

# Financial forecasting essay sample



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The complete meaning of financial forecasting is a way to be able to develop the related things of pro forma and the projected financial statement. Based on the projected statement, any business will be able to determine the future position of accounts receivables, inventory, accounts payable, and the other expense accounts of the business as it will be informed of the profits and borrowing of the business that is required.

A brand new company will need to be able to provide a sales projection plan, the production plan, to be able to put together the pro forma income statement. A brand new company will not have a balance sheet from the year before, or will it have an income statement, a cash balance sheet or any other budget plan that could be used to be able to secure the operating capital and the loans that is from the bank. A new company that is starting up and that is forming they will need to know how much of the product they will need to be able to produce the product, how much it will cost to make each item, and how much of revenue that will be expected.

A company that is a family owned company will be in the same position as a brand new company. A family owned company will need to provide the sales projection, the production a large business to be able not see any kind of a difference to the position than a brand new company. A family business that will have a sales plan and a budget sheet will be necessary to get a loan from a bank and the planning on how you will be able to pay your own personal monthly payments.

The long standing company is in the same position, as the brand new and the family owned company than it would not be a long standing company.

The pro forma income statement, cash budget, and the other budgets that are used together equal FINANCIAL FORECASTING

the pro forma balance sheet that are used by a business rather it is small or a large business to be able to obtain the loan, the set production position, forecast the sales, and the forecast of profits financial forecasting is a look at the pro forma balance sheet this would be the end product of other budget plans. Pro forma balance sheet will be able to show at a glance the assets and the liabilities. Companies will be able to use this information to be able to determine the gross profits and the projected sales income.