

CHAPTER 8: CASH FLOW FORECAST

8.1 Definition of cash budget

Cash budget is prepared to show the expected receipts and payments of cash during the next period.

8.2 Format of cash budget

Company AA
Cash Budget for the month / year

	January	February
Opening cash balance	XXX	XXX
Add: Receipts		
Cash Sales	XXX	XXX
From debtors	XXX	XXX
Total receipts	XXX	XXX
Less: Payments		
Material purchased	XXX	XXX
Wages	XXX	XXX
Plant purchased	XXX	XXX
Other costs	XXX	XXX
Total payments	(XXX)	(XXX)
Closing cash balance	XXX	XXX