

# Financial Forecasting Checklist - Public

## 1. Define the Forecasting Period:

- Determine the timeframe for your financial forecast (e.g., monthly, quarterly, or annually).

## 2. Gather Historical Data:

- Collect historical financial data, including income statements, balance sheets, and cash flow statements.

## 3. Identify Key Assumptions:

- List the key assumptions that will drive your financial forecasts, such as sales growth rates, pricing, and cost estimates.

## 4. Sales Forecast:

- Project your sales revenue by considering market trends, customer behavior, and historical sales data.

## 5. Expense Forecast:

- Estimate operating expenses, including salaries, rent, utilities, marketing, and other costs.

## 6. Cash Flow Projection:

- Create a detailed cash flow projection that accounts for inflows and outflows of cash.

## 7. Budget Allocation:

- Allocate budgets for each department or project based on your financial forecasts.

## 8. Profit and Loss Statement:

- Develop a projected profit and loss (P&L) statement that outlines revenue, expenses, and net income.

## 9. Balance Sheet Forecast:

- Prepare a balance sheet forecast to show your company's assets, liabilities, and equity over time.

## 10. Cash Flow Statement Forecast:

- Create a cash flow statement forecast to track cash inflows and outflows, ensuring liquidity.

## 11. Sensitivity Analysis:

- Conduct sensitivity analysis to assess the impact of changes in key assumptions on your financial forecasts.

## **12. Scenario Planning:**

- Develop different scenarios (optimistic, pessimistic, and base case) to prepare for various economic conditions.

## **13. Break-Even Analysis:**

- Calculate the break-even point to determine the level of sales needed to cover costs.

## **14. Capital Expenditure Forecast:**

- Estimate capital expenditures required for investments in assets, equipment, or facilities.

## **15. Debt Management:**

- Plan for debt repayment and interest expenses in your financial forecasts.

## **16. Tax Projections:**

- Consider the tax implications of your financial forecasts and budget for tax payments.

## **17. Working Capital Management:**

- Manage working capital by optimizing accounts receivable, accounts payable, and inventory levels.

## **18. Continuous Monitoring:**

- Regularly monitor your financial forecasts and compare them to actual financial performance.

## **19. Adjust and Revise:**

- Be prepared to adjust your forecasts based on actual results and changing business conditions.

## **20. Communicate with Stakeholders:**

- Share financial forecasts with key stakeholders, such as investors, lenders, and management.

## **21. Use Financial Modeling Tools:**

- Utilize financial modeling software or spreadsheets to create accurate forecasts.

## **22. Risk Assessment:**

- Assess potential risks and uncertainties that may impact your financial forecasts.

## **23. Investment Analysis:**

- Evaluate investment opportunities based on the financial forecasts.

## **24. Cash Reserve Planning:**

- Plan for cash reserves to cover unexpected expenses or economic downturns.

## **25. Financial Strategy Alignment:**

- Ensure that your financial forecasts align with your overall business strategy and goals.

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