

User Guide for Cash Flow Template

Description of Cash Flow Template with Optional Line of Credit

This cash flow model should be utilized as a planning tool for the management of cash flows, and to allow a business owner or manager to know in advance when there will be a cash shortfall or excess cash. It includes an analysis of line of credit and borrowing base under an asset-based borrowing agreement.

The model includes these features. Not all features are included in the Standard version.

- A cash flow worksheet with starting and ending cash and sources and uses of cash for each time period
- A line of credit worksheet that displays
 - the weekly borrowing asset base composed of accounts receivable and inventory, with adjustment factors
 - starting end ending loan balances, including new loan funds and funds applied to loans
 - Line of credit worksheet is not included in the Standard version of the model
- Two Excel databases for hourly and salaried employee data. The model extracts from these databases summaries of cash disbursements for employee expenses, based on payroll schedules.
- Accounts receivable data
 - You specify the receivables accounts
 - Optional Excel database for accounts receivable by invoice number and customer, with estimates of future receipts and new sales
 - Optional factoring of receivables
 - A receivables aging report
- Accounts payable data
 - You specify the payables accounts
 - Optional Excel database for accounts payable by invoice number and vendor with estimates of future payments
 - A payables aging report
- Optional checking account float, to estimate the extra cash available from cash float.
 - Database with checking account data provides basis for computation of cash float.
- Optional comparison of actual cash flow with planned cash flow and variance reporting
- Optional segmentation of cash flow into business segments. Includes summary cash flow and optional separate cash flow worksheet for each segment.
- Time grain can be days, weeks, months, quarters or years
- Excel graphs of key variables. These graphs are integrated into the ModelSheet model from which they get their source data. You can add more graphs, and optionally import them to ModelSheet and include them in future exported Excel workbooks.

Acknowledgements

This cash flow model was designed by Marilyn Magett of CRS Financial Management Solutions, Inc. Marilyn serves her clients as a Consulting, Interim, or Turnaround CFO.

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Instructions for Using Cash Flow Template

1 Let the template tell you how it works

The template has four main facilities to help you learn how it works.

- Throughout the template, section titles, variable names and Excel comments provide information about the template and the computations behind it. The Excel comment for each variable is repeated for each display instance of a variable.
- Worksheet “Labels” contains a glossary of variables and dimensions in the template.
 - It lists all the variables in the model, accompanied on the right by the explanatory comment for each variable.
 - It lists all the dimensions and their dimension items, accompanied on the right by the explanatory comment for each dimension.
- The Excel workbook contains Excel collapsible groups that you can open to see detailed information or close to get an overview of the information on each worksheet.
- Worksheet “Formulas” contains a list of the symbolic formulas that define values of variables in terms of numerical constants and other variables.

The template is derived from these symbolic formulas by ModelSheet. Although these formulas are not executable in Excel, they often provide the quickest route to understanding what the computations are doing, avoiding the need to decode dozens of Excel formulas written in terms of cell addresses.

Of course, you can read the Excel cell formulas.

2 Editing Data in the Excel Template

You can enter input data in shaded input cells (usually dark blue). Most of the input data is on worksheet 'Inputs'. You can edit display names of variables and dimension items on worksheet 'Labels' (and in some templates the input cell for Model Start Date is located at the top of worksheet 'Labels'). Putting most inputs in one or two places eliminates the need to search the workbook for input cells.

3 Customizing the Excel Template

You can customize the workbook further on the worksheet “Labels”.

- Change the model start date (at the top of the worksheet).
- Change the display name of any variable, dimension or dimension item.
- Edit the comment associated with any variable or dimension. The new comments will not propagate through the workbook.

If you want to include these changes in a future version of the template, you can re-import them into ModelSheet, which will include them in any future version of the template exported from ModelSheet.

4 Input Data

4.1 Worksheet 'Inputs'

Worksheet 'Inputs' contains most of the input data that you need to enter in the template.

4.2 Employment Input Data

All versions of the model include two input "datasource" worksheets for employment data. All per-employee employment data is specified on these sheets.

- Worksheet 'Hourly' contains input data for hourly employees.
- Worksheet 'Salaried' contains input data for salaried employees.

You can specify each employee by name, and provide his pay rate, starting period and ending period. The pay rates apply to wages accrued in each time period. Cash compensation expense is computed elsewhere in the model using information about payroll schedules that you provide on worksheet 'Inputs'.

4.3 Cash Receipts Input Data

This model accepts input for two kinds of cash receipts. The kinds included are chosen at the time the Excel template is generated.

- You can specify trade receipts for selected customers or accounts in one of two ways.
 - Enter receipts with one record per customer or AR account, by time period on worksheet 'Inputs'.
 - Enter receipts with multiple records per customer or AR account, by time period, in database on worksheet 'Accts Rec'. For example, you might want use one record per sales order invoice. This data is used to produce a receivables aging report.
- You can specify "other receipts" accounts that are not trade receivables.
 - Enter input data on worksheet 'Inputs'.

4.3 Cash Disbursements Input Data

This model accepts input for two kinds of cash disbursements, besides employment compensation.

- You can specify Disbursements accounts in one of two ways.
 - Enter disbursements with one record per AP account, by time period, on worksheet 'Inputs'.
 - Enter disbursements with multiple records per vendor or AP account, by time period, in database worksheet 'Accts Pay'. For example, you might want use one record per purchase invoice. This data is used to produce a payables aging report.
- You can specify "other disbursement" accounts.
 - Enter input data on worksheet 'Inputs'.

4.4 Checking Account Cash Float Data

The model has an option to report checking account cash float, and to provide a modified cash flow that includes the checking account float. Just choose this option, and provide the required checking account information on database worksheet 'Float'. Not included in the Standard version.

4.5 Changing the Model Start Date

You can change the model start date at the top of worksheet 'Labels'. This feature lengthens the useful life of your template. The model start date is changed automatically throughout the model, including on the optional database worksheets ('Accts Rec', 'Accts Pay', and 'Float'). When changing model start date, remember to update the input data for receipts, disbursements, and employment data because the columns in the database will refer to different time periods than before you changed the model start date.

5. Changing Input Data for Templates that Include Database Worksheets for Receipts and Disbursements

If you selected the database option for receipts and/or disbursements, then you will have worksheets named 'Accts Pay' and/or 'Accts Rec' in your Excel workbook. These worksheets contain Excel databases (a list of records) for cash receipts and cash disbursements respectively.

Note (no action required): The system has coordinated the time series in the databases with the time series in the model.

- Each database worksheet for AR or AP displays the start date of the model near the upper left corner. This date agrees with the start date of the main model, which you can see in the upper left of worksheet 'Labels'. This date is the starting date of the time period of the first column of data in the data records below.
- Each database worksheet for AR or AP displays the number of time periods per year near the upper left corner, and to its right the name of the time grain. (Example: 52 weeks per year corresponds to time grain 'week'.) This information gives the time grain of the data base, and it agrees with the time grain of the main model.

5.1 Preparing the Receipts and Disbursements Databases

Each database worksheet 'Accts Rec' and/or 'Accts Pay' in your template has a top section of records that starts in row 7 and continues downward for 20 rows or more.

- Adjust the number of rows in this top section to equal the number of receipts accounts and/or disbursement accounts that you specified in you customization will get their data from the datebase (i.e. can have multiple records per account).
 - If you add new rows to this section, insert them between the top and bottom row of the section, so that all formulas and named ranges that refer to this section will include the new rows. Do not add new rows at the bottom of this block of records.
- In this top section, in column B, enter the names of the accounts that you specified will get data from this database. The account names must be spelled and punctuated exactly as on your customization form, which is exactly the same as on worksheet 'Labels' in the main model.

5.2 Changing Receipts and Disbursements data

- You should edit only the shaded regions (dark blue on most computers).
- If you need to enlarge the data regions, you must do so in a way that extends the named regions which ModelSheet uses to find data. This can usually be accomplished by inserting or deleting rows or columns interior to the shaded named regions (that is, do not just append rows or columns at the borders of the shaded regions because this will not extend the named regions).
- Ensure that the data regions and the formulas that refer to them are extended to the full extent of the time range specified in your template.
- On database sheets with receivables and payables data, you should change the account names in column B to match the dimension items you specified in the customization form, and that appear elsewhere in the model. Data records for which the entry in column B does not match one of the entries in the top of column B will not be included in the model.

5 Further Customizations

This template has additional features that can be turned on or added, such as learning curve effects, lot size scale effects, recruiting costs and more.

In addition, ModelSheet Software can extend the template in new directions to meet your requirements, on a project basis.

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