



How to Calculate Your Cash Flow

A Simply Business Guide

September 2020

How to Calculate Small Business Cash Flow

When it comes to diving into the financial nitty gritty, it's easy to get overwhelmed. In this guide, we'll walk you through how to calculate your cash flow.

Before we get started, open up an Excel or Google Sheet of your own to use for the exercise. Feel free to make it specific to your business as we go.

Don't panic. Get a piece of paper and a pen. You can use the calculator you have on your phone, or even do it in your head (or on your fingers)!

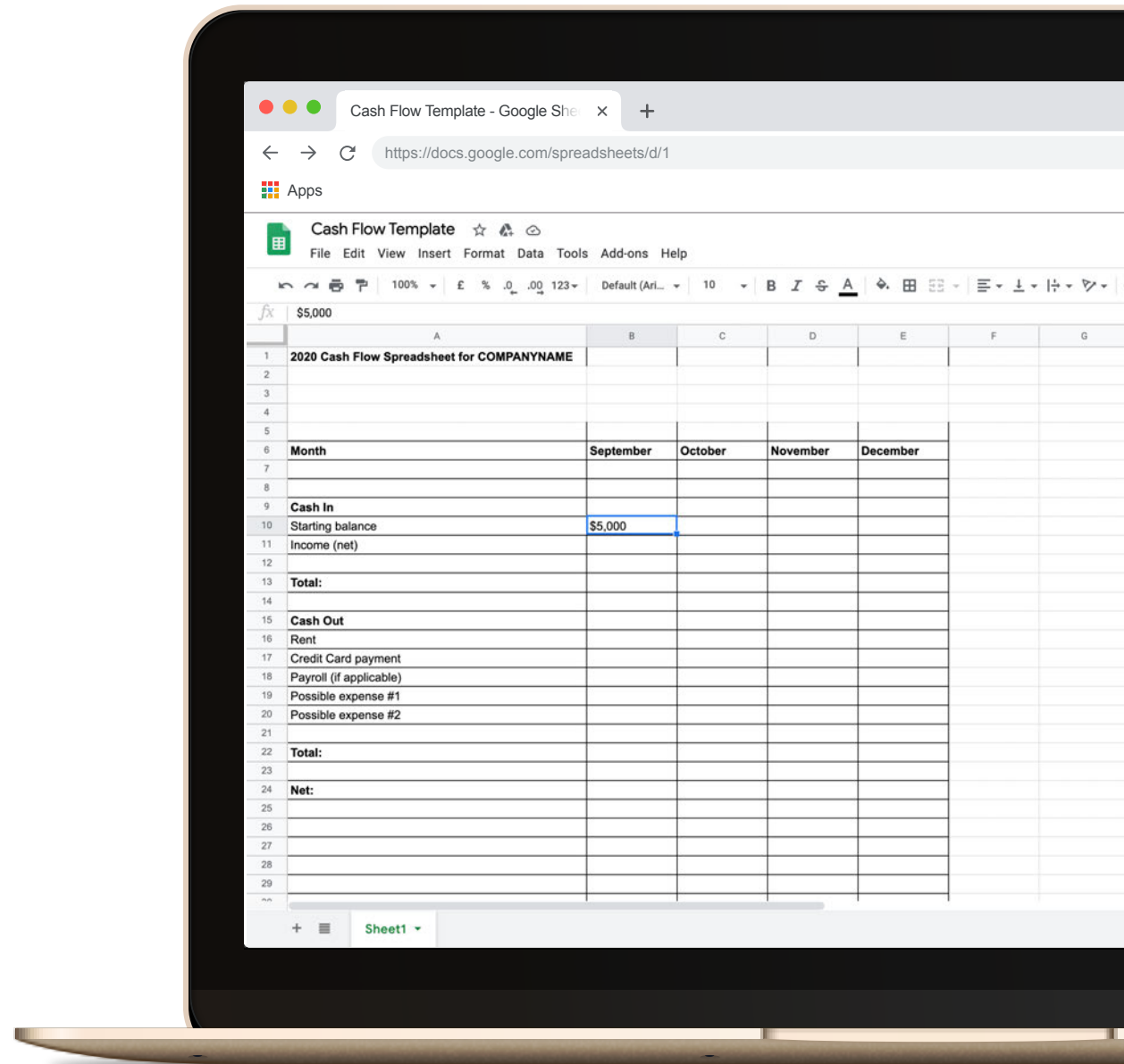


1

What's in the bank?

We'll start our example by doing some light math.

To start, mark what you're starting with. For this example, let's say you have **\$5,000** in the bank.



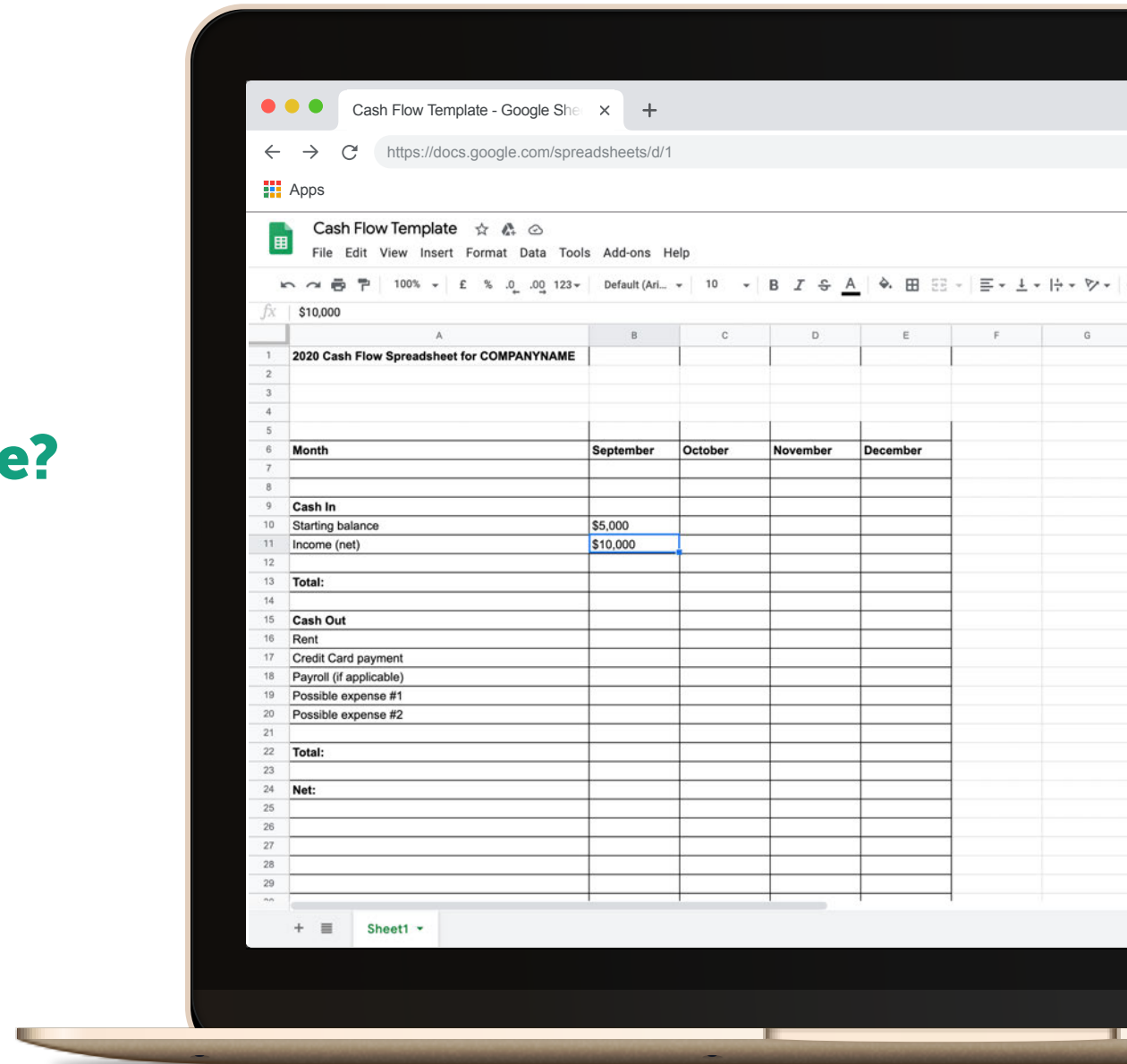
2

What's your net income?

Write down your net income for a month.

Remember this is *after* taxes have been taken out.

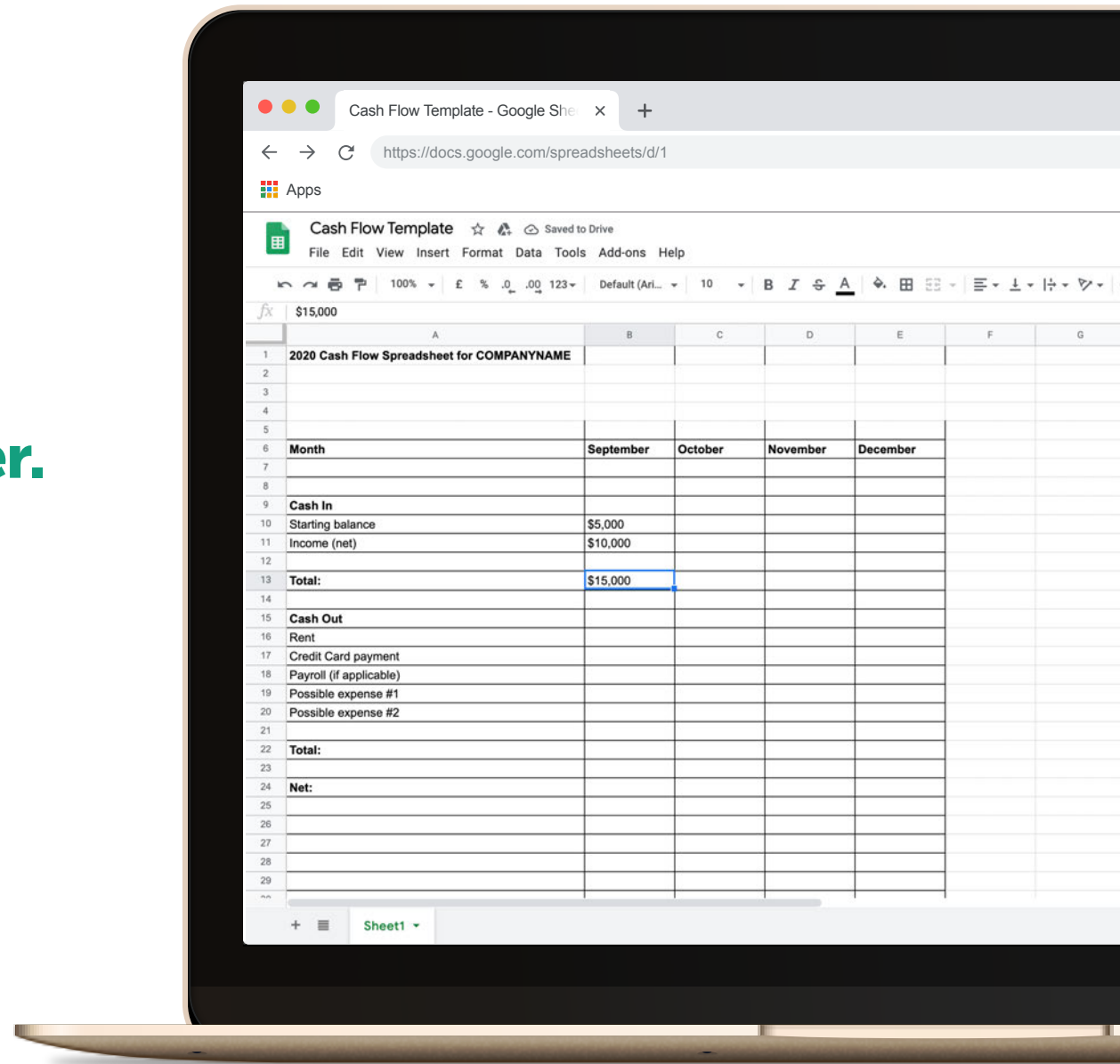
For this exercise, we'll say you made **\$10,000** this month.



3

Add those two together.

You have **\$15,000**. This is how much cash you have coming *in*. Next, let's calculate your cash *out*.



4

Find monthly expenses

Calculate your monthly expenses, for example:

- Monthly rent for space: \$2,000
- Credit card payment: \$500
- Possible expense #1: \$700
- Possible expense #2: \$150

The total comes to **\$3,350**

*Have employees?
Add payroll here!*

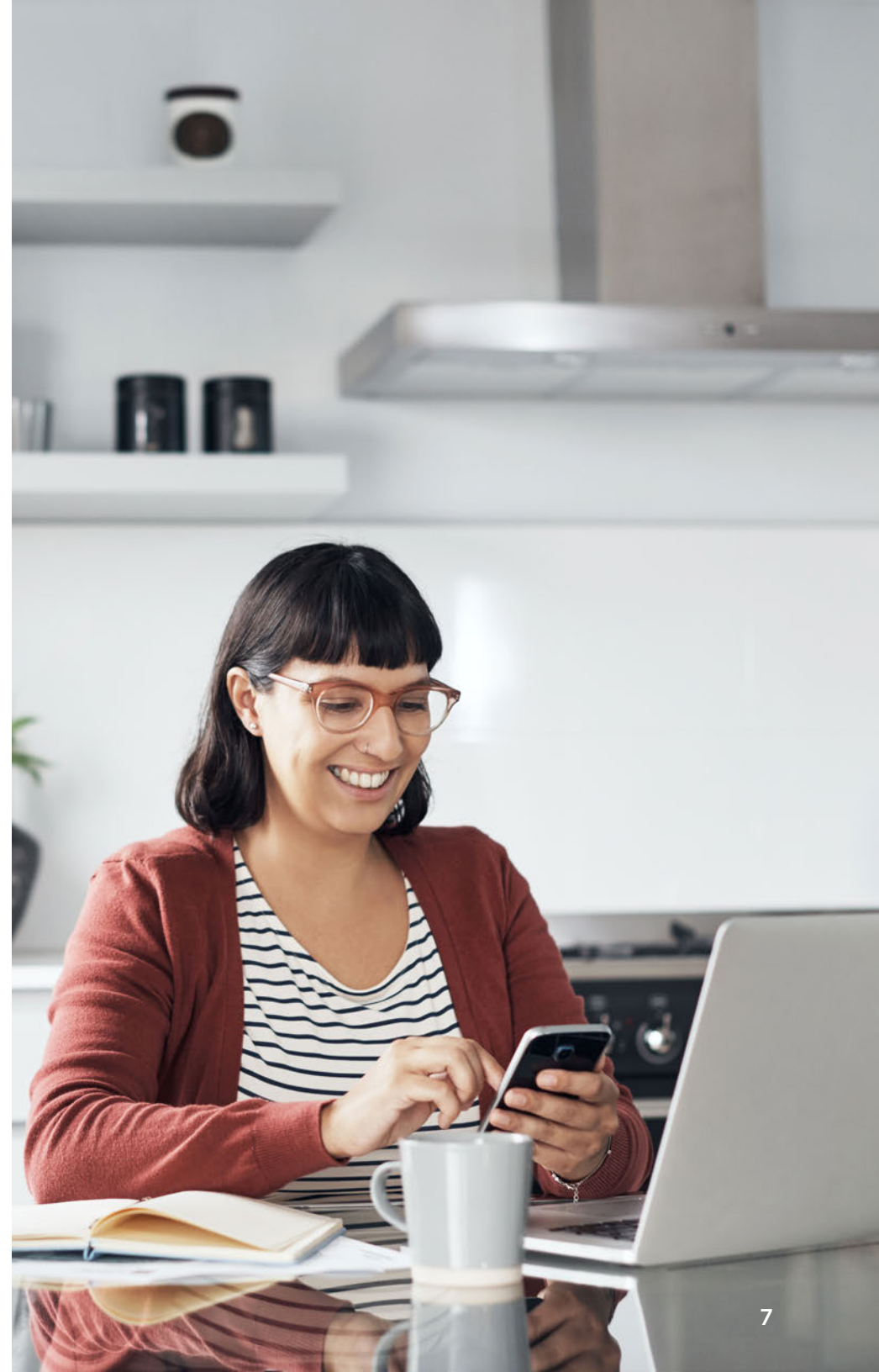
	A	B	C	D	E	F	G
1	2020 Cash Flow Spreadsheet for COMPANYNAME						
2							
3							
4							
5							
6	Month	September	October	November	December		
7							
8							
9	Cash In						
10	Starting balance	\$5,000					
11	Income (net)	\$10,000					
12							
13	Total:	\$15,000					
14							
15	Cash Out						
16	Rent	\$2,000					
17	Credit Card payment	\$500					
18	Payroll (if applicable)						
19	Possible expense #1	\$700					
20	Possible expense #2	\$150					
21							
22	Total:	\$3,350					
23							
24	Net:						
25							
26							
27							
28							
29							

**Subtract your cash *out*
from your cash *in***

$$\begin{aligned} &\$15,000 - \$3,350 \\ &= \$11,650 \end{aligned}$$

The **\$11,650** is the amount you can roll over into next month's accounts. This is the cash that is *flowing* into the next month.

Keep in mind that the numbers involved in the previous exercises will become more varied as your business grows and you utilize more products and services, take on investors, etc.



About Simply Business

Simply Business is an [online business insurance brokerage](#) that specializes in one thing: protecting the business our customers are working hard to build. We make it possible for our customers to choose the small business insurance policy they need, so they can get back to growing their businesses.