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Department of Management

3rd Year Financial Management

Activity 01: fill in the gaps with the appropriate words while listening to the script.

1. What is Financial Forecasting?

Financial forecasting is the process of …………………… what happened in the ……………………, what is happening ……………………, and using that information to determine what is going to happen in the …………………… Businesses use financial forecasting as a tool for …………………… and adapting to uncertainty by more effectively predicting ……………………, opportunities and …………………… that the business could encounter.

By engaging in a thorough…………………… , enterprises can generate financial plans that …………………… their …………………… expenses, …………………… , and other organization-specific macroeconomic factors…………………… financial forecasting. A strong forecast includes…………………… outlooks on contingencies for …………………… not currently viewed as necessary and other conditions that might possibly affect …………………….

2. What is the difference between Financial Forecasting and Financial Planning?

The difference between financial planning and forecasting is that a…………………… is a concrete, …………………… for executing the financial forecast. A financial forecast is a projection or estimate of likely future …………………… and revenue or income, while a financial plan sets forth the steps needed to cover future expenses and generate future…………………… .

A financial plan lays out the process for making use of ……………………such as available capital to meet organizational …………………… for profit or growth based on the financial ……………………. A financial forecast in a business plan lays out how to apply …………………… to generate optimal ……………………….

3. What are the Advantages of Financial Forecasting?

- Aids in …………………… and…………………….
- Improves ……………………management.
- Helps in setting realistic financial …………………….
- Reduces risks by anticipating …………………….

- …………………… investor confidence.

4. What are the Disadvantages of Financial Forecasting:

- Can be inaccurate due to reliance on …………………….
- …………………… and resource-intensive.
- Over-reliance on ……………………may not…………………… future changes.
- Can be…………………… , especially for …………………… businesses.
- May create a false sense of …………………… if not updated regularly

Activity 02: answer the following questions, based on your previous studies.

1. What are the objectives of forecasting?
2. What data sources will be used?
3. What forecasting method is most suitable?
4. When do we use the qualitative method?