

Pricing & Cash Flow



Setting a Price

Competitors product ?

Life Cycle

Customer expectations

Position in the market



Marketing

Monthly Cash-Flow Forecast (Next 12 Months)

Company Name:.....

S	Product Selling Price												
	<i>Month</i>	1	2	3	4	5	6	7	8	9	10	11	12
A	No of Sales												
B	Income [S x A]												
	Direct Costs												
C	Raw materials[A x S/5]												
D	Manuf Costs [A x S/6]												
	Machinery												
	Salaries												
E	Sub-Total												
	Indirect Costs												
	Overheads												
	Taxes												
F	Sub-Total												
G	Total Costs [E+F]												
H	Net Income [B - G]												
J	Opening Balance												
	Closing Balance [H+J]												



Monthly Cash-Flow Forecast (Next 12 Months)

		Company Name:.....											
S	Product Selling Price	0.200											
	Month	1	2	3	4	5	6	7	8	9	10	11	12
A	No of Sales	0	0	15	20	35	50	60	60	90	115	150	160
B	Income [S x A]	0	0	3	4	7	10	12	12	18	23	30	32
	Direct Costs												
C	Raw materials[A x S/5]	0	0	0.6	0.8	1.4	2	2.4	2.4	3.6	4.6	6	6.4
D	Manuf Costs [A x S/6]	0	0	0.5	0.67	1.17	1.67	2	2	3	3.83	5.00	5.33
	Machinery	1	1	1	1	1	1	1	1	1	1	1	1
	Salaries	15	15	15	15	15	15	15	15	15	15	15	15
E	Sub-Total	16	16	17.1	17.5	18.6	19.67	20.4	20.4	22.6	24.43	27	27.73
	Indirect Costs												
	Overheads	3	3	3	3	3	3	3	3	3	3	3	3
	Taxes	1	1	1	1	1	1	1	1	1	1	1	1
F	Sub-Total	4	4	4	4	4	4	4	4	4	4	4	4
G	Total Costs [E+F]	20	20	21.1	21.5	22.6	23.67	24.4	24.4	26.6	28.43	31	31.73
H	Net Income [B - G]	-20.0	-20.0	-18.1	-17.5	-15.6	-13.7	-12.4	-12.4	-8.6	-5.4	-1.0	0.3
J	Opening Balance	100	80.0	60.0	41.9	24.4	8.9	-4.8	-17.2	-30	-38	-43.6	-44.6
	Closing Balance [H+J]	80.0	60.0	41.9	24.4	8.9	-4.8	-17.2	-29.6	-38	-44	-44.6	-44.4

Profit?

Product Price = £200.00

But the closing balance is -£44.0k, so this is how much would need to be borrowed at the beginning of the year for the company to remain solvent. Interest on the loan would be another indirect overhead.