**Cash Flow Forecasts**

**Cash Flow Forecasts are financial plans showing all the cash receipts and cash payments in a business over a period of time (similar to a budget for a household)**

**Reasons for preparing them:**

* **To project future receipts**
* **To project future payments**
* **Identify monthly surplus/deficits**
* **Identify times of needing to borrow/invest**
* **Assist in applying for a loan from the bank**

**What can a business do if it has cashflow problems?- This may form part of the advice you may give a business in a question if it is struggling**

**Increase Income- look for ways to increase sales, sell off slow moving stock, increase finance, increase prices**

**Reduce payments- Cut back on non essential costs, improve credit control, buy from cheaper suppliers, reduce staff**

**Let’s look at a sample Cash Flow Forecast together in class. Please note that there is a video to support this question on the website.**



