



Cash outflows, on the other hand, include fixed expenses, variable expenses and discretionary expenses.

<b>Fixed expenses</b>	Fixed in nature. These expenses are generally necessities and the amounts incurred are normally the same every month. Examples are housing loan and hire purchase instalments, rental payments, insurance premiums and childcare expenses
<b>Variable expenses</b>	Vary from month to month. Like fixed expenses, most variable expenses would also be considered necessities. Examples are food, clothing, utilities, mobile phone bills and essential household items
<b>Discretionary expenses</b>	Optional expenses. Most discretionary expenses are items which are considered non-necessities or nice-to-have. Examples are dining out, branded clothing, air-conditioning, cable TV, entertainment and non-essential household items

Now that you have an understanding of cash inflows and outflows, let us study its application through a cash flow statement.

