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## EC71-850 Cash Flow Planning with the Aid of your Record Book and Budgeting

Robert E. Perry

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EC 71-850

# CASH FLOW PLANNING

WITH THE AID OF YOUR  
RECORD BOOK AND BUDGETING



EXTENSION SERVICE  
UNIVERSITY OF NEBRASKA COLLEGE OF AGRICULTURE COOPERATING WITH THE  
U.S. DEPARTMENT OF AGRICULTURE AND THE COLLEGE OF HOME ECONOMICS.  
E. F. FROLIK, DEAN; J. L. ADAMS, DIRECTOR



## **A FINANCIAL MANAGEMENT SERIES FOR NEBRASKA FARMERS & RANCHERS**

EC 71-846	YOUR PLANS FOR PROFIT
EC 71-847	YOUR BALANCE SHEET
EC 71-848	YOUR INCOME STATEMENT
EC 71-849	CASH FLOW PLANNING WITH THE AID OF YOUR INCOME TAX RETURN
EC 71-850	CASH FLOW PLANNING WITH THE AID OF YOUR RECORD BOOK AND BUDGETING
EC 71-851	ESTIMATING YOUR FAMILY LIVING EXPENSES
EC 71-852	CASH FLOW PLANNING FORM
EC 71-853	BALANCE SHEET
EC 71-854	INCOME STATEMENT

THIS SERIES WAS DEVELOPED THROUGH THE COOPERATION OF THE FOLLOWING SUBCOMMITTEES:

### **AGRICULTURAL ECONOMICS DEPARTMENT, UNIVERSITY OF NEBRASKA**

Larry L. Bitney, Extension Economist (Farm Management)  
Thomas L. Frey, Asst. Professor of Agricultural Finance and Farm Management  
Philip A. Henderson, Extension Economist (Farm Management)  
Robert E. Perry, District Extension Specialist (Farm Management)

### **NEBRASKA BANKERS ASSOCIATION AGRICULTURAL COMMITTEE**

M. C. Bonham, First National Bank, York  
Charles M. Athey, First Natl. Bank & Trust Co., Columbus  
L. S. Curran, First Natl. Bank & Trust Co., Lincoln  
W. E. Richards, First Security Bank, Holdrege



# CASH FLOW PLANNING WITH THE AID OF YOUR RECORD BOOK AND BUDGETING

by

Robert E. Perry

*District Extension Specialist (Farm Management)*

## Cash Flow Planning — What Is It?

A cash flow shows the sources, amounts and timing of your cash income and expenses. An **actual** cash flow, prepared from your records, shows your experience of the past year. A **projected** cash flow, based on your estimates and budgets, shows the cash flows likely to result from your plans for the coming year. It shows when you will need credit, how much you will need, and when you should be able to make loan payments. Normally, your cash flow plan will be for one year in the future. But, if you are anticipating a major change in your farming operations, you may want to project your cash flows for a longer period to see if you will be able to pay off an investment in machinery, buildings, or land.

## Cash Flow Planning — Why Should I?

Money is becoming an increasingly important resource on most farms and ranches. Like other resources, such as land and labor, if it is managed well it will make money for you. If not, it will lose money for you. A cash flow plan will help you be a better money manager and hopefully will increase the productivity of the money which you use.

## Cash Flow Planning — Where do I Start?

Where you start depends on how much information you have, how much time you are willing to spend, and what changes you have in mind for your farm or ranch. Two circulars are available to help you fill out your cash flow form. Use the one which best fits your situation.

1. CASH FLOW PLANNING with the aid of your INCOME TAX RETURN (EC 71-849). Use the circular with this title if your records are limited, you don't have much time, and you are not planning major changes in your farming or ranching operations.
2. CASH FLOW PLANNING with the aid of your RECORD BOOK AND BUDGETING. (this circular). Use this if you are making a major change in your business or if you would just like to develop a more detailed plan. This alternative will require more time, but it will give you more information about your business.

## A Look at the Form (EC 71-852)

The form is divided into three areas — Cash Flow **In**, Cash Flow **Out**, and Summary. The column headings are blank, so that this form may be used in one of several ways. It may be used to show your actual cash flows from last year, your projections for next year, or a series of annual projections for the next 3-4 years. Within each year on annual cash flows, you may use one column for each month, or for each quarter, depending on the amount of precision you desire. In either case, the first column will represent the total amount of cash flows for the year ahead. You may want to use a title like — "Projected, 1972" or "Total 19\_\_" for this column. You may wish to confer with your creditor before deciding the number of periods to make for the coming year. If you project on a monthly basis, the name of each month beginning with January will be the heading for the remainder of the columns. If you project on a quarterly basis, you will use only four of the remaining columns.



### **Where do I Get the Numbers to Put on the Form?**

Some possible sources for information are:

1. Last year's records.
2. Past experiences.
3. Printed material — bulletins, magazines, farm handbooks.
4. People — County agent, creditor, dealers, contractors.

### **What Methods Shall I Use to Assemble the Information for Cash Flow Entry?**

Some items on the cash flow form may only require "on the spot" judgments, while others may justify budgeting. A worksheet is provided in this circular to help with assembly.

1. "On the spot" judgments involve lifting a figure from last year's records, your memory, a quick thought, or another source and putting it in the projected cash flow.
2. Budgeting involves putting information together from one or more of the above sources in an organized fashion. For example, you decide on how many acres of corn you want to plant, see your County Agent for advice on fertilizer recommendations, get price estimates from your fertilizer dealer, then figure your corn fertilizer cost estimate.

### **How do I Decide Whether to Use "On the Spot" Estimates or to Budget?**

You should consider budgeting an item on the cash flow form if —

1. You believe it will be appreciably different than last year.
2. It makes up a large proportion of your total income or your total expense.
3. It is possible to estimate it accurately in a reasonable amount of time.

For example: The fertilizer cost for corn may be estimated with a few items of information (acres X amount per acre X price). An item like supplies (line 19) which is made up of many small unrelated items would be nearly impossible to estimate on a piece-by-piece basis. Thus, you might do some budgeting to determine your projected fertilizer costs, but make an "on the spot" judgment for your projected supplies cost based on your last year's record for that item. You may wish to add a flat percentage increase to such items to cover inflation.

### **Are There Some General Guidelines on which Items to Budget?**

A study of the records on a sample of 139 Nebraska farms in 1968 revealed that the items in the list



below made up a large proportion of the total farm income and expense. Usually, these are items on the cash flow form which should be budgeted:

Income

Crop Sales  
Livestock Sales

Expense

Livestock Purchases  
Feed Purchases  
Fertilizer Purchases  
Crop Chemical Purchases  
Seed Purchases  
Machine Hire

To estimate these major income and expense items in a systematic manner, you should develop a:

1. Crop Plan
2. Livestock Plan

The following budget forms are provided in this circular to help you in developing your crop and livestock plans:

Budget Form No.

1  
2  
3  
4

Farm Crop Plan  
Crop Cost Budget  
Livestock Plan  
Crop & Feed Balance Sheet

### Projecting Your Cash Flows

Use the following worksheet as a guide in developing your projected cash flows. It provides a list of what to include on each line of the cash flow form and indicates which budget form may be used to help you estimate major items. It may be used as a **worksheet**, if you enter numbers on it and later transfer them to the cash flow form. Or, it may be used as a **checklist** if you enter numbers directly on the cash flow form (EC 71-852).

The income and expense items may be divided into the periods that they occur at the time you estimate the "total year" figure, or you might estimate all of the total year figures and estimate the time distribution later. When determining which period of the year an item of expense will occur, remember to put it in the period that the cash is actually paid. For example, a fertilizer bill may not be paid until 30 to 60 days after delivery.



## Worksheet for Projecting Cash Flows for 19\_\_\_\_\_

Cash Flow Line No.	Comments	Use Budget Form No.	\$ Amount
<b>Cash Flow In</b>			
1.	Cash on hand at end of last period — enter in first period column.		\$ _____
2.	Expected crop sales from inventory and production.	1 & 4	_____
3.	Expected sales of livestock. Breeding stock sales may be entered separately on line 6.	3	_____
4.	Blank: For a major item you may wish to enter as operating income.		_____
5.	Other: Government payments \$ _____ Custom work you do _____ Rents received _____ Total _____		_____
6.	Sales of breeding stock not in line 3 above.	3	_____
7.	Sales of machinery, equipment, or other capital items. Do not include trade-in allowances — just cash.		_____
8.	Blank: Use for major expected sales, i.e., real estate.		_____
9.	Other: Use for major expected capital sale.		_____
10.	Non-farm income: Dividends, interest, wages & salaries (net).		_____
11.	Total Income: Check completeness. Add lines 1-10.		_____
<b>Cash Flow Out</b>			
12.	Labor: Include full time and part time labor. Social security payments on labor. Do not include rental value of house if furnished or meat supplied unless cash was used.		_____
13.	Repairs: Normal machinery \$ _____ Machinery overhaul _____ Livestock equipment _____ Buildings _____ Irrigation _____ Total _____		_____
14.	Rents to be paid: Pasture, land, buildings, equipment.	1	_____
15.	Feed to be purchased:	4	_____
16.	Seed to be purchased:	2	_____
17.	Fertilizer, lime, herbicides, insecticides.	2	_____
18.	Machine Hire: Add, other than crop, to total on Form 2.	2	_____
19.	Supplies: Adjust last year's figure for abnormal purchases and inflation.		_____
20.	Livestock Expense: Adjust last year's figure by comparing livestock plan for next year with last year's livestock program.		_____
21.	Gas-fuel-oil: Adjust last year's figure by comparing crop plan and last year's crop program for changes in acres farmed and irrigated.		_____
22.	Storage and warehousing: Other than item 14.		_____
23.	Taxes: Do not include SS or income tax here. Real Estate \$ _____ Grain _____ Livestock _____ Other personal _____ (Hay, silage, machinery) Total _____	1	_____
Subtotal Expenses this page			\$ _____



Cash Flow Line No.	Comments	Use Budget Form No.	\$ Amount
	Subtotal of expenses from previous page		\$ _____
24.	Insurance: Include premiums to be paid for hail, live-stock, farm liability and credit life insurance.		_____
25.	Utilities: Adjust last year's figure if major changes will be made using electricity at farmstead.		_____
26.	Freight & Trucking: Adjust last year's figure by looking at crop and livestock plans for major changes.		_____
27.	Auto: Include only farm share for items not included on other lines: i.e., gasoline, taxes, insurance.		_____
28.	Blank: Use for special expense item unique to your farm.		_____
29.	Feeder Livestock to be Purchased:	3	_____
30.	Miscellaneous: Adjust last year's figure for changes expected.		_____
31.	Breeding livestock to be purchased:	3	_____
32.	Machinery: Include an estimate of the costs for machinery that you definitely plan to purchase or replace this year.		_____
33 & 34.	Blank and Other: Use these lines to separate other major capital purchases that you are reasonably sure you will make. i.e., land, irrigation system.		_____
35.	Family Living: Adjust last year's figure or use leaflet EC 71-851 (included in this series). This item may be divided equally by time periods unless you expect large expenditures at certain times for items such as life insurance or college tuition.		_____
36.	Income tax and social security: (Pd. on last year's Income) Federal Income Tax   \$ _____ State Income Tax     _____ SS on self            _____ Total                   _____		_____
37 & 38.	Fixed term loan payments: Enter here the total principal and interest which will be due at specific dates during the year on existing obligations. If you have filled out the balance sheet (EC 71-853), you can summarize amounts due and the timing from it.		_____
39.	Total Cash Required: Check to see if you have listed all anticipated expenditures. Add lines 12 through 38.		\$ _____



### **Purpose of the Farm Crop Plan:**

The farm crop plan provides you with a basis for —

1. Estimating crop sales (Budget Form 4)
2. Budgeting crop costs (Budget Form 2)
3. Determining feed availability (Budget Form 4)

### **Instructions for Using the Farm Crop Plan:**

1. Tracts I, II, III, and IV: Farms or ranches are commonly combinations of 40, 80, 160, 320, or 640 acre units. Some units or tracts may be rented, some owned. Some may be fertilized differently than others. Cash rent may be paid on some and others share rented. Enter the number of acres in each tract on the Tract line. On line 1 for each tract, divide the tract acreage into appropriate crop columns for irrigated land, dryland cropland, or other land. The total in the right-hand column should agree with the tract acreage. Of course the sum of the tract acreages should equal the total farm acreage.

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2. Cash rent to be paid for either cropland or pasture should be entered by tract and totaled at the bottom of the page.

3. Government payments to be received should be entered by tract and totaled at the bottom of the page (only your share on rented land).

4. Enter taxes to be paid by tract and show the total at the bottom of the page.

5. Acreage figures from this form will be used to compute crop costs for fertilizer and chemicals, seed and custom hire on Form 2. You may need to use scratch paper to divide or combine total acreage figures for the farm (Total Lines 1). For example you may wish to combine irrigated feed grain and irrigated silage acres when figuring fertilizer costs. Or, you may wish to divide irrigated feed grain acreage into irrigated grain sorghum and irrigated corn acreage if your fertilizer treatments are appreciably different.

6. Line 4 refers to "your share" of production. These totals will be used on Budget Form 4 for balancing inventory and crop production. These totals to be fed, sold, purchased or carried over. You may need scratch paper to combine dryland feed grains and irrigated feed grains and other feed or cash crop items before transferring to Budget Form 4.



**FARM CROP PLAN 19\_\_\_\_\_**

	Irrigated cropland				Dryland cropland				Other land		
	Feed Grain	Silage	Cash Crop	Hay	Feed Grain	Silage	Cash Crop	Hay	Pasture	Farmstead and Waste	Total
Tract I: _____ Acres:      Cash Rent \$ _____ :      Gov't. Payments \$ _____ :      Taxes: \$ _____											
1. Acres											
2. Yield/Acre									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
3. Production									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
4. Your Share									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
Tract II: _____ Acres:      Cash Rent \$ _____ :      Gov't. Payment \$ _____ :      Taxes: \$ _____											
1. Acres											
2. Yield/Acre									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
3. Production									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
4. Your Share									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
Tract III: _____ Acres:      Cash Rent \$ _____ :      Gov't. Payment \$ _____ :      Taxes: \$ _____											
1. Acres											
2. Yield/Acre									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
3. Production									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
4. Your Share									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
Tract IV: _____ Acres:      Cash Rent \$ _____ :      Gov't. Payment \$ _____ :      Taxes: \$ _____											
1. Acres											
2. Yield/Acre									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
3. Production									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
4. Your Share									XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
Total Lines 1											
Total Lines 4											

Transfer the total cash rent paid, \$ \_\_\_\_\_ to item 14 on the Cash Flow Form or Worksheet.

Transfer the total government payment received, \$ \_\_\_\_\_ to item 4 or 5 on the Cash Flow Form or Worksheet.

Transfer the total taxes paid, \$ \_\_\_\_\_, to item 23 on the Cash Flow Form or Worksheet.

See instructions on opposite page for handling of acreage totals and totals for your share of crop production.







**CROP COST BUDGET**

CROP	ACRES	FERTILIZER				CHEMICALS			SEED			MACHINE HIRE		
		Kind	Rate	Price	Total \$ Cost*	Kind	\$/Acre	Total \$ Cost *	Rate	Price	Total \$ Cost*	Job	Rate	Total \$ Cost*
<b>TOTAL</b>	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	\$	XXXXXXXXXX	XXXXXXXXXX	\$	XXXXXXXXXX	XXXXXXXXXX	\$	XXXXXXXXXX	XXXXXXXXXX	\$

**PURPOSE OF THE CROP COST BUDGET:** The budget above provides a means of computing the major cost items for crops.

**INSTRUCTIONS FOR USING THE CROP COST BUDGET:** It is suggested that you —

1. Read instruction 5 for form 1.
2. Use abbreviations in the crop column on this form. i.e., "I Corn" for irrigated corn.
3. Use acreage figures from Budget Form 1 as a guide to either combine or divide the total acreages of each kind of crop for significant differences in fertility or management practices. In the crop column, for example, you may enter "I Corn" once. You may use two, three, or more lines for acreage figures of irrigated corn. You may use one acreage figure to compute fertilizer costs for one field or tract, another for the fertilizer costs for the remainder of your irrigated corn.
- \*4. The asterisk is put at the top of each "total cost" column to remind you that you should enter only your costs. If all or a share of some costs are shared by a landlord, they should be deducted and not included for your cash flow projection.
5. Transfer the combined totals for fertilizer and chemicals to item 17 on the cash flow form or worksheet; seed to item 16; and machine hire to item 18.



**Purpose of the Livestock Plan:** To provide you with —

1. An estimate of the need for cash for livestock purchases and an estimate of the cash to be received from livestock sales.
2. An estimate of the total feed requirements for the year by kinds of feed required. These totals are useful for balancing inventory, feed production and feed purchases with the feed required, feed sold and feed carried over.

**Instructions for Using the Livestock Plan:**

1. Consider one livestock enterprise at a time. Example: Your cow herd.
2. List the kinds of animals in each enterprise in the "Kind" column. Example: Cows, Bulls, Calves and Replacement Heifers (Rep. Hfrs.).
3. Proceed across the page for each "kind" of livestock listed.
4. Note: For animals purchased last year, you can enter the month and number in the appropriate columns under "Purchases." Do not enter a figure in the cost column for these animals.
5. Note: The number fed (No. Fed) column under feed required can be an average number for the feeding period or months fed (Mos. Fed). Example: In the case of cows, figure the average number in the herd for the number of months that they will require "harvested" feed or purchased feed. Pasture requirements are not shown here since pasture rent costs were estimated on Form 1. In the case of calves born during the year, you might creep feed on pasture as well as feed after weaning. If so, you may choose to use two lines to enter feed requirements for calves.



	PURCHASES			SALES			FEED REQUIRED					
Kind of Livestock	Mo.	No.	\$ Cost	Mo.	No.	\$ Value	No. Fed	Mos. Fed	Grain Bu.	Supp. Tons	Hay Tons	Silage Tons
Total	xxxxxxx	xxxxxxx	\$	xxxxxxx	xxxxxxx		xxxxxxxxxx	xxxxxxxxxx				

Totals of feed requirements will be used in the Crop and Feed Balance Sheet (Budget Form 4).



### **Purpose of the Crop and Feed Balance Sheet:**

Feed on inventory at the beginning of the year can be fed, sold, or carried through the year. Crop production in a given calendar year will probably not all be fed within that year due to harvesting near the end of the year. Feed purchased can also be fed, sold, or carried over. Feed requirements for livestock can come from inventory, production, or purchases. The purpose of the crop and feed balance sheet is to provide a vehicle for thinking through these inter-relationships so that you end up with a reasonable estimate of the two major cash items "feed purchased cost" and "crop sales."

### **Instructions for Using the Crop and Feed Balance Sheet:**

- Line 1: Enter the amount on hand for each kind of feed at the beginning of the year. (EC 71-853), "Your Balance Sheet," contains inventories).
- Line 2: Enter the feed requirements from Form 3.
- Line 3: If feed requirements (line 2) are larger than inventory (line 1), subtract 1 from 2 and enter the difference on line 3 with a minus sign (-). If 1 is larger than 2, enter the difference with a plus (+) sign.
- Line 4: If line 3 is negative, your next question is, "How much if any of the deficit will I be able to get from the year's production?" You may need to refer to your crop and livestock plans to make this estimate. If part or all of the deficit on line 3 can be provided by the year's production, enter the amount that can be provided on line 4.
- Line 5: Line 5 will ordinarily be the difference between your deficit on line 3 and the amount of feed you will have available from the year's production on line 4. You could purchase and pay for feed late in the year that would be carried over. If so, include it also. Include any unused portion in line 7.
- Line 6: If line 3 is positive, enter your total year's production on line 6. If you made an entry on line 4, subtract it from your total year's production and enter the balance on line 6.
- Line 7: If line 3 is positive, add the amount on line 3 and the amount on line 6 and enter the sum on line 7. If line 3 is negative, enter the amount in line 6 in line 7. This represents the amount you have available to sell or keep for the next year.
- Line 8: Enter the amounts you expect to sell.
- Line 9: Enter the difference between lines 7 and 8.



## Crop and Feed Balance Sheet 19\_\_\_\_\_

	Feed Grain Bu.	Supp- lement Tons	Hay Tons	Silage Tons	Cash Crop Bu.
1. Jan. 1 Inventory					
2. Feed Required					
3. Surplus or Deficit					
4. Available from Production					
5. Purchases					
6. Production not Fed					
7. Total for Sales or Carryover					
8. Sales					
9. Carryover					

## Feed Purchase Summary

## Crop Sales Summary

Feed Grain:	_____ Bu. x \$ _____ /Bu.	\$ _____	_____ Bu. x \$ _____ /Bu.	\$ _____
Supplement:	_____ T. x \$ _____ /T.	\$ _____	_____ T. x \$ _____ /T.	\$ _____
Hay:	_____ T. x \$ _____ /T.	\$ _____	_____ T. x \$ _____ /T.	\$ _____
Silage:	_____ T. x \$ _____ /T.	\$ _____	_____ T. x \$ _____ /T.	\$ _____
Cash Crop:	_____ T. x \$ _____ /T.	\$ _____	_____ T. x \$ _____ /T.	\$ _____
TOTAL:		\$ _____		\$ _____

1. Transfer total feed purchase cost to item 15 on the Cash Flow Form or Worksheet.

2. Transfer total crop sales to item 2 on the Cash Flow Form or Worksheet.



## Completing the Summary of Your Cash Flow Form

Line 40 — Cash Available Less Cash Required — Subtract line 39 from line 11 of the “total year” and first period columns. Be sure to place a minus sign before the figures on line 40 when cash required is greater than cash available. You may want to write the figure in red or bracket it ( ) to indicate that it is a deficit.

Line 41 — Concentrate your attention now on the first period of the year. Was there a surplus or deficit of cash in this period (line 40)? If there is a deficit, you should indicate on line 41 how much money will need to be borrowed.

Lines 41, 42, 43 & 45 are wide enough so that two entries may be made on each line. For example, you may have your entire operating loan with one creditor, but choose to keep the cattle portion of your operating loan separate. This is only an illustration of one use of the separation within these lines. You may use it to keep your loan balance with your major lender separate from other short term loans. In some situations, borrowers or lenders might be interested in seeing total indebtedness shown, possibly in the bottom margin of the form.

Lines 42-43 — Debt Payments — If you have a projected cash surplus, it may be used to pay down your operating loan(s) — principal and interest.

Line 44 — Ending Cash Balance — Start with the figure in line 40. If line 40 is negative, subtract it from the amount of money borrowed (line 41) to get the ending cash balance (line 44). If line 40 is positive, subtract principal and interest payments (lines 42 & 43) to get the ending cash balance (line 44).

Line 45 — Operating Loan Balance — The operating loan balance at the end of the previous year may be shown in the stub of the form on line 45. To compute the operating loan balance at the end of the first period, add to the balance from the previous period any money borrowed (line 41) during this period and subtract any principal (line 42) which was paid.

These instructions are summarized on the back of the cash flow form (EC 71-852) and should be followed in completing the remaining columns of the form.

### It's Done — What do I do With It?

Study it — show it to your creditor.

1. Your Projected Cash Flow shows the amount and timing of your credit needs for the year. It indicates when and how much you should be able to repay. Also, it indicates when idle funds might be available for short-term investment.
2. Your creditor can do a better job of helping you in financial management if he can see your plans in “black & white.” It also helps him in managing his business if he knows when the demands for funds will be heaviest, and when he needs to make arrangements to have the money available for you.
3. It allows you to evaluate your plans. Do your plans for expenditures for new equipment coincide with a period when you have a cash balance or will you need a new loan for a short period? You might want to re-evaluate a new purchase as to whether it should be made at all or not, depending on profit for the year. If an expenditure does depend on profit, you will need to use a balance sheet and income statement, preferably for more than one year. These are described in bulletins EC 71-847 and EC 71-848 respectively.
4. In preparing your projected cash flows, you did quite a bit of planning — feed, seed, fertilizer requirements, for example. Thinking through your operations for the year ahead gives you a chance to give decisions more thought, to consult others, and do some comparative shopping.
5. Your projected cash flow can be used as a business control tool. Set up another flow like this one to summarize your actual cash flows as you go through this year. You will need to keep some records to do this. But, at the end of the first period, you will be able to compare your projected and actual cash flows. As a result, you may make adjustments in your original plan. For instance, if income is above the projected level, and expenses are pretty much in line, you may be able to purchase an item that was questionable at the outset, or pay down your loan balance more than anticipated.
6. Remember, this projected cash flow portrays what you plan to do at the time you fill out the form. If news events cause you to change your plans, the projected cash flow can be altered to reflect the change. Show the new cash flow analysis to your creditor to see if he will go along with the changes. Thus, the projected cash flow does not “lock you in” to a certain plan, but it does provide a means for you to evaluate your plans, or changes in your plans, and to communicate them to your creditor.