

SAMPLE CASH-FLOW FORECAST · ILLUSTRATIVE EXAMPLE — FICTIONAL BUSINESS

Linden Vale Homecare Ltd

Twelve-month cash-flow forecast and 13-week cash flow, January to December 2027, supporting an application for a £150k confidential invoice discounting facility to fund a new Surrey County Council framework contract

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Prepared for the directors and for presentation to invoice finance providers · October 2026

Illustrative example only. Linden Vale Homecare Ltd is a fictional company and all trading figures are made up, to show the format and depth of a lender-ready cash-flow forecast. Pay rates, tax rules and benchmarks quoted are real and sourced as at October 2026.

1. Summary and recommendation

Linden Vale Homecare Ltd is a CQC-registered domiciliary care agency based in Dorking, providing about 4,197 hours of home care a month in 2026 with around 46 full-time-equivalent care workers, paid weekly. About 74% of its income comes from Surrey County Council and the rest from private and direct-payment clients. In April 2027 the company starts a new council framework contract that adds about 1,300 hours a month (around 30%) by September, taking 2027 sales to £1,872k.

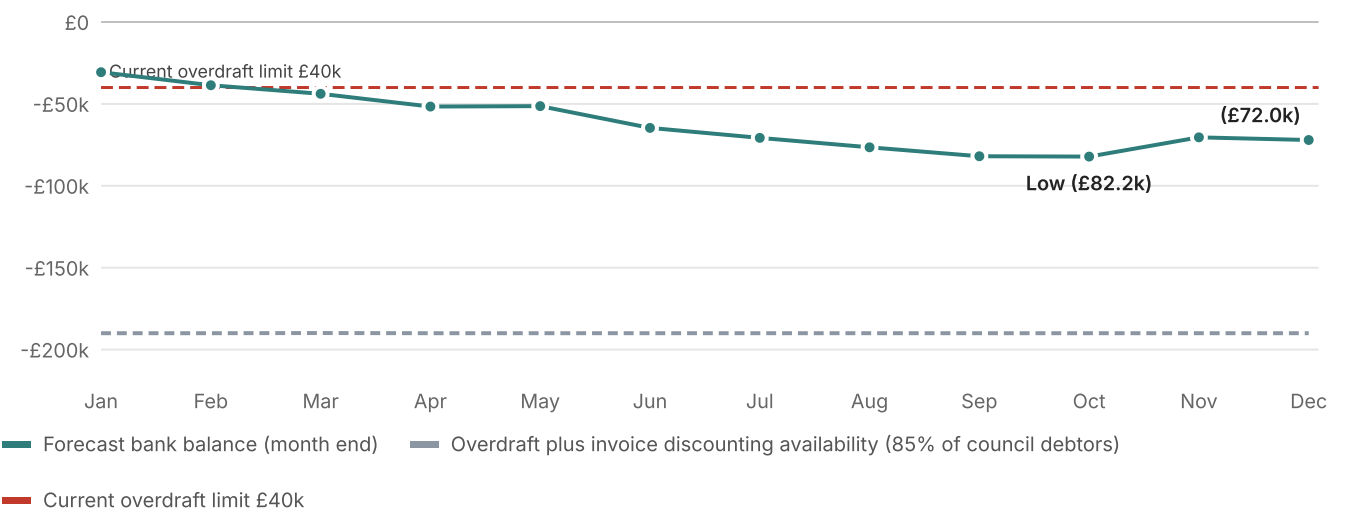
(£82.2k)
Lowest month-end balance
(Oct 2027)

(£35.0k)
Weekly low if a council
payment run slips a week (w/c
8 Feb)

£150k
Invoice discounting facility
requested, alongside the £40k
overdraft

£107.8k
Lowest headroom in 2027 with
the new facility

FORECAST BANK BALANCE AGAINST THE OVERDRAFT AND THE PROPOSED FACILITY



WHAT THE FORECAST SHOWS

- The business is profitable, with forecast 2027 EBITDA of £103k, but growth consumes cash: care workers are paid every week, while the council pays on average about 58 days after the end of the month in which the care is delivered. Each extra £1 of monthly council income ties up about £1.95 of debtors.
- The current £40k overdraft is exceeded in 10 of the 12 months. The peak need is (£82.2k) at the end of Oct, when the new contract is fully staffed and the council debtor book is at its largest; recruitment and onboarding costs run ahead of income from March to September.
- On the base case the business stays within the overdraft plus the proposed facility in every month, with at least £107.8k of headroom, and the facility is sized to cover the combined downside in section 6 as well.
- The council debtor book grows from £175k to £262k during 2027. Invoice discounting at 85% of that book grows with the contract, which an overdraft does not.

Recommendation: put in place a confidential invoice discounting facility of £150k against Surrey County Council invoices before the contract starts, and keep the £40k overdraft for weekly payroll timing. Section 7 compares the options and shows the facility costs about £13k a year on the base case.

2. Basis of preparation and key assumptions

The forecast is prepared month by month on a receipts-and-payments basis from the 2026 management accounts, the rostering system and the framework contract's call-off schedule. It is integrated with a profit and loss forecast, so that payroll, debtors and tax reconcile. Because care is VAT-exempt, there is no VAT line: costs are shown including the VAT the company cannot recover.

Area	Assumption	Basis
Hours	3,240 council and 1,100 private contact hours a month at January 2027 levels, adjusted for days in the month and a 3% winter uplift (Dec–Feb); framework contract adds 1,300 council hours a month, building evenly from April to September	Rostering system data for 2026; framework call-off schedule
Council rate	£28.20 an hour in 2026/27 (after Surrey's 3.3% uplift from 1 April 2026), then +3% from April 2027	Surrey County Council 2026/27 fee uplift for care within the home (3.3%, APL DPS providers)
Private rate	£36.00 an hour in 2026/27, rising 4.5% each April	Company price list
Council payment	Invoiced monthly after hours are confirmed on the council portal (about 10 days after month end), on 45-day terms: 15% received the month after, 75% two months after, 10% three months after (average 58 days after month end)	2026 remittance history
Private payment	97% collected by direct debit the month after the care, 3% the month after that	Company terms
VAT	Welfare services from a CQC-registered provider are exempt from VAT, so the company is not VAT-registered: it charges no VAT and cannot recover VAT on its costs, which are shown including VAT	VAT Act 1994 Sch 9 Group 7; HMRC VAT Notice 701/2
Care worker pay	£13.10 an hour from April 2026 (NLW £12.71 plus 39p), £13.61 from April 2027 (NLW assumed +4%); paid hours are 1.22 × contact hours to cover travel time and training, plus 12.07% holiday pay; mileage 45p a mile, 3.5 miles per contact hour	GOV.UK NLW £12.71 from 1 April 2026; NMW rules on travel time; HMRC approved mileage rate
Payroll taxes	Employer NIC 15% above £5,000 a year per employee, less the £10,500 Employment Allowance (set against the April liability, so the May payment is lower); auto-enrolment pension 3% employer, 5% employee on qualifying earnings; PAYE and NIC paid by the 22nd of the following month	HMRC rates and thresholds 2026/27; The Pensions Regulator
Overheads	Office team of six (registered manager, two coordinators, care supervisor, trainer, finance and HR) costing £140k a year; office rent £1,850 a month plus VAT; insurance £15,600 paid in February; CQC fee £3,400 in April; onboarding £1,100 per new carer (DBS, Care Certificate training, uniform)	2026 management accounts; insurer renewal
Staff turnover	35% of care workers replaced each year, in addition to the recruitment for the new contract	Company records; sector turnover is around a third a year
Overdraft pricing	Bank Rate 3.75% plus 9.5% on the overdrawn balance (all borrowing is charged at this rate in the forecast, which is prudent); renewal fee 1.5% of the limit in January	Bank of England Bank Rate 3.75% (held 17 Sept 2026); bank tariffs
Tax, dividends, loan	Corporation tax on 2026 profits paid 1 October 2027; dividends £9,000 a quarter; existing bank loan £36,000 at 7.5%, repaid at £1,500 a month	CT rates 2026/27: 19% to £50k, 25% above £250k, marginal relief between

The framework contract. Hours are called off package by package, so the 1,300 hours a month is the expected volume, not a guarantee. Section 6 tests a slower build-up. The council pays only for hours delivered and confirmed through electronic call monitoring, so recruitment has to run ahead of income.

3. Monthly cash-flow forecast, January to December 2027

£'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2027	2028	2029
Receipts															
Surrey County Council	87.6	92.1	94.1	88.5	93.4	99.9	108.2	112.7	121.5	127.7	130.5	133.3	1,289.5	1,662.9	1,762.9
Private and direct-payment clients	41.5	37.7	40.3	40.8	42.1	40.9	42.1	42.2	40.9	42.1	40.9	43.4	494.8	532.6	572.7
Total receipts	129.2	129.8	134.4	129.3	135.5	140.7	150.3	154.9	162.4	169.8	171.4	176.7	1,784.3	2,195.5	2,335.7
Payments															
Care workers: net wages (weekly)	70.2	63.4	68.2	71.9	77.8	78.7	84.9	88.4	89.0	91.9	89.0	94.7	968.1	1,151.5	1,224.7
Care workers: mileage (weekly)	7.2	6.5	7.0	7.1	7.7	7.8	8.4	8.7	8.8	9.1	8.8	9.3	96.1	110.6	113.8
Office and directors: net salaries	10.9	10.9	10.9	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	134.3	138.8	143.4
PAYE and NIC to HMRC	21.0	21.7	20.0	21.2	11.9	23.9	24.1	25.7	26.6	26.8	27.5	26.8	277.1	332.8	355.2
Workplace pension	5.0	5.2	4.8	5.1	5.4	5.8	5.9	6.3	6.5	6.6	6.8	6.6	70.0	84.9	91.3
Recruitment, onboarding and training	5.6	3.4	8.6	5.8	9.4	5.8	9.7	7.9	4.3	6.1	3.9	8.1	78.8	67.4	70.6
Office rent, rates and utilities	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	34.8	35.8	36.9
Rostering, care records and IT	2.5	2.3	2.4	2.5	2.6	2.6	2.8	2.9	2.9	2.9	2.9	3.0	32.2	36.8	38.7
Insurance and CQC fee	–	15.6	–	3.4	–	–	–	–	–	–	–	–	19.0	19.6	20.1
Other overheads	4.1	4.0	4.0	4.1	4.1	4.1	4.2	4.3	4.3	4.3	4.3	4.3	50.1	53.6	55.6
Corporation tax	–	–	–	–	–	–	–	–	–	5.8	–	–	5.8	19.5	40.3
Dividends	–	–	9.0	–	–	9.0	–	–	9.0	–	–	9.0	36.0	37.1	38.2
Bank loan repayments	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	18.0	18.0	3.1
Overdraft interest and fees	0.9	0.3	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.9	0.9	0.8	8.2	5.4	0.6
Total payments	131.8	137.7	139.6	137.1	135.2	154.0	156.4	160.6	167.8	170.0	159.6	178.3	1,828.3	2,111.7	2,232.6
Net cash flow	(2.6)	(8.0)	(5.2)	(7.8)	0.3	(13.3)	(6.1)	(5.8)	(5.5)	(0.2)	11.7	(1.6)	(44.0)	83.9	103.1
Opening balance	(28.0)	(30.6)	(38.6)	(43.8)	(51.6)	(51.4)	(64.6)	(70.7)	(76.5)	(82.0)	(82.2)	(70.4)	(28.0)	(72.0)	11.8
Closing balance	(30.6)	(38.6)	(43.8)	(51.6)	(51.4)	(64.6)	(70.7)	(76.5)	(82.0)	(82.2)	(70.4)	(72.0)	(72.0)	11.8	114.9
Lowest month-end balance													(82.2)	(69.0)	17.1
Headroom / (excess): £40k overdraft only	9.4	1.4	(3.8)	(11.6)	(11.4)	(24.6)	(30.7)	(36.5)	(42.0)	(42.2)	(30.4)	(32.0)			
Council debtors at month end	182.8	177.4	176.3	186.8	202.2	213.8	227.2	242.5	251.0	257.7	257.3	262.4			
Headroom with £150k invoice discounting	159.4	151.4	146.1	138.4	138.6	125.4	119.3	113.5	108.0	107.8	119.6	118.0			

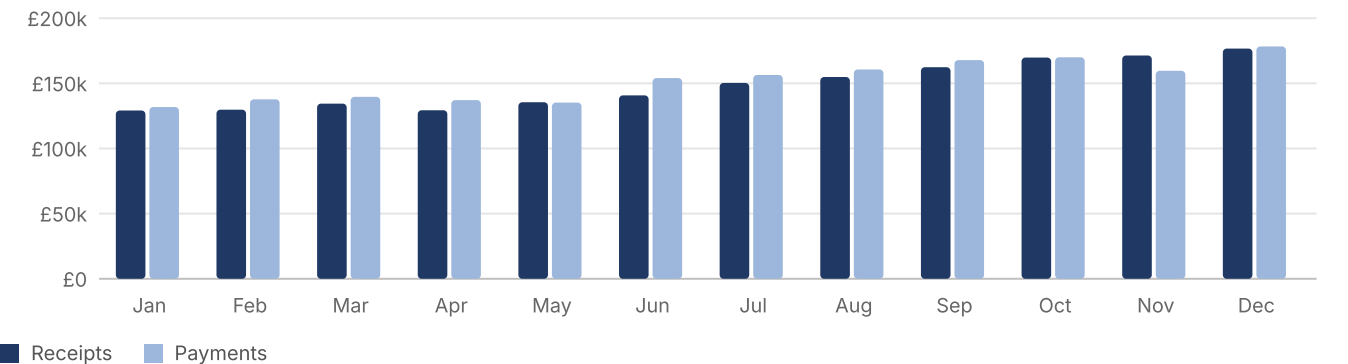
Figures in brackets are negative balances (borrowing). Care workers are paid weekly, so months contain 4.33 weeks' pay on average; the 13-week view in section 5 shows the weekly timing. PAYE and NIC in May is lower because the £10,500 Employment Allowance is set against the April liability. Invoice discounting availability is 85% of council debtors, capped at the facility limit. The 2028 and 2029 columns are annual totals: hours up 3% and a further 3%, council rates up 3% a year, NLW up 3.5% a year from April 2028, overheads up 3% a year, and corporation tax on 2027 and 2028 profits paid in October 2028 and 2029.

BEYOND 2027

Once the contract is fully staffed, the business generates cash again: the balance is back in credit by the end of 2028 and reaches £115k at the end of 2029, so the facility funds growth rather than losses. The lowest month-end balance is (£69k) in 2028 and £17k in 2029.

4. Receipts, payroll and the tax calendar

MONTHLY RECEIPTS AND PAYMENTS



PAYMENTS TO HMRC AND THE PENSION PROVIDER

Month	PAYE and NIC	Pension	Corporation tax	Total
Jan	£20,972	£5,035	–	£26,007
Feb	£21,684	£5,217	–	£26,901
Mar	£19,961	£4,778	–	£24,739
Apr	£21,166	£5,085	–	£26,250
May	£11,889	£5,443	–	£17,332
Jun	£23,904	£5,832	–	£29,736
Jul	£24,136	£5,892	–	£30,028
Aug	£25,709	£6,296	–	£32,005
Sep	£26,611	£6,528	–	£33,139
Oct	£26,756	£6,565	£5,753	£39,074
Nov	£27,513	£6,760	–	£34,274
Dec	£26,756	£6,565	–	£33,321
Year	£277,056	£69,996	£5,753	£352,805

PAYE and NIC are paid by the 22nd of the following month and pension contributions by the 22nd. The Employment Allowance cuts the May payment. There is no VAT: care is exempt.

PAYROLL DRIVES THE CASH CYCLE

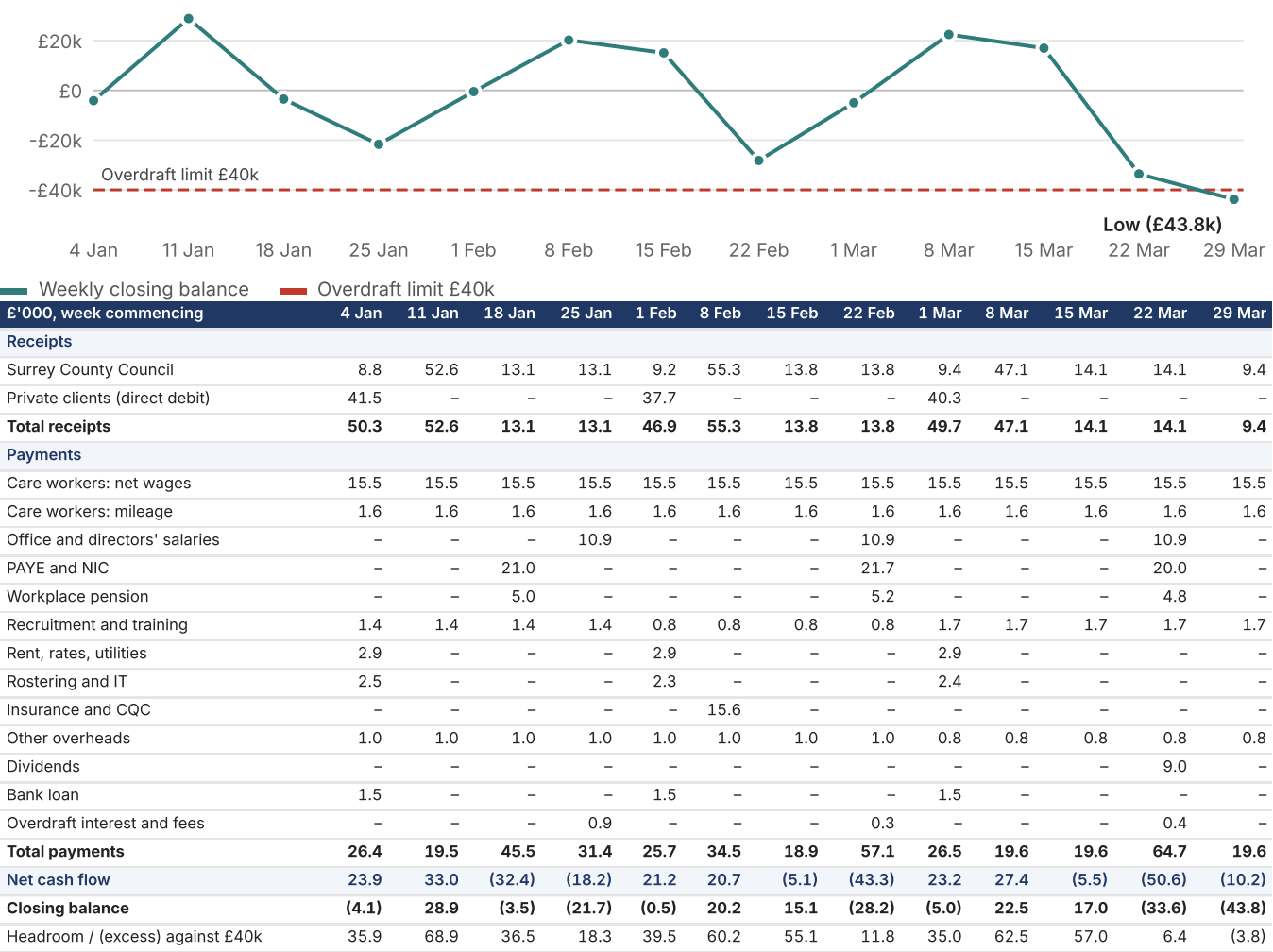
Payroll	Jan 2027	Sep 2027
Contact hours in the month	4,556	5,563
Care workers (equivalent)	48	59
Hourly pay rate	£13.10	£13.61
Care workers' gross pay	£81,601	£103,501
Employer NIC and pension (care workers)	£10,943	£14,057
Mileage	£7,176	£8,761
Direct care cost as % of sales	73%	74%

WHY GROWTH NEEDS FUNDING

An hour of council care delivered on 1 September is paid to the care worker within a week, but the council pays for it on average around 10 weeks later. During the ramp-up the company also recruits and onboards about 42 care workers in 2027 (new posts plus replacements), at about £1,100 each (DBS check, training and paid shadow shifts) before they deliver a paid hour. Payroll is about 83% of sales, so there is little margin to absorb late payment.

5. Thirteen-week cash flow, January to March 2027

Invoice finance providers and banks ask for a weekly view of the next quarter. For a care agency it matters more than usual, because care workers are paid every Friday while the council pays in a main payment run in the second week of the month, plus smaller runs. Rent, software and the loan go out in week one, PAYE, NIC and pension on the 22nd, and office salaries on the 25th. Care workers' wages and mileage are spread evenly across the 13 weeks; the weekly figures reconcile to the monthly forecast at the end of March.



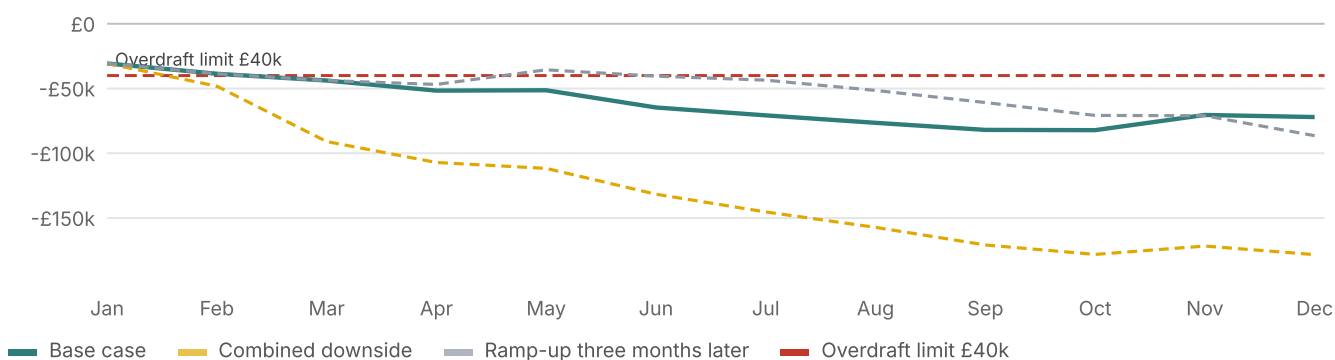
What the weekly view adds: the lowest weekly balance in the quarter is (£43.8k) in the week commencing 29 Mar. The main risk is the council's mid-month payment run: about £55k is expected in the week commencing 8 Feb, and if that run slipped by a week the balance would fall to (£35.0k), still within the current limit. Invoice discounting removes this timing risk, because cash is advanced when the invoice is raised, not when the council pays.

6. Scenarios and sensitivity

Each scenario changes one assumption from the base case from January 2027, with everything else held constant. The combined downside applies the two risks that care providers most often face together: slower council payment and a pay rise larger than the council's fee uplift.

Scenario	Peak need	Month	Months over £40k	Lowest headroom with facility	Balance 31 Dec	2027 EBITDA
Base case	(£82.2k)	Oct	10	£107.8k	(£72.0k)	£103k
Council pays about 18 days later on average	(£163.4k)	Oct	11	£26.6k	(£158.5k)	£103k
Framework hours ramp up three months later	(£86.4k)	Dec	9	£103.6k	(£86.4k)	£80k
NLW rises 6% in April 2027 (council uplift still 3%)	(£96.9k)	Oct	10	£93.1k	(£91.8k)	£83k
Carer shortage: 5% of hours covered at overtime rates	(£140.3k)	Dec	11	£49.7k	(£140.3k)	£36k
Bank Rate 4.0% (next MPC decision 5 Nov 2026)	(£82.2k)	Oct	10	£107.8k	(£72.1k)	£103k
Combined downside (late payment + 6% NLW rise)	(£178.3k)	Dec	11	£11.7k	(£178.3k)	£83k

MONTH-END BALANCE: BASE CASE AND DOWNSIDES



READING THE SCENARIOS

- **Late payment is the biggest cash risk.** Paying about 18 days later on council invoices adds about £81.3k to the peak need. But it also enlarges the debtor book, so invoice discounting availability rises with it: this is the main reason to prefer it to a larger overdraft.
- **Pay is the biggest profit risk.** If the NLW rises 6% next April while the council uplift stays at 3%, 2027 EBITDA falls to £83k and the peak need grows by £14.7k. 29% of councils and NHS bodies already pay less than the cost of employing care workers at the minimum wage (Homecare Association).
- **A slower ramp-up shifts the need rather than removing it:** recruitment and the debtor build-up happen later, so the peak moves to Dec and is £4k larger, while 2027 EBITDA is £22k lower because the fixed office costs are spread over fewer hours.
- **Overtime cover** for 5% of hours costs £66k of EBITDA. Interest rates matter little: a quarter-point rise adds under £100 a year.
- **Combined downside:** the peak need is (£178.3k); the overdraft plus the proposed facility still leaves headroom of £11.7k.

7. Funding options and returns

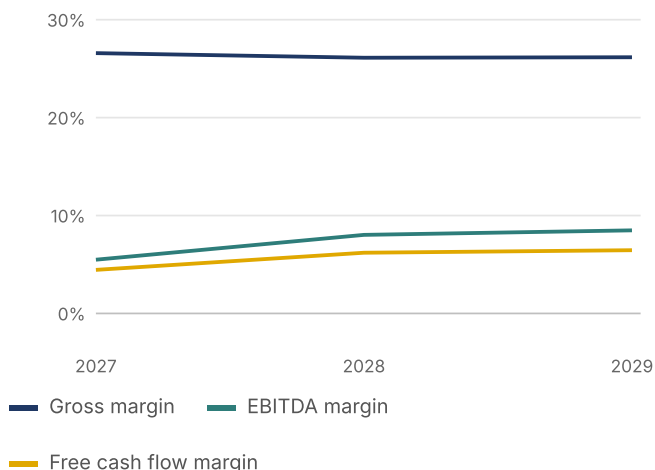
The need is driven by a growing debtor book, not by losses, so the funding should grow with the debtor book. The options below are costed on the same forecast.

Option	Funding at the peak	Annual cost (approx.)	For	Against
A. Invoice discounting, £150k limit, on council invoices	£150k	£12,511	Grows with the contract; 85% advanced when the invoice is raised; confidential; council debt is high quality	Service fee 0.8% of council turnover; 12-month minimum term; one debtor is about three-quarters of the ledger, so it needs a provider that accepts local-authority concentration
B. Overdraft increased to £95k	£55k	£4,354	Simple; interest only on what is used	Fixed limit does not grow with sales; repayable on demand; banks rarely lend unsecured at this multiple of net assets to care providers
C. Faster council invoicing	£26k	–	Confirming hours on the portal within three days of month end brings payment forward about a week	Needs clean call-monitoring data every month
D. Private clients pay 4-weekly in advance	£37k	–	Removes private debtors entirely	Existing clients must agree; new clients only at first
E. Pause the September dividend	£9k	–	No cost	Directors' personal cash flow

Recommended package: option A as the core facility, keeping the £40k overdraft for weekly payroll timing, with option C implemented from January and option E held in reserve. On the base case the business uses the facility through 2027 and repays it during 2028.

PROFIT, FREE CASH FLOW AND RETURN ON CAPITAL

£'000	2027	2028	2029
Sales	£1,872k	£2,212k	£2,353k
Gross profit (after care workers' pay, NIC, pension and mileage)	£498k	£578k	£616k
Gross margin	26.6%	26.1%	26.2%
EBITDA	£103k	£177k	£200k
EBITDA margin	5.5%	8.0%	8.5%
Profit before tax	£88k	£166k	£194k
Corporation tax charge	£19k	£40k	£48k
Free cash flow (EBITDA less tax)	£83k	£137k	£152k
Free cash flow margin	4.4%	6.2%	6.5%
Capital invested at start of year: shareholders' funds	£214k	£246k	£335k
plus bank loan and overdraft	£64k	£92k	£3k
less cash at bank	£0k	£0k	(£12k)
Total capital invested (equity plus debt less cash)	£278k	£338k	£326k
NOPAT (profit before interest, less tax)	£78k	£132k	£147k
Return on invested capital (NOPAT ÷ capital invested)	28%	39%	45%



Free cash flow is EBITDA less the corporation tax charge. Capital invested is measured from the financing side: shareholders' funds plus the bank loan and overdraft, less cash, at the start of each year. A care agency needs little fixed capital, so returns on capital are high; the risk sits in working capital and in the gap between pay rises and fee uplifts.

Appendix: staffing, pricing and sources

STAFFING ASSUMPTIONS

Role	Basis	Pay	Annual cost
Care workers (48 rising to 59 FTE-equivalent)	Hourly, paid weekly; travel time and training paid; 12.07% holiday pay	£13.10/hr to Mar 2027; £13.61/hr from Apr 2027	£1,126k gross in 2027
Registered manager	Salary	£42,000	£42,000
2 × Care coordinators	Salary	£27,500 each	£55,000
Care supervisor / field trainer	Salary	£25,000	£25,000
Finance and HR administrator	Part-time salary	£18,000	£18,000
2 × Directors	Salary plus dividends	£12,000 each	£24,000
Office and directors			£164k a year (rising 4% each April)

PRICING OF THE INVOICE DISCOUNTING FACILITY

The facility is costed at a service fee of 0.8% of the council turnover passed through it and a discount charge of Bank Rate plus 3.0% on the amount drawn, within the indicative range for standard SME facilities. Because Surrey County Council is around 74% of the sales ledger, the facility needs a provider that will accept a single local-authority debtor above the usual 25–30% concentration limit; several specialist care-sector lenders do. Private-client invoices are excluded and stay outside the facility.

PAY AGAINST FEES

Care worker pay is set at the National Living Wage plus 39p, so each April the company's largest cost rises with the NLW while its main fee rises with the council's uplift. In 2026/27 the council rate of £28.20 an hour covers carer pay of £13.10 an hour multiplied by 1.22 paid hours and holiday pay, plus NIC, pension and mileage, leaving a gross margin of about 27%. The forecast assumes a 4% NLW rise in April 2027 against a 3% council uplift, and section 6 tests a 6% rise.

HOW THIS FORECAST WAS PREPARED

Gregory Analytics builds each forecast in Excel from the client's management accounts, payroll reports, rostering data and bank statements, so every line can be traced and updated. A real forecast is agreed with the directors line by line before it goes to a lender.

Sources. GOV.UK, National Living Wage increases to £12.71 per hour (press release, November 2025; effective 1 April 2026). · HMRC, Rates and thresholds for employers 2026 to 2027: employer NIC 15% above the £5,000 secondary threshold; Employment Allowance £10,500. · Surrey County Council, Annual fee increases for care providers: care within the home uplifted 3.3% from 1 April 2026 for providers on the APL Dynamic Purchasing System. · Homecare Association, Minimum Price for Homecare 2026-27 (19 January 2026) and press release of 22 December 2025: 29% of councils and NHS bodies pay less than the direct cost of employing careworkers at the minimum wage. · HMRC VAT Notice 701/2 Welfare: exemption for care supplied by CQC-registered providers. · Bank of England, Bank Rate 3.75% maintained (17 September 2026); next decision 5 November 2026. · Spark Finance, UK Invoice Finance Rate Index (June 2026): advance 70–90%; service fee 0.8–1.8% of turnover for standard SME facilities; discount SONIA + 2.5–4.5%; single-debtor concentration typically capped at 25–30%; 12-month minimum terms common. · The Pensions Regulator, auto-enrolment minimum contributions (8% total, 3% employer) and qualifying earnings band.

Linden Vale Homecare Ltd is a fictional company. All trading figures are made up for illustration; the rules, rates and survey findings quoted are real and dated.