**CASH FLOW FORECAST TELLS A STORY**

The third component of Predictive Accounting is the preparation of the Cash Flow Forecast.

In the “Key Drivers” there are schedules of items which directly relate to the cash flow forecast:

* Loan accounts – showing funds received and payments
* Capital expenditure – payments
* Debtors – receipts
* PayPal and similar “Payment Processors” – receipts less the retention amount showing net amount received by the business
* Creditors – payments
* Inventory – payments
* Dividends – payments to shareholders

There will also be direct postings from the Budgets.

The balances forecast in the Cash Flow Forecast should be closely monitored.

The Cash Flow Forecast may indicate that the business needs a fresh injection of funds – additional borrowings or capital raising.

**ESS BIZTOOLS** includes guidelines relative to the preparation of Cash Flow Forecast within the Advanced Product Package.

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