BUSINESS MENTOR

Cash Flow Basics

Keep enough money available to trade

Profit is not cash

- A sale may be profitable but unpaid for weeks.
- Stock purchases, tax bills and loan repayments can use cash before or after they affect profit.

Build a 13-week forecast

- Start with your actual bank balance.
- List expected customer receipts by the week you expect payment.
- List wages, suppliers, rent, tax and other payments by due date.
- Calculate each week’s closing cash balance and carry it forward.

Improve cash flow

- Invoice promptly and make payment methods simple.
- Agree payment terms in writing and follow up overdue invoices.
- Avoid over-ordering stock and review recurring expenses.
- Set money aside for tax obligations and plan large payments early.

Warning signs

- Your forecast shows a negative balance.
- You rely on new sales to pay overdue suppliers.
- Customers are paying later while costs are due sooner.
- Act early: revise costs, collection plans and funding options.

FREE 60-MINUTE DISCOVERY CALL

Discuss your business goals with an experienced mentor. Visit yourbusinessmentor.co.uk to find out more.

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