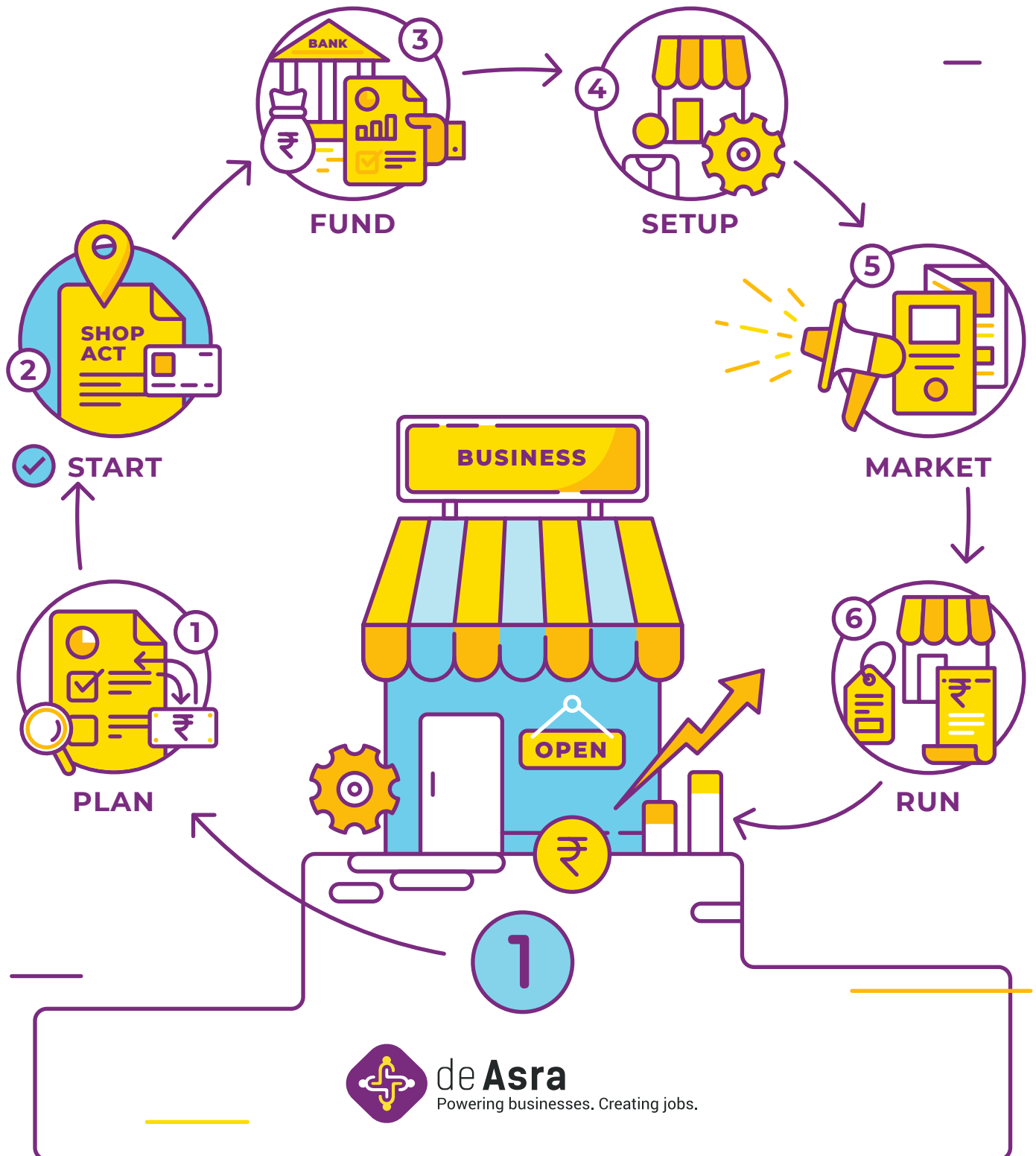


# CASH-FLOW MANAGEMENT MANUAL



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## Cash Flow Management

Cash flow management for business is the process of monitoring, analyzing, and optimizing the net amount of cash receipts minus the cash expenses. Net cash flow is an important measure of financial health for any business. It helps the business owner to analyse optimum cash needs; this can be achieved by estimating the monthly cash needs and identifying the sources from where these can be met.

### **Cash flow management involves:**

- 1) Knowing when, where, and how your cash needs will occur;
- 2) Knowing the best sources for meeting additional cash needs; and
- 3) Being prepared to meet these needs when they occur, by keeping good relationships with the debtors and creditors.

### **Importance of Cash Flow Management**

- 1) It helps in avoiding extended cash shortages, caused by having a gap between cash inflows and outflows.
- 2) It helps in budgeting your business and in a way helps to control the business expenses and setting targets for your sales.
- 3) Helps with managing limited cash/resources effectively.
- 4) Facilitates planning for timely debt repayment.
- 5) With resources available, timely investments can be made.
- 6) Facilitates easy negotiation of financing terms with lenders.
- 7) Helps in estimating & managing fluctuations in business.
- 8) Helps in recognizing current patterns and making predictions

### **Importance of Cash Flow Management**

- 1) Cash flow preparation, availability of adequate funds and its monitoring are some of the basic needs of any business.
- 2) Cash flow management helps to develop both short-term (weekly, monthly) cash flow projections to help the business owners to manage daily cash.
- 3) Funds raised for a specific purpose should be utilised for the same purpose.
- 4) Diversion of funds from the anticipated use to some other use can hamper the liquidity of funds.



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- 5) Timely recovery of receivables is one of the important aspects of cash flow management.
- 6) Timely payment of outstanding dues helps avoid overdue interest liability and maintains credit worthiness.
- 7) Surplus cash must not be kept idle, but should be invested properly, considering risk & returns.
- 8) Any organization requires funds for various purposes such as long-term funds for acquiring fixed assets and short-term funds for day to day activities of the business.
- 9) Increase in profit does not necessarily mean more cash on hand. Profit is the amount of money the organization expects to make over a given period of time, while cash is what it must have on hand to keep its business running.
- 10) One of the important goals of cash management is to reduce or eliminate uncertainties when meeting cash requirements.  
costs for internal use of an entity's management.

#### **Turn Around Time (TAT):**

Inflow/Outflow tracker along with Budgeting tracker is immediately shared with the candidate on the same day (online) once he/she signs up for the service.

\*\*Candidate to use the tool (Inflow/Outflow) for 2-3 months and then approach along with the reports /or the data filled in the tracker, so that we can guide the candidate on necessary steps to be taken if required.

#### **Deliverables:**

- 1) Cash Flow Management handbook (For Benefited)
- 2) Inflow/Outflow Tracker (For Impacted)



# Good Luck For Your Business.



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