019

Bank statement date: 16/07/2018 previous 15/07/2018

Opening balance -27,170.83

Show From 09/07/2018 To 23/07/2018

Refresh

Daily

FY summary Weekly Monthly Quarterly Half-yearly Yearly

15 days

Sheet Viz

Excel Print

Search:

	Jul 09	Jul 10	Jul 11	Jul 12	Jul 13	Jul 14	Jul 15	Jul 16	Jul 17	Jul 18	Jul 19	Jul 20	Jul 21	Jul 22	Jul 23
General transfers OUT															
Sub Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Transfers OUT (Linked Account 2)															
General transfers OUT															
Sub Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Outflows	-23,486	-20,960	-38,927	-24,435	-24,483	-4,204	-74,540	-30,000	0	0	0	-240,000	0	-1,204	0
Net Daily Cash In/(Out) Flow	2,514	87,040	-26,927	1,840	-10,408	-4,204	-59,540	-30,000	52,000	0	0	-70,000	0	48,796	70,000
Trading Account															
Opening Balance	-17,486	-14,972	72,068	45,141	46,981	36,573	32,369	-27,171	-57,171	-5,171	-5,171	-5,171	-75,171	-75,171	-26,375
Closing Balance	-14,972	72,068	45,141	46,981	36,573	32,369	-27,171	-57,171	-5,171	-5,171	-5,171	-75,171	-75,171	-26,375	43,625
Overdraft Limit	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000
Available Cash Flow - Trading	35,028	122,068	95,141	96,981	86,573	82,369	22,829	-7,171	44,829	44,829	44,829	-25,171	-25,171	23,625	93,625
Linked Account 1															
Opening Balance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash Inflows															

T1 Flowcash Test Company #1

Cash flow model: 1/07/2018 to 31/12/2019

Bank statement date 16/07/2018 previous 15/07/2018

Opening balance -27,170.83

FY Summary Cash Flow Report [Print](#)

Flowcash Test Company #1
Report range: 01 Jul 2018 to 30 Jun 2019

Bank statement date: 16 Jul 2018
Date segment 1/1 Range: 01 Jul 2018 to 30 Jun 2019

	FY summary: Monthly			Showing whole dollars										
	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	FY 2019	
Cash Inflows														
Debtors	550,123	328,000	280,000	560,000	280,000	0	160,000	160,000	160,000	160,000	160,000	0	2,798,123	
Interest & Other Income	67,658	0	0	0	0	0	0	0	0	0	0	0	67,658	
Cash Transfers IN (Linked Account 1)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cash Transfers IN (Linked Account 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	617,782	328,000	280,000	560,000	280,000	0	160,000	160,000	160,000	160,000	160,000	0	2,865,782	
Cash Outflows														
Payroll Items	-161,726	-60,000	-60,000	-60,000	-60,000	-70,000	-90,000	-60,000	-60,000	-60,000	-60,000	-60,000	-861,726	
Tax & GST	0	0	0	-40,000	0	0	-40,000	0	0	-90,000	0	0	-170,000	
Creditors	-416,749	0	0	0	0	0	0	0	0	0	0	0	-416,749	
Lease / Finance Contracts	-5,682	-865	-865	0	0	0	0	0	0	0	0	0	-7,412	
Misc & Bank Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cash Transfers OUT (Linked Account 1)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cash Transfers OUT (Linked Account 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	-584,156	-60,865	-60,865	-100,000	-60,000	-70,000	-130,000	-60,000	-60,000	-150,000	-60,000	-60,000	-1,455,886	
Net Flow	33,625	267,135	219,135	460,000	220,000	-70,000	30,000	100,000	100,000	10,000	100,000	-60,000	1,409,895	
Trading Account														
Opening Balance	2,000	35,625	302,760	521,895	981,895	1,201,895	1,131,895	1,161,895	1,261,895	1,361,895	1,371,895	1,471,895	2,000	
Closing Balance	35,625	302,760	521,895	981,895	1,201,895	1,131,895	1,161,895	1,261,895	1,361,895	1,371,895	1,471,895	1,411,895	1,411,895	
Overdraft Limit	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	
Available Cash - Trading	85,625	352,760	571,895	1,031,895	1,251,895	1,181,895	1,211,895	1,311,895	1,411,895	1,421,895	1,521,895	1,461,895	1,461,895	
Linked Account 1														
Opening Balance	1,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	1,000	
Closing Balance	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	
Linked Account 2														
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Available Cash - Company	166,625	433,760	652,895	1,112,895	1,332,895	1,262,895	1,292,895	1,392,895	1,492,895	1,502,895	1,602,895	1,542,895	1,542,895	



flowcash

...thankyou

Damon Wells

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