

# Cashflow Predictor

**Step by Step guide to setting up a daily cash flow projection for your business for Xero users.**

**Step 1 (Video 1):** Download the last 90 days of transactions from your main business account in Xero

- Open your business' file, click 'reports', 'Account Transactions' and select the main business bank account.
- Click on 'Report Setting'
  - Choose the last 90 days as a date range, then;
  - Untick all the boxes.
  - Next, tick on the following boxes:
    1. date,
    2. credit (AUD if foreign currency)
    3. debit (AUD if using foreign currency)
    4. and description.
- After we've ticked all the right boxes, we'll click onto the 'Description' header and move it to the far right
- Then, navigate to the bottom and select "export" then select "Excel format"

## Step 2 (Video 2): Ready the data for manipulation

In the Excel worksheet you just exported

- Click enable editing and Save your file as 'Data Worksheet'
- Cut row five and paste it over row 8. Delete rows above. (i.e. 1-7). Your spreadsheet should look like this:

Date	Debit (AUD)	Credit (AUD)	Description
01 Oct 2019	0.00	40.20	BP MILTON 7625 MILTON
02 Oct 2019	0.00	67.80	BUDGET PETROL KOGARAH
02 Oct 2019	0.00	30.00	EWAY ELECTRONIC TOLL HAMMONDVILLE
03 Oct 2019	0.00	71.70	EZI*LITHGOW VALLEY STO BATHURST
04 Oct 2019	0.00	16.63	Payment: Google

- Scroll to the bottom and delete everything below the last transaction
- Insert a Column at Column A
- In Column A2, type “=b2+91”
- Copy to the bottom by double clicking on the little black dot in the bottom right-hand corner of cell A2
- Click on cell A1 and type “Date”
- Go to C1 and change “debit” to “money in”
- Go to D1 and change “credit” to “money out”
- Click on the center of the Column A header and copy
- Click on the center of the Column B header, right click, and select '123' under paste options
- Delete Column A
- Click on the triangle intersecting Column A and Row 1 and the whole sheet will highlight.
- In the top menu in Excel select data, then select 'Filter'
- Click on the arrow above 'Description' and select 'sort a to z'

**Step 3 (Video 3):** Customise the data for the next 90 days

Still working In the Excel: **Data Worksheet** you have downloaded

You now have your actual transactions for the last 90 days. Now all you need to do is remove any non-recurring transaction. For example, transfers from your other accounts.

Then, add new commitments. For example, a new software subscription payment

And update any amounts which may have changed.

If you make weekly payments, such as wages for example, make sure there are 13 entries

If they are fortnightly payments, there should be 7 entries, and for monthly payments such as Rent and car leases you should have 3 entries.

Feel free to add and delete lines to best reflect your upcoming cashflow.

- Next, click on the arrow above 'Date' and select 'sort a to z'

If you use Xero to record customer and supplier invoices, go to "Accounting" "Reports" then run as at today's date:

- An Aged Payables Detailed report and
- Aged Receivables Detailed report

And enter expected payment dates in the "Deposits" column for receivables and the "Payments" column for payables.

Delete any receipts from customers or payments from suppliers that you are not expecting to make in the next 90 days.

Don't worry if you don't know exactly what will happen in the next 90 days, 30 days is generally enough.

This is also your chance to sort the tax payment out. In the data worksheet:

Divide your quarter BAS payment amount by 13. For example, if the bill is \$13,000 per quarter, then that's \$1,000 a week.

Keep any current commitments you have to the ATO, but add the 13 weekly payments as a transfer to your savings or the ATO account so you know what you need set aside each week to stay current.

You can use the same principle for business credit card payments and debt reduction plans.

*If you've got more lumpy payments like credit cards, quarterly superannuation payments loan repayments or the like, open the **Daily Cash Flow Planner Template** and go to the "payment smoothing calculator" tab at the bottom.*

#### **Step 4 (Video 4):** Putting it all together

Now we're going to move the information from the data worksheet into the **Fraser Scott Daily Cash Flow Planner Template**

*Firstly*, Open the **Fraser Scott Daily Cash Flow Planner Template**, make sure you are on the **90 day cashflow** tab, and set that aside.

Go back in your **data worksheet**, drag your mouse from cell A2 to the last cell in column D, right-click and 'copy'.

Move over to the **Fraser Scott Daily Cash Flow Planner Template**,

- click on the '90 cashflow tab'
- click on cell C2 and
- paste

Back up to cell G1 and enter your current bank account balance.

Now you're done. This is your expected cashflow for known transactions for the next 90 days!

If you have an amount appearing as red in column G, it might be because you haven't invoiced for these periods yet. If you've got a problem in the next 7 to 30 days you will need to delay payments or speed up customer payments to cover the short fall.

Rename the Worksheet and it save as whatever you would like.

### **Step 5 (Video 5):** Daily update and maintenance

Now that you have your 90-day cashflow forecast, you will need to do a daily update to keep the information current

- If the transaction appears in your spreadsheet on your bank statement, enter Y in column A
- Then, Sort by Next Due by ascending (a-z)
- If transactions type is likely to repeat in 90 days' time, copy dates in Column B2 and Paste using the 123 option into Column C2, otherwise delete the row.
- Sort by "Expected Date" ascending (a-z)
- Go to Cell G2 and double click the dot at bottom right hand corner of that cell

The transactions are carried down 90 days and will be there for you when you need then next

Last of all, you need to do a bit of Daily Maintenance to assure the information is accurate:

- First, Sort by "transaction Type" in ascending order (a-z)
- Then, Review Debtor payments against your Aged Receivables list
- Review Creditors payments against your Aged Payables list
- Check Direct Debits and Credits have not changed
- Update for any changes in Payroll
- Once this is done, Sort by "Expected Date" in ascending order (a-z)
- Go to Cell G2 and double click the dot at bottom right hand corner of that cell

The process is as simple as that, but it will change your life. You can see with certainty, in advance, whether you have a cash flow problem or not. By simply moving a few payments and collections around, you will know how to sort any cashflow problems out immediately.