Solomon Islands Australia Partnership

SOLOMON ISLANDS INFRASTRUCTURE PROGRAM

Project Scheduling and Cashflow

Friday 30 May 2025

AGENDA

Time	Content / Activity
8.45am	Attendees arrive, sign-in and take their seats
9:00am - 9:05am	Welcome and housekeeping
9:05am – 9.10am	AHC Opening Remarks
9.10am - 9.30am	Launching of the Waka Stret Video by AHC and SINU
9.30am- 10:00am	Project Scheduling – The Basics
10:00am – 10:45am	Group Photo and Morning Tea Break
10.45am - 11.30am	Work Breakdown Structure and scheduling activity
11.30am -12.00pm	Project Cashflow overview
12.00pm-12.30pm	Project Cashflow –cost of goods activity
12:30pm-1:30pm	Lunch
1.30pm-2.00pm	Project cashflow – fixed costs activity and CF summary
2.00pm – 2.15pm	Q and A
2.15am – 2:30pm	Wrap up, Evaluation and Closing Remarks

LEARNING OBJECTIVES

The learning objectives of this workshop are for local construction sector companies to:

- Know the fundamentals of project scheduling
- Understand how to structure a project
- Understand task dependencies, lag, float, contingency and critical path
- Identify methods and tools to manage a project
- Identify the relationship of a project schedule and business cashflow
- Manage project and business cashflow
- Understand the importance of logic and critical thinking

Solomon Islands Australia Partnership

SOLOMON ISLANDS INFRASTRUCTURE PROGRAM

INTRODUCTION

Lazar Maric
First Secretary Infrastructure
Australian High Commission

Solomon Islands Australia Partnership

SOLOMON ISLANDS INFRASTRUCTURE PROGRAM

Launching of the Waka Stret Video

Solomon Islands Australia Partnership

SOLOMON ISLANDS INFRASTRUCTURE PROGRAM

PROJECT SCHEDULING – THE BASICS

Presented by
Andrew Gillespie-Jones
SIIP Infrastructure Adviser

WHAT IS PROJECT SCHEDULING?

- Identification of individual tasks or events that need to be performed to complete a project
- Sequence those individual tasks in a logical and efficient way.
- Identify all tasks to complete a project:
  - Design
  - Approvals
  - Construction activities and tasks
- Can also include:
  - Procurement ordering and delivery times,
  - Inspections and hold points,
  - Monitoring and reporting activities.
  - Etc.

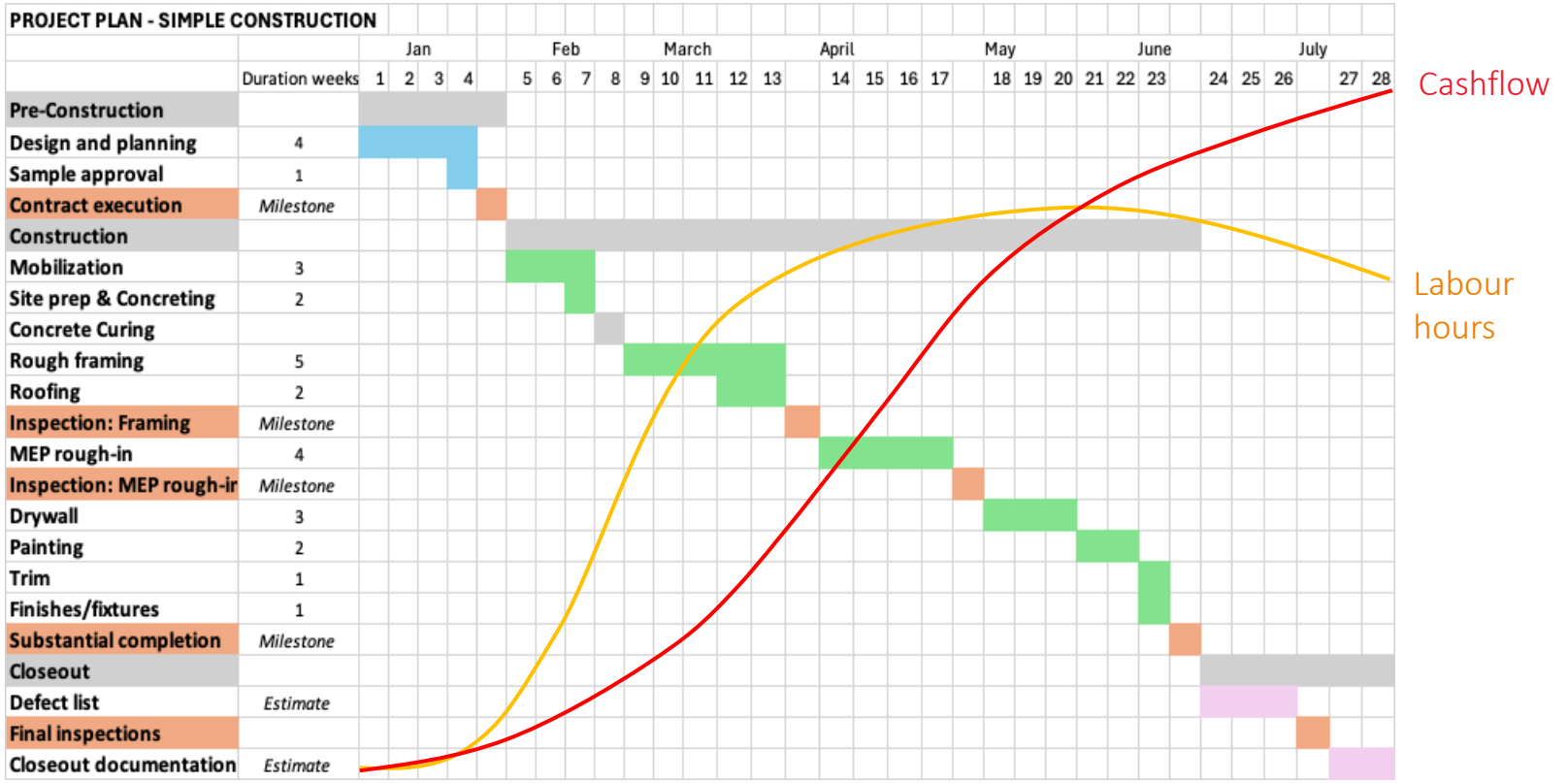
WHY IS IT IMPORTANT?

Why is project scheduling important?

- If materials and activities are not properly planned, delays may occur, cashflow may be affected, and project outcomes may not be achieved.
- Good planning builds trust with your clients and will enhance your reputation.
- Time = cost. More efficient performance = greater profit.
- Good planning and scheduling will yield many benefits for your business.

SCHEDULING – HOW IS IT DONE?

Traditionally done by hand, and still can be



How is it done now?

- Computer programs are now used: Excel (basic); Microsoft Project (advanced); Primavera P6 (gold standard); Others
- Online training options are available for these programs.
- We will be using Microsoft Project today.

SCHEDULING – HOW TO START?

- Thoroughly examine the drawings, specifications and any other documents.
- Produce a list of all the tasks that need to be completed.
- Consider any equipment requirements, and for what tasks.
  - Small tools
  - Scaffolding or access equipment
  - Vehicles or plant (truck, excavator, crane?)

SCHEDULING – HOW TO START? (CONT)

Write down a list of all the individual tasks – you may like to consider splitting the project into separate stages.

- **Preconstruction Stage**
  - Has a contract been signed?
  - What do you need to do before starting work
  - Do you need any government permits (planning or building)?
  - Are the design drawings complete and stamped ‘for construction’?
  - Site access or land use?
- **Construction Stage**
  - List all the individual tasks that need to be performed
- **Commissioning Stage**
  - List activities that need to be completed at the end? Testing? Services connections? Government approvals?

TASK DEPENDENCIES

Once you have a complete task list, the next step is to estimate the time it will take to complete each task, and then link the tasks in a logical way. Different linking strategies:

Predecessor and successor links

Simple task dependencies (Task 1 must finish before Task 2 commences) - i.e. finish to start (default)

Start to start (Task 2 can start at the same time as Task 1 – shorter time with 2 tasks at once) can incorporate lag/lead

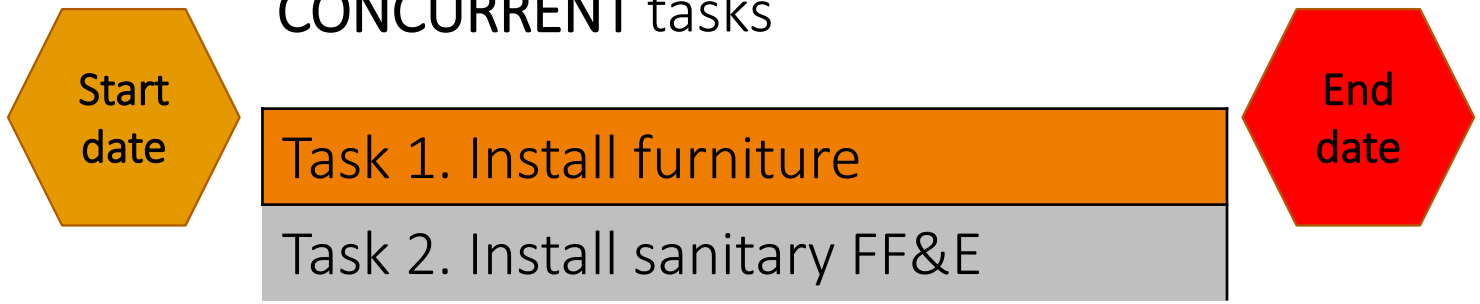
Start to finish (Task 2 finishes before Task 1 starts)

Finish to finish (Task 2 finishes at the same time as Task 1)

In construction scheduling, Finish to Start, or Start to Start activity links are the most common.

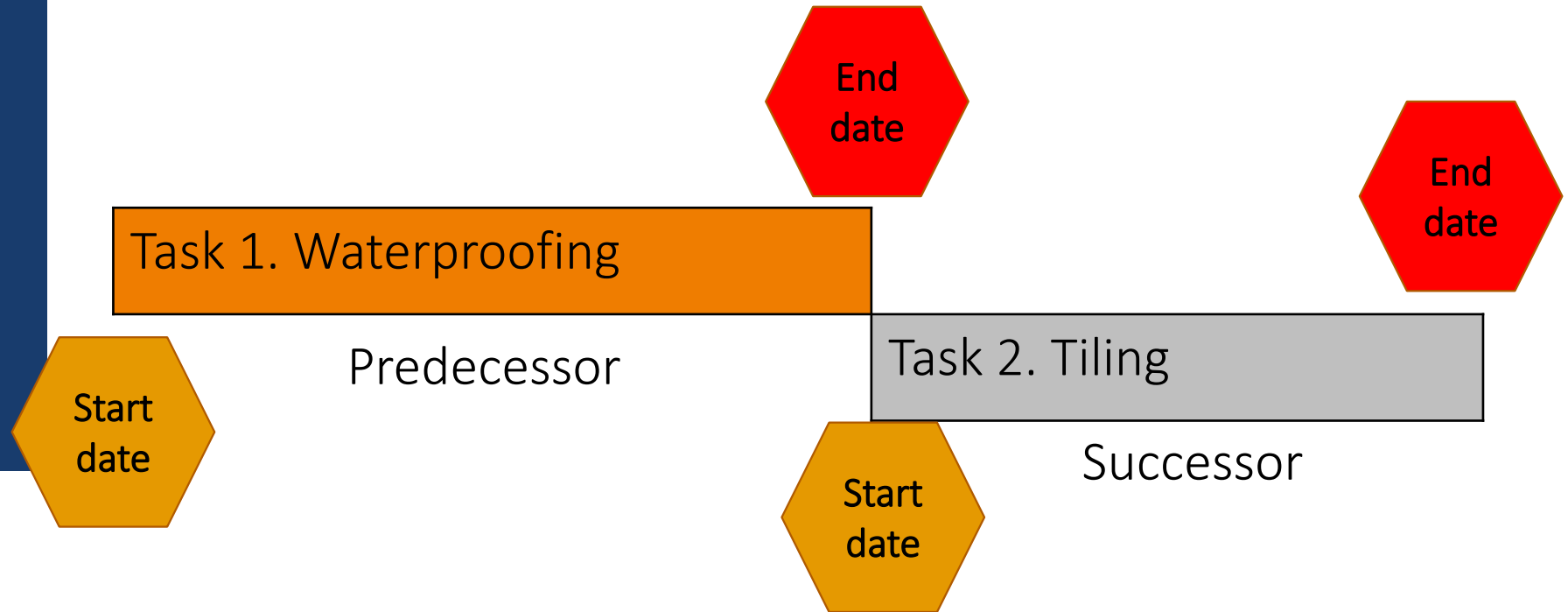
DEPENDENT AND CONCURRENT TASKS

Task A and B can start at the same time, they are **CONCURRENT** tasks



Task B cannot start until task A finished.

Task B is **DEPENDENT** on Task A.



ADVANCED SCHEDULING

Sequencing may incorporate **lead** and **lag** times, and **float**.

- ***Lag*** is a delay in commencing a successor activity. If you want Task 2 to start 7 days after Task 1 (consider a concrete pour for example)
- ***Lead*** is the opposite. A successor activity commences before another activity is complete. Consider plastering as an example. You may want plastering (Task 2) to commence 5 days before the installation of wall linings (Task) is complete.
- ***Float*** is a flexible amount of time that can be consumed without causing a delay to the project, often referred to as slack.

These concepts are important to understand a project's *critical path*.

SCHEDULING – CRITICAL PATH

Most standard form contracts require that a Contractor produce a project schedule with a **critical path**.

- The Critical Path is the sequence of activities that represents the **longest path** through a project, which determines the **shortest possible duration. I.e activities with zero float or slack.**
- **Any delay in completing activities on the critical path will delay the overall project completion.**
- Therefore, project managers must focus their attention on managing and monitoring critical path activities to ensure the project stays on track. These are often represented in **milestones**.

SCHEDULING – CRITICAL PATH (CONT)

When done properly, critical path analysis can help you:

- Identify task dependencies, resource constraints and project risks.
- Accurately estimate the duration of each task.
- Prioritize tasks based on their float or slack time, which helps with project scheduling and resource allocation.
- Identify critical tasks that have no slack and ensure those are completed on time.
- Monitor your project progress and measure schedule variance.
- Use schedule compression techniques like *crash duration* or *fast-tracking*

WORK BREAKDOWN STRUCTURE (WBS)

- A WBS lists and describes the steps (activities and tasks) that need to be taken to complete an activity.
- The project schedule incorporates the work breakdown structure and organises it into a work plan.
- It is most successful when you as a Contractor can identify the most efficient sequence for completion of those individual activities and tasks.
- Important note: scheduling should not be static! It will need to be adjusted during the project execution to stay on track (time & budget)

WORK BREAKDOWN STRUCTURE (WBS)

At it's core, scheduling relies on logical and critical thinking:

- What activities do I need to perform to complete the project?
- What steps (tasks) do I take to complete activities? (More detail in tasks can improve estimates of time, material availability and quality of finish)
- What needs to be completed before something else starts?
- Do I have the resources (labour, materials) when I need them?
- How do I make sure I stick to the estimated time? Can I make a schedule shorter in time somehow?
- Can I make production more efficient in some way (different procedure; different equipment; different people)

SCHEDULING – Group Activity

Single Storey Project – Group Activity

- The schedule is for the construction of a single storey, 150m2 house, concrete slab on ground, tiled floors and a standard fitout.
- We have not included procurement activities, permits, resourcing, access equipment (scaffolding). Structured in a simple construction activity sequence.
- In your groups and with your handouts
  1. Can you identify the critical path?
  2. Can you identify lag?
  3. Can you identify the “float”?
  4. Can the critical path change? Is it static or dynamic?

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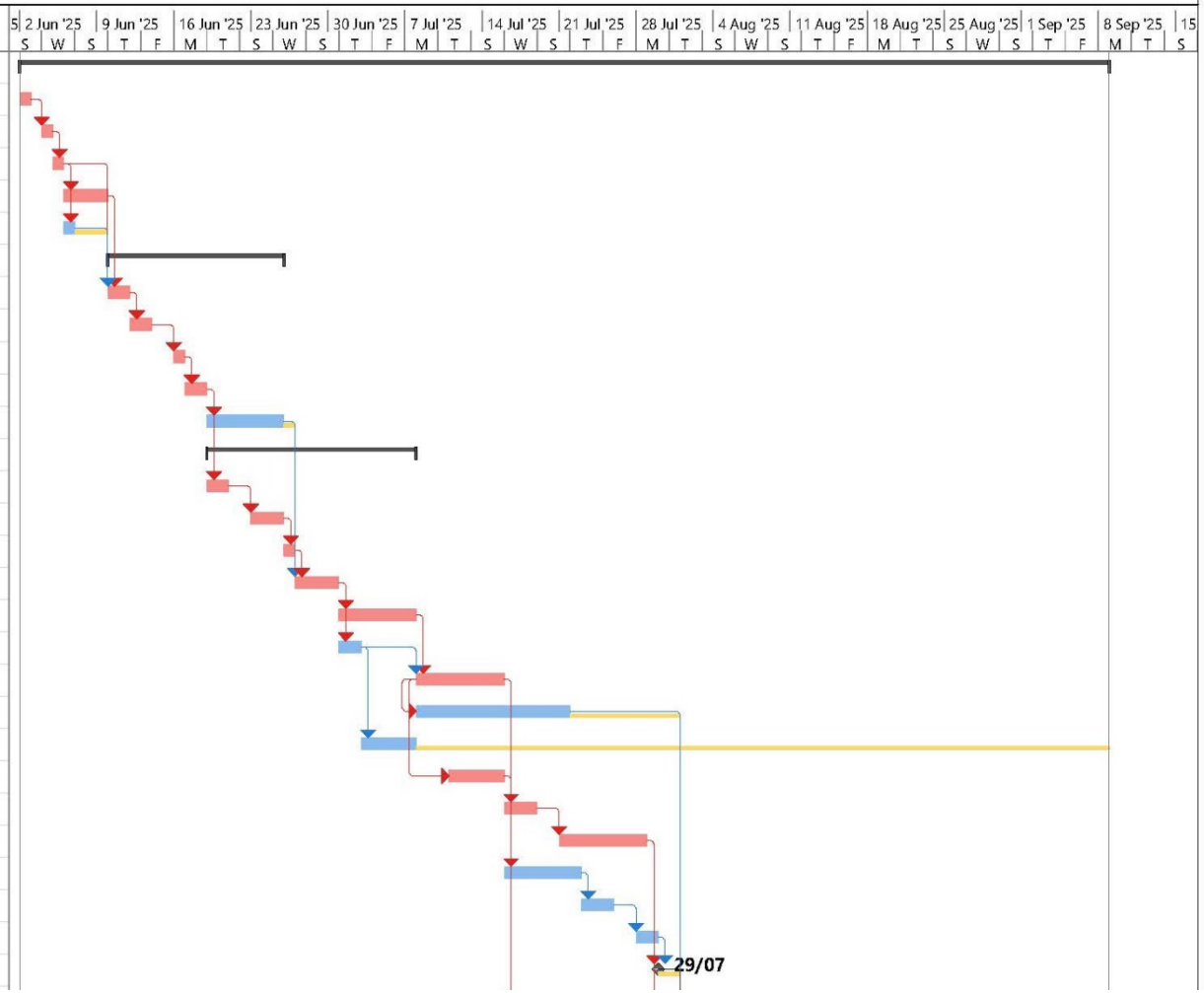
New House Build
Construction Schedule
30 May 2025

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors
1		**New house build**	**71 days**	**Mon 2/06/25**	**Mon 8/09/25**	
2		Contract signed	1 day	Mon 2/06/25	Mon 2/06/25	
3		Possession of site	1 day	Wed 4/06/25	Wed 4/06/25	2FS+1 day
4		Site survey, setout and profiles	1 day	Thu 5/06/25	Thu 5/06/25	3
5		Site establishment and temporary fencing	2 days	Fri 6/06/25	Mon 9/06/25	4
6		Clear and grub site	1 day	Fri 6/06/25	Fri 6/06/25	4
7		**Footings**	**12 days**	**Tue 10/06/25**	**Wed 25/06/25**	
8		Detailed excavation	2 days	Tue 10/06/25	Wed 11/06/25	4,6,5
9		Reinforcing steel	2 days	Thu 12/06/25	Fri 13/06/25	8
10		QA checks and engineer's inspection	1 day	Mon 16/06/25	Mon 16/06/25	9
11		Concrete place and finish	2 days	Tue 17/06/25	Wed 18/06/25	10
12		Concrete curing time	5 days	Thu 19/06/25	Wed 25/06/25	11
13		**Ground Floor**	**13 days**	**Thu 19/06/25**	**Mon 7/07/25**	
14		Edge formwork	2 days	Thu 19/06/25	Fri 20/06/25	11
15		Reinforcing steel	3 days	Mon 23/06/25	Wed 25/06/25	14
16		QA checks and engineer's inspection	1 day	Thu 26/06/25	Thu 26/06/25	15
17		Concrete place and finish	2 days	Fri 27/06/25	Mon 30/06/25	16,12
18		Concrete curing time	5 days	Tue 1/07/25	Mon 7/07/25	17
19		Setout walls	2 days	Tue 1/07/25	Wed 2/07/25	17
20		Internal and external wall framing	6 days	Tue 8/07/25	Tue 15/07/25	18,19
21		Services rough-in	10 days	Tue 8/07/25	Mon 21/07/25	20SS
22		Civil / driveway	3 days	Thu 3/07/25	Mon 7/07/25	19
23		Install door frames	3 days	Fri 11/07/25	Tue 15/07/25	20SS+3 days
24		Install roof trusses	3 days	Wed 16/07/25	Fri 18/07/25	20,23
25		Roofing and roof plumbing	6 days	Mon 21/07/25	Mon 28/07/25	24
26		Install windows	5 days	Wed 16/07/25	Tue 22/07/25	20,23
27		Exterior cladding	3 days	Wed 23/07/25	Fri 25/07/25	26
28		Exterior doors	2 days	Mon 28/07/25	Tue 29/07/25	27
29		Lockup	0 days	Tue 29/07/25	Tue 29/07/25	25,28



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17		Concrete place and finish	2 days	Fri 27/06/25	Mon 30/06/25	16,12
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20		Internal and external wall framing	6 days	Tue 8/07/25	Tue 15/07/25	18,19
21		Services rough-in	10 days	Tue 8/07/25	Mon 21/07/25	20SS
22		Civil / driveway	3 days	Thu 3/07/25	Mon 7/07/25	19
23		Install door frames	3 days	Fri 11/07/25	Tue 15/07/25	20SS+3 days
24		Install roof trusses	3 days	Wed 16/07/25	Fri 18/07/25	20,23
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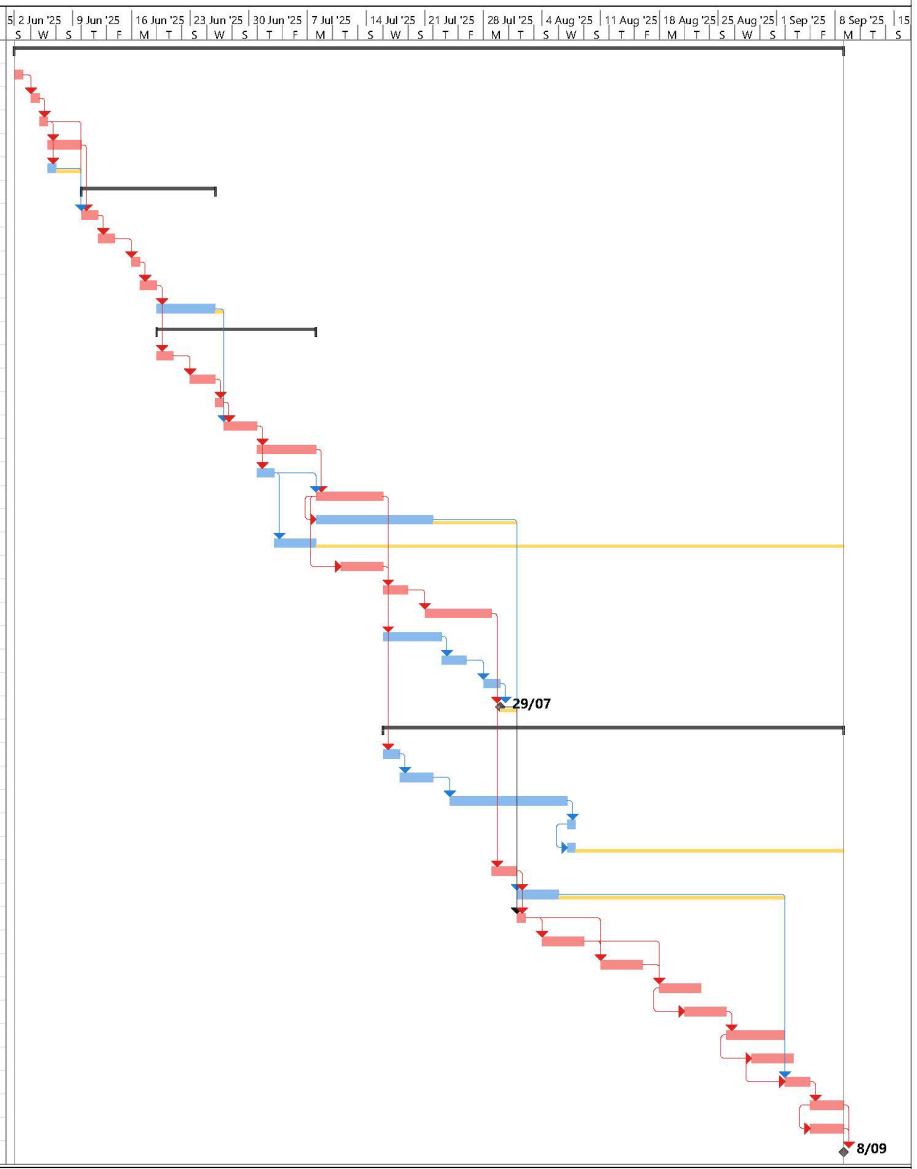
27		Exterior cladding	3 days	Wed 23/07/25	Fri 25/07/25	26
28		Exterior doors	2 days	Mon 28/07/25	Tue 29/07/25	27
29		Lockup	0 days	Tue 29/07/25	Tue 29/07/25	25,28
30		**Internal Works**	**39 days**	**Wed 16/07/25**	**Mon 8/09/25**	
31		Floor preparation to wet areas	2 days	Wed 16/07/25	Thu 17/07/25	20
32		Waterproofing to wet areas	2 days	Fri 18/07/25	Mon 21/07/25	31
33		Tiling	10 days	Thu 24/07/25	Wed 6/08/25	32FS+2 days
34		Sanitary fixtures	1 day	Thu 7/08/25	Thu 7/08/25	33
35		Shower screens	1 day	Thu 7/08/25	Thu 7/08/25	34SS
36		Ceiling framing	3 days	Tue 29/07/25	Thu 31/07/25	25
37		Services rough-in - Stage 2	3 days	Fri 1/08/25	Tue 5/08/25	21,36
38		Insulation	1 day	Fri 1/08/25	Fri 1/08/25	29,36
39		Install wall linings	5 days	Mon 4/08/25	Fri 8/08/25	38
40		Install ceiling linings	5 days	Mon 11/08/25	Fri 15/08/25	38,39
41		Tape and set joints to walls and ceilings	5 days	Mon 18/08/25	Fri 22/08/25	39,40
42		Sand walls and ceilings ready for paint	3 days	Thu 21/08/25	Mon 25/08/25	41SS+3 days
43		Painting	5 days	Tue 26/08/25	Mon 1/09/25	42
44		Joinery	3 days	Fri 29/08/25	Tue 2/09/25	43SS+3 days
45		Services fitoff	3 days	Tue 2/09/25	Thu 4/09/25	44SS+2 days,37
46		Test and commission services	2 days	Fri 5/09/25	Mon 8/09/25	45
47		Final clean	2 days	Fri 5/09/25	Mon 8/09/25	46SS
48		Practical Completion	0 days	Mon 8/09/25	Mon 8/09/25	46,47



New house build | Task | Milestone | Summary | Critical | Progress | Slack

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35		Shower screens	1 day	Thu 7/08/25	Thu 7/08/25	34SS
36		Ceiling framing	3 days	Tue 29/07/25	Thu 31/07/25	25
37		Services rough-in - Stage 2	3 days	Fri 1/08/25	Tue 5/08/25	21,36
38		Insulation	1 day	Fri 1/08/25	Fri 1/08/25	29,36
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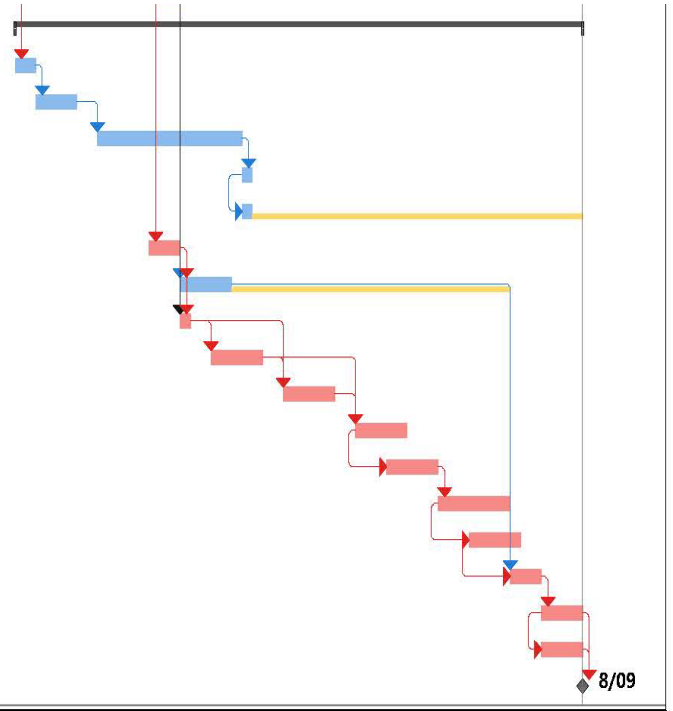


New house build

Task | Milestone | Summary | Critical | Progress | Slack

Solomon Islands Infrastructure Program

Morning Tea Break
&
Group Photo

Solomon Islands Australia Partnership

SOLOMON ISLANDS INFRASTRUCTURE PROGRAM

PROJECT CASHFLOW

Presented by
David Craig
SIIP Capacity Development Specialist

WHAT IS CASH FLOW?

- Cashflow is about the *flow of money* coming in and going out over a given time.
- When you have more coming **in** than going **out**, you have a *positive* cashflow.
- When you have more going **out** than you have coming **in**, you have a *problem*.
- Don't confuse cashflow with profit. Profit is how much you have once you have added up all your income and subtracted all your expenses over a given time.

WHAT IS CASH FLOW?

- For project companies, the biggest cash **inflow** will be from **periodical project payments** made by the customer.
- **Outflows** will be things like payments to suppliers, paying employees, rent and utilities (power, water etc.)

CASH FLOW MANAGEMENT

The essential role of cashflow management is to keep track of three things:

- The *amount* of money coming into your business;
- The *timing* of money – when it will come in and when it will go out.
- *Certainty and Risk* – knowing that the money will be there when you need it.

  There is the risk that it may be late, or not at all, or expenses may occur unexpectedly or be more than you expected.

CASHFLOW MANAGEMENT

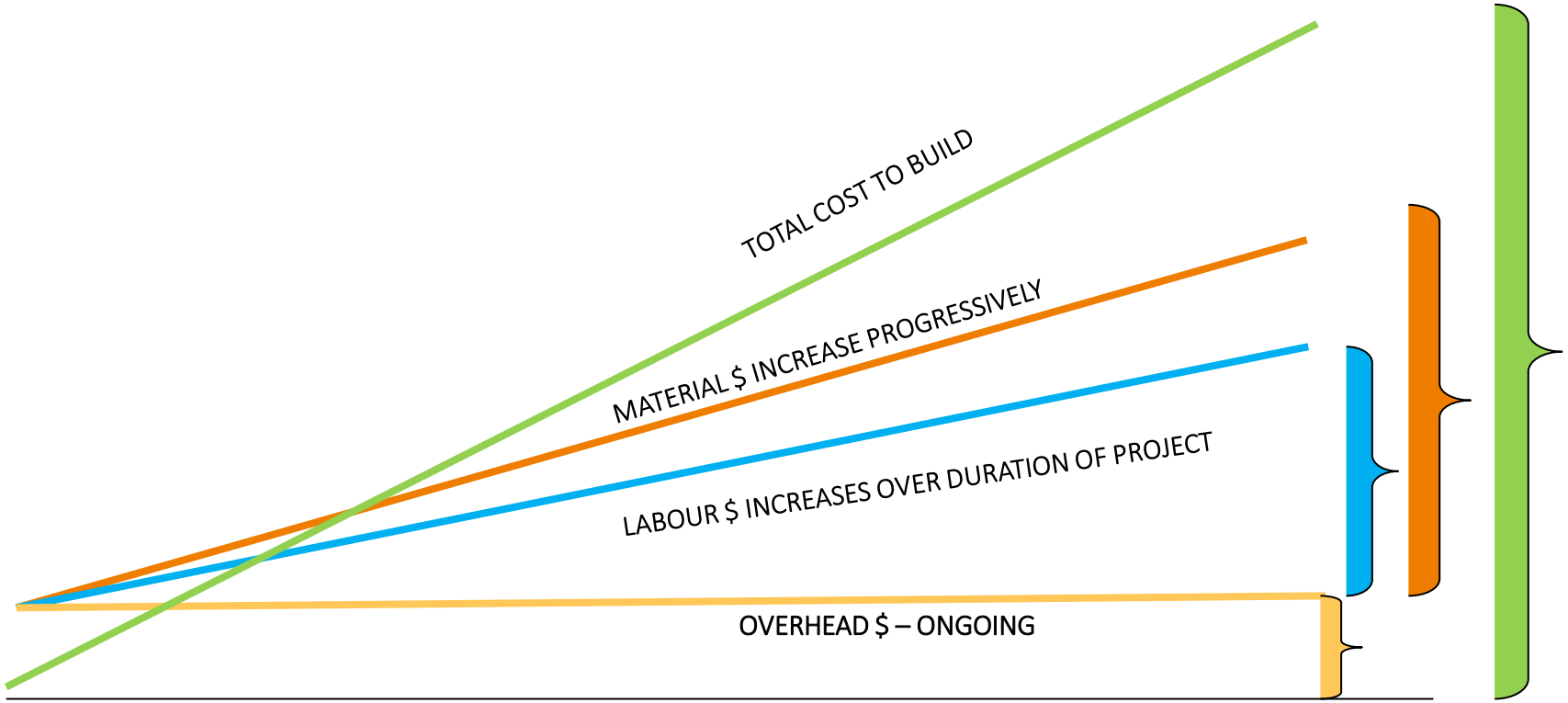
Remember, business income can be inconsistent.

There may be quiet times between contracts.

Do you have enough cash in the business to cover your costs while you wait for the new project to start?

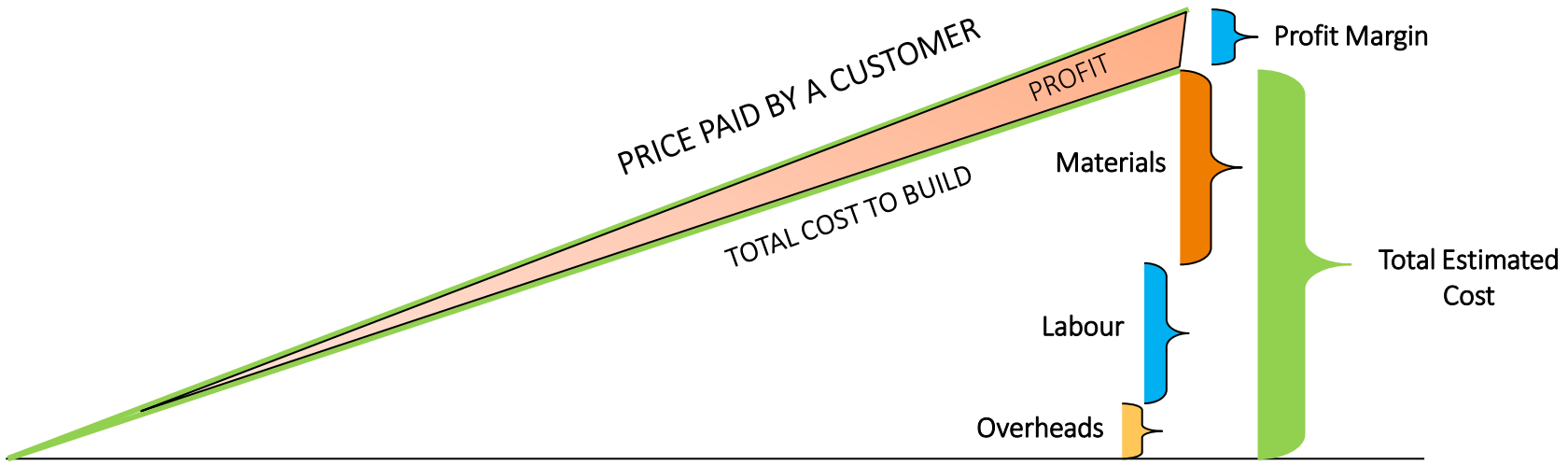
PROJECT CASHFLOW?

PROJECT CASH FLOW



PROJECT PROFIT

PROJECT PROFIT



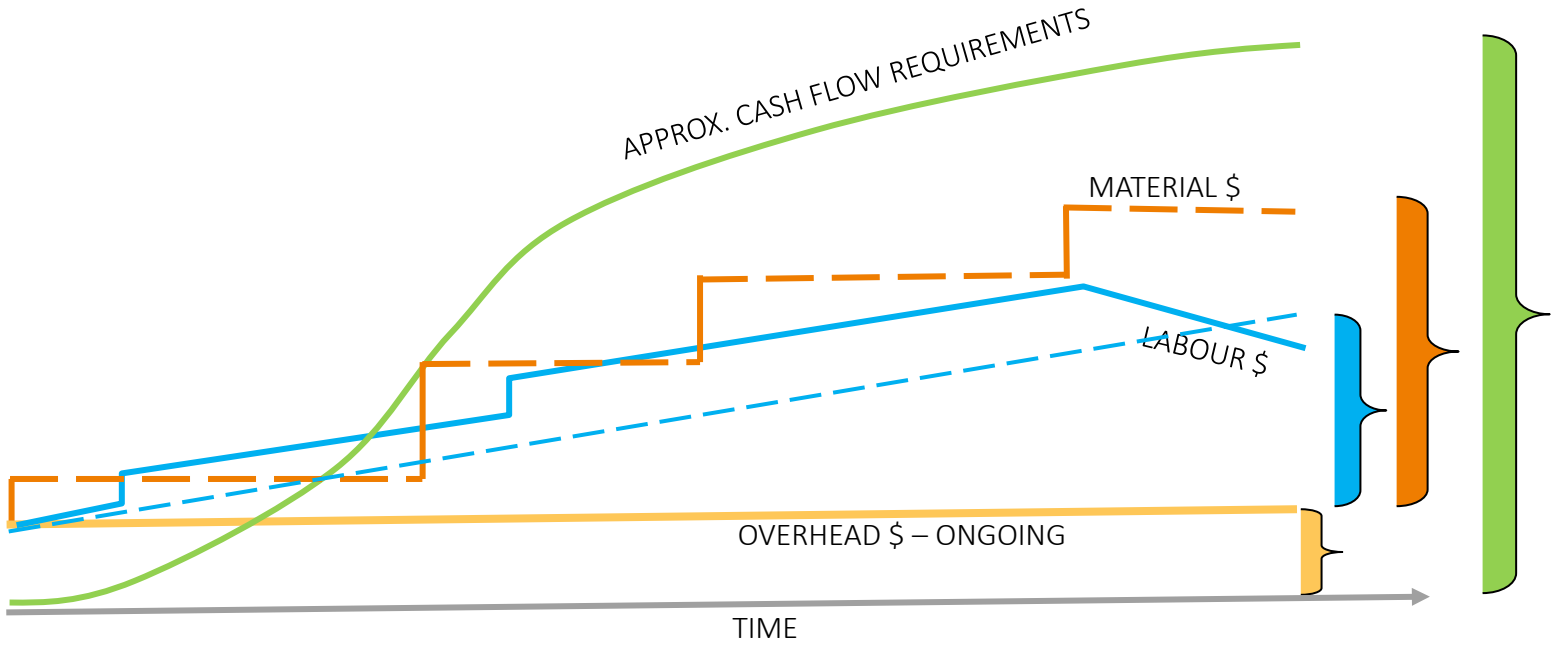
PROJECT LOSS

PROJECT OVER-RUN & LOSS

Additional costs could be from underestimating time to complete work (additional labour costs), excessive wastage of materials (more material costs), approval or compliance costs not considered in tender, currency fluctuations on imported materials etc.

FLOW OF PROJECT CASHFLOW

PROJECT CASH FLOW REQUIREMENTS



Project cashflow is often inconsistent. Income may depend on how much work has been completed, which may be affected by weather or delays in supplies.

There are often large expenses for e.g. deposits or up-front payment of materials which may not arrive for some time.

There may also be unexpected costs, for example encountering rock during site preparation.

CASHFLOW SUMMARY

Recapping, you need to track:

- the **amount** of money coming into and out of your business
- the **timing** of when your money is due to come in or out of your bank account
- understand the **risks**

CASHFLOW SUMMARY

- Understand what is a **variable** cost
- Understand what is a **fixed** cost
- Learn to read three main financial statements: **cashflow statement (**also balance sheet, profit and lost statement)**,**
- **Be conservative** in your estimates - review estimates to include some contingency
- **Keep your business and your personal bank accounts separate**

FIXED AND VARIABLE COSTS

Expenses come in two types: FIXED and VARIABLE.

- **Fixed costs** ("overheads") remain the same over a period of time and don't change much with the ups and downs of the business, e.g. rent, insurance, loan repayments.

  You must keep paying fixed expenses even if you don't have any work on.

- **Variable costs** are those costs in making sales or executing a project contract. These costs increase and decrease depending on what work you have on.

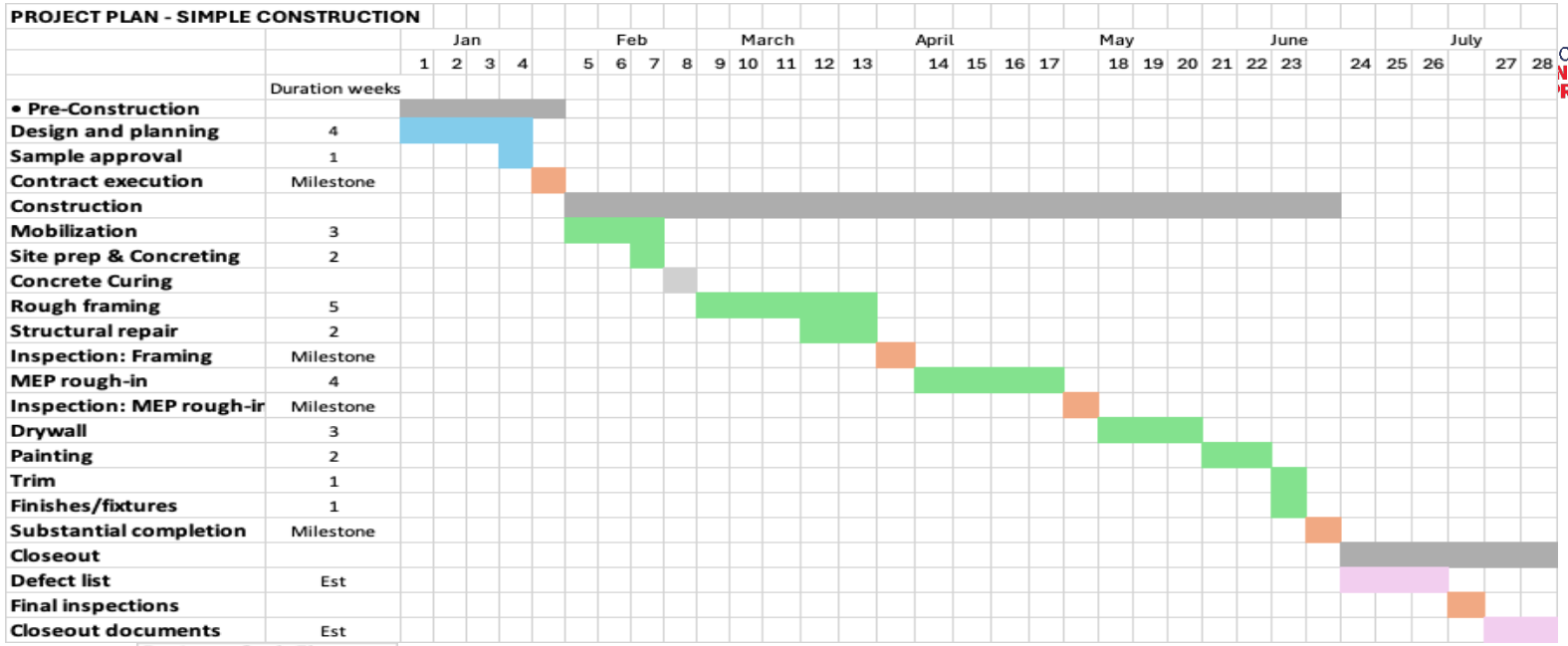
FIXED AND VARIABLE COSTS Group Work

ITEM	VARIABLE Project costs	FIXED O'HeadS
Office Rental		✓
Freight inward	✓	
Site access costs	✓	
Depreciation on Plant		✓
Depreciation on Buildings		✓
Wages – Permanent Site Supervisor		✓
Wages – On-site trades person	✓	
Wages – On-site unskilled labour	✓	
Insurance – Workers comp. etc.		✓
Repairs & Maintenance - Plant		✓
Repairs & Maintenance - Building		✓
Lights and Power - Offices		✓
Cement & Aggregate	✓	
Fuel and Oil – Site Generator	✓	
Overtime Payments	✓	
Rates & Taxes		✓
Personal Protective Equipment	✓	
Salaries – Admin staff		✓
Project Monitoring & Reporting costs	✓	

PROJECT SCHEDULE AND CASHFLOW RELATIONSHIP

SOLOMON ISLANDS INFRASTRUCTURE PROGRAM

PROJECT PLAN - SIMPLE CONSTRUCTION



	Duration weeks
• Pre-Construction	
Design and planning	4
Sample approval	1
Contract execution	Milestone
Construction	
Mobilization	3
Site prep & Concreting	2
Concrete Curing	
Rough framing	5
Structural repair	2
Inspection: Framing	Milestone
MEP rough-in	4
Inspection: MEP rough-ir	Milestone
Drywall	3
Painting	2
Trim	1
Finishes/fixtures	1
Substantial completion	Milestone
Closeout	
Defect list	Est
Final inspections	
Closeout documents	Est

Business Cash Flow	January	February	March	April	May	June	July	Totals
CASH IN								
Invoices	*35000*	*62805*	*77305*	*81805*	*64645*	*52385*	*49885*	*423830*
Cash Receipts	35000		62805	77305	81805	64645	102270	423830
Cash In Hand	35000	0	62805	77305	81805	64645	102270	423830
Raw Material Costs (COG	(incl forward payments\deposts)							
Raw Materials	20000	35000	40000	45000	25000	17000	15000	197000
Freight	875	1570	1933	2045	1616	1310	1247	10596
Direct Labour (ave 6)	2400	11520	11520	11520	15360	9600	9600	71520
Total Cost Of Goods	23275	48090	53453	58565	41976	27910	25847	279116
GROSS PROFIT	11725	(48090)	9352	18740	39829	36735	76423	144714
Accountant	500			500			500	1500
Equip Maintenance	1500		1500			1500		4500
Rent	2000	2000	2000	2000	2000	2000	2000	14000
Registration Fees	500							500
MV Fuel and oil	2500	2500	2500	2500	2500	2500	2500	17500
Insurance	800	800	800	800	800	800	800	5600
Tender costs	500							500
Petty Cash	1500	1500	1500	1500	1500	1500	1500	10500
Phone	800	800	800	800	800	800	800	5600
Power/light/heat	2600	2600	2600	2600	2600	2600	2600	18200
Salaries - Management	4000	4000	4000	4000	4000	4000	4000	28000
Stationery/Office	500			500			500	1500
Other - Admin staff	2000	2000	2000	2000	2000	2000	2000	14000
Bank Charges	85	85	85	85	85	85	85	595
Total Cash Out	19785	16285	17785	17285	16285	17785	17285	122495
Net Cash	(8060)	(64375)	(8433)	1455	23544	18950	59138	22219

DEVELOPING A PROJECT CASHFLOW PLAN

NOTE!!!

- To repeat, don't combine personal and business cashflow. Keep the business separate to your personal life.
- You may like to estimate you own personal costs first (house rent, power, water, food, school fees, transport, entertainment etc.) in order to know how much the business needs to pay you as a manager/owner so you can feed your family etc.
- For example you may have a motor vehicle that you use for both personal and business use.

  Estimate the % fuel and running costs that would apply to your business only.

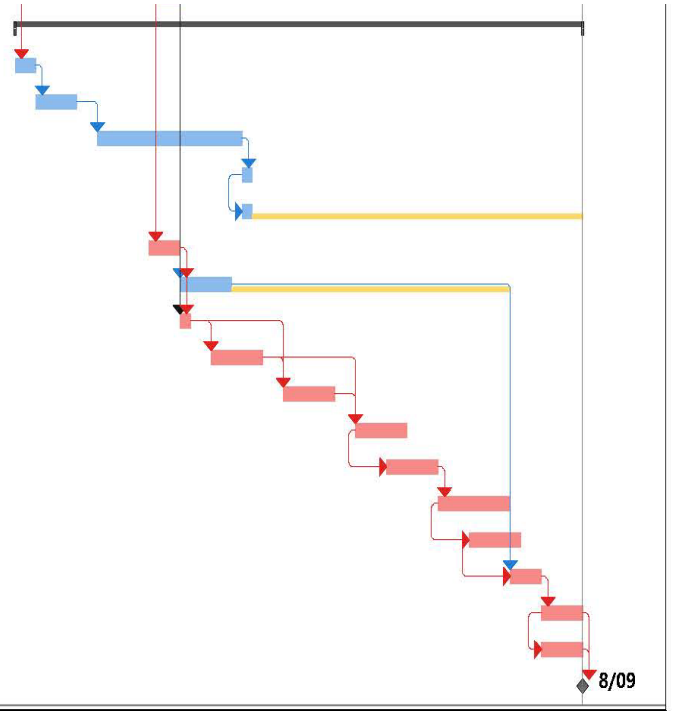
DEVELOPING A PROJECT CASHFLOW PLAN

ACTIVITY SCENARIO:

- The schedule you have completed is for the fit out of a single storey, 150m2 house, which includes floor preparation and tiling, walls and ceiling, finishing and painting and fitting electrical and plumbing fittings.
- Total estimated **cost** to complete this project is **SBD 71,764.**
- A 10% profit margin has been included in the payment schedule of this example. – total project cost = **$78,574**

ESTIMATE A PROJECT TIMELINE

30		**Internal Works**	**39 days**	**Wed 16/07/25**	**Mon 8/09/25**	
31		Floor preparation to wet areas	2 days	Wed 16/07/25	Thu 17/07/25	20
32		Waterproofing to wet areas	2 days	Fri 18/07/25	Mon 21/07/25	31
33		Tiling	10 days	Thu 24/07/25	Wed 6/08/25	32FS+2 days
34		Sanitary fixtures	1 day	Thu 7/08/25	Thu 7/08/25	33
35		Shower screens	1 day	Thu 7/08/25	Thu 7/08/25	34SS
36		Ceiling framing	3 days	Tue 29/07/25	Thu 31/07/25	25
37		Services rough-in - Stage 2	3 days	Fri 1/08/25	Tue 5/08/25	21,36
38		Insulation	1 day	Fri 1/08/25	Fri 1/08/25	29,36
39		Install wall linings	5 days	Mon 4/08/25	Fri 8/08/25	38
40		Install ceiling linings	5 days	Mon 11/08/25	Fri 15/08/25	38,39
41		Tape and set joints to walls and ceilings	5 days	Mon 18/08/25	Fri 22/08/25	39,40
42		Sand walls and ceilings ready for paint	3 days	Thu 21/08/25	Mon 25/08/25	41SS+3 days
43		Painting	5 days	Tue 26/08/25	Mon 1/09/25	42
44		Joinery	3 days	Fri 29/08/25	Tue 2/09/25	43SS+3 days
45		Services fitoff	3 days	Tue 2/09/25	Thu 4/09/25	44SS+2 days,37
46		Test and commission services	2 days	Fri 5/09/25	Mon 8/09/25	45
47		Final clean	2 days	Fri 5/09/25	Mon 8/09/25	46SS
48		Practical Completion	0 days	Mon 8/09/25	Mon 8/09/25	46,47



New house build

Task Milestone Summary Critical Progress Slack

Solomon Islands Infrastructure Program

ESTIMATE THE MATERIAL & DIRECT LABOUR COSTS (VARIABLE COSTS)

Include freight if necessary

From the given cost of materials, estimate the timing of these purchases. When will you need to purchase materials for when you need them according to the schedule?

Material Costs (COG)											
Purchases	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Sub-Totals
Materials											0
Freight											0
Direct Labour											0
Other											0
Total Cost Of Goods	0	0	0	0	0	0	0	0	0	0	0

ESTIMATE FIXED COSTS

A typical list of fixed costs / overheads is as follows. You must of course put in any other costs which are not on this list. How often do these payments occur: weekly; monthly?

CASH OUT	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Sub-Totals
Accountant bookkeeping											0
MV Lease											0
Training											0
Equip Maintenance											0
Equipment purchases											0
Rent											0
Registration Fees											0
MV Fuel and oil											0
Insurance											0
MV Running											0
Tender costs											0
Petty Cash											0
Phone											0
Power/light/heat											0
Salaries - Owner/Manag'r											0
Wages - 1 employee @ $12/hr incl NPF											0
Loan repayments											0
Stationery/Office											0
Other											0
Bank Charges											0
Total Cash Out	0	0	0	0	0	0	0	0	0	0	0

DEVELOPING A PROJECT CASHFLOW PLAN

Now estimate what your payment schedule will be.

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Sub-Totals
CASH IN											
Invoices	*15709*	*6985*	*6985*	*6985*	*6985*	*6985*	*6985*	*6985*	*6985*	*6985*	*78574*
Cash Receipts	15709	6985	6985	6985	6985	6985	6985	6985	6985	6985	78574
Additional Cash Income											0
Cash In Hand	15709	6985	6985	6985	6985	6985	6985	6985	6985	6985	78574

THIS IS AN EXAMPLE ONLY. YOU MAY LIKE TO CHANGE THE PAYMENT SCHEDULE TO MATCH YOUR PURCHASING SCHEDULE

NOTES for this example:

- Direct Cost + $ **71,764** and with 10% profit margin, project value = $ **78,574**
- Receipts assuming monthly invoices to customer are paid in 7 days
- 20% deposit (to assist in mobilising and initial purchases)
- Invoicing to customer is generally based on labour and materials expended and an overhead amount.

PUTTING IT ALL TOGETHER

Now you have your income, your variable costs (cost of goods or material costs) and your fixed costs, you can look at what money you have available for each week or month.

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CONSTRUCTION COMPANY "X": BUSINESS CASHFLOWS

Input to green fields only

Business Cash Flow

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Sub-Totals
CASH IN											
Invoices	***15709***	***6985***	***6985***	***6985***	***6985***	***6985***	***6985***	***6985***	***6985***	***6985***	***78574***
Cash Receipts	**15709**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	78574
Additional Cash Income											0
Cash In Hand	**15709**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**6985**	**78574**
Raw Material Costs (COG)											
Purchases	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**	**Week 9**	**Week 10**	**Sub-Totals**
Raw Materials	3785	3785	3785	3785	3785	3785	3785	3785	3785	3785	**37850**
Freight	393	175	175	175	175	175	175	175	175	175	1964
Direct Labour	1680	1680	1680	1680	1680	1680	1680	1680	1680	1680	**16800**
Other											0
Total Cost Of Goods	**5858**	**5640**	**5640**	**5640**	**5640**	**5640**	**5640**	**5640**	**5640**	**5640**	**56614**
Other Payments											0
GROSS PROFIT	**9851**	**1345**	**1345**	**1345**	**1345**	**1345**	**1345**	**1345**	**1345**	**1345**	**21960**

CASH OUT	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**	**Week 9**	**Week 10**	**Sub-Totals**
Accountant bookkeeping	200										200
MV Lease	800			800				800			2400
Training											0
Equip Maintenance											0
Equipment purchases											0
Rent											0
Registration Fees											0
MV Fuel and oil	250	250	250	250	250	250	250	250	250	250	2500
Insurance	1500										1500
MV Running											0
Tender costs	200										200
Petty Cash	100	100	100	100	100	100	100	100	100	100	1000
Phone	250				250					250	750
Power/light/heat	60	60	60	60	60	60	60	60	60	60	600
Salaries - Owner/Manag'r	600	600	600	600	600	600	600	600	600	600	6000
Wages - 1 employee @ $12/hr incl NPF											0
Loan repayments											0
Stationery/Office											0
Other											0
Bank Charges											0
Total Cash Out	**3960**	**1010**	**1010**	**1810**	**1260**	**1010**	**1010**	**1810**	**1010**	**1260**	**15150**
Month Net Cash	5891	335	335	(465)	85	335	335	(465)	335	85	**6810**

PUTTING IT ALL TOGETHER

Gross profit is what you have left over after paying variable costs (materials and direct labour) from your income.

Net Cash or Net Profit is what you have left after paying the fixed costs from the gross profit.

Red numbers mean there is a negative amount of money – a problem!

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Question and Answer Time

Next Workforce Skills Series Workshop

Date: July 2025 Venue: HPH

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