
GUIDE

How to build a farm cashflow forecast

By Nick Clunes · Updated 25 October 2026 · 8 minute read

SHORT ANSWER

A farm cashflow forecast lists the cash coming in and going out each month, and the bank balance at the end of each month. Put sales in the month the money arrives, add every cost, loan repayment and drawing, then check the closing balance against your overdraft limit. Finish by running a poor season to see whether the limit still holds.

The wool cheque came in October, and by February the overdraft is back where it started. On a livestock farm the money arrives in a few big lumps, while the bills come every month. A cashflow forecast shows you, month by month, whether the gap between them fits inside your overdraft limit.

GRDC's cashflow fact sheet puts it plainly, saying cashflow is a key measure that shows banks whether a business can service its debt. When I was a banker, it was the first page I turned to.

Step 1: Set up the months

Use a simple spreadsheet with one column for each month. I start the year at July, because most livestock businesses report on a financial year, but you can start in any month. Put the opening bank balance at the top of the first month, and use the real figure from your statement.

If you're in overdraft, show it as a negative number. That way the closing balance line reads the same way your bank statement does.

Step 2: Put income in the month the money arrives

This is where most forecasts go wrong. Income has to sit in the month the cash hits your account, not the month the stock leaves the paddock. Agents and processors often pay a week or more after sale, so check your own records for the real timing.

Pigs

A piggery sells every week, so income is steadier than on most farms. I'd forecast pigs sold each week, the average carcase weight and the price per kilogram. Then I'd total it by month, allowing for any month with five sale weeks.

The risk in pigs is less about the timing of income and more about feed. A rise in grain prices hits every week, so the feed line matters as much as the sales line.

Cattle

Cattle income usually comes in a few sale months. A breeding herd might sell weaners in autumn and cull cows later in the year. I'd list each sale with the head, the expected weight and a price per kilogram, then put the total in the month it's paid.

Sheep

Sheep income has two main lines. The wool cheque arrives after shearing and sale, often months after the sheep were shorn. Lamb sales may be spread over several months as lambs reach weight. I'd also include cull ewes and any surplus rams.

Step 3: List every cost

Go through last year's bank statements and list every cost by month. For livestock that means feed and supplements, animal health, shearing and crutching, freight, selling costs and labour. Then add fuel, repairs, rates, insurance and power.

Watch the costs that come once a year, like insurance, rates or a big fertiliser order. They're easy to forget, and they often land in a month when the overdraft is already deep. NSW DPI notes that its gross margin budgets leave out overheads such as interest, rates and permanent labour. A cashflow has to add them back.

Step 4: Add debt and drawings

Put in every loan repayment, with interest and principal, in the month it's paid. Add the family's living costs, which the bank calls drawings, and include any money you plan to spend on machinery or land. A cashflow that leaves out drawings will look better than the real account.

Step 5: Deal with GST

GST is 10% on most goods and services, and a registered business can claim back the GST it pays on business purchases. Depending on your turnover, you report it monthly, quarterly or once a year through the BAS. I'd keep the trading lines without GST and add a separate line for the BAS payment or refund.

That keeps the figures easy to check against your budget, while the bank balance still comes out right. Your accountant should confirm how GST works in your business, because I don't give tax advice.

Step 6: Work out the closing balance each month

For each month, take the opening balance, add the income and take away the costs, debt and drawings. That gives the closing balance, which becomes next month's opening balance. Then compare each month's closing balance against your overdraft limit.

The month that matters most is the deepest one. If the overdraft is close to the limit in that month, you have no room for a late sale or a big repair bill.

A worked example

This is an invented mixed cattle and sheep business in the Central West, and the figures are illustrative. It runs a breeding herd and a self-replacing Merino flock. It has a \$300,000 overdraft limit and starts July \$100,000 overdrawn.

Cattle sell in November, March and May. The wool cheque arrives in October, with lamb sales from December to February. Costs include a shearing and crutching bill in September and supplementary feed in autumn. Loan repayments are \$12,000 a month and drawings are \$6,000 a month.

All figures are in thousands of dollars, without GST.

Month	Cattle	Sheep	Costs	Debt and drawings	Net cash	Closing balance
Jul	0	0	35	18	-53	-153
Aug	0	0	40	18	-58	-211
Sep	0	0	55	18	-73	-284
Oct	0	230	40	18	172	-112
Nov	90	0	35	18	37	-75
Dec	0	120	40	18	62	-13
Jan	0	60	45	18	-3	-16
Feb	0	30	50	18	-38	-54
Mar	200	0	45	18	137	83
Apr	0	0	55	18	-73	10

Month	Cattle	Sheep	Costs	Debt and drawings	Net cash	Closing balance
May	40	0	50	18	-28	-18
Jun	0	0	40	18	-58	-76
Year	330	440	530	216	24	-76

Over the year, income is \$770,000 and outgoings are \$746,000, which leaves \$24,000. The overdraft improves from \$100,000 to \$76,000. On those figures the year looks fine.

The problem is September. The overdraft reaches \$284,000 before the wool cheque arrives, which leaves only \$16,000 under the \$300,000 limit. A wool sale held over by a month would push it past the limit.

Step 7: Test a poor season

Now run the same forecast through a poor year. In this example I took 15% off every cattle and sheep sale. I also added \$20,000 a month in extra feed from April to June, for a dry autumn.

	Normal year	Poor year
Cattle income	330	280.5
Sheep income	440	374
Costs	530	590
Debt and drawings	216	216
Net cash for the year	24	-151.5
Closing balance in June	-76	-251.5

In the poor year, the business ends June \$251,500 overdrawn, only \$48,500 under the limit. The deepest month is still September at \$284,000, because the price fall only hits from October. The trouble comes next year. The business would start July \$151,500 deeper than this year, and it would break the limit well before the next wool cheque.

That's the conversation to have with the bank in advance. It might mean a seasonal increase in the limit, selling some cattle earlier or holding off on a machinery purchase. Having that plan written down before the bank asks is worth more than an optimistic budget.

Step 8: Keep it going

A cashflow is only useful if it's kept up to date. Each month, replace the forecast figures with what actually happened and roll the forecast forward another month. Where the actual figures differ a lot from the budget, find out why before the next month's figures come in.

When to get help

If you'd like a cashflow like this built from your own numbers, it's part of the Bank Review Pack at \$1,850 plus GST. If you'd prefer it kept up to date every month, I do that on the Farm CFO retainer for \$800 a month plus GST.

Common questions

How far ahead should a farm cashflow go?

At least 12 months, and I'd take it through to the end of next season's main sales. On the retainer I roll it forward a month at a time, so there's always a full year in view.

Should I put GST in the cashflow?

I build the trading lines without GST, then add a separate line for GST paid or refunded through the BAS. That keeps the sale and cost lines easy to check, while the bank account still matches. Your accountant should confirm how GST applies to your business.

What's the difference between a budget and a cashflow?

A budget shows whether the year makes a profit. A cashflow shows when the money moves, so you can see whether the overdraft can carry you between sales. A farm can be profitable for the year and still run out of room in September.

How often should I update it?

Every month, with the actual figures in place of the forecast ones. A GRDC GroundCover article in 2020 described cashflow planning as a loop of planning, doing, reviewing and replanning, and that's how I treat it.

Sources

1. GRDC, Farm Financial Tool: Cash Flow Budget fact sheet (2013)
2. GRDC GroundCover, Consultants reiterate the need for careful crop production and cashflow planning (2020)
3. NSW DPI, About gross margin budgets
4. Australian Taxation Office, How GST works
5. Australian Taxation Office, Goods and services tax (GST)

General information only, not financial, tax or credit advice. Worked examples use made-up figures.