

Short term cash forecasting accelerator

Practical considerations for taking control of your cash

April 2020



Cash forecasting excellence

Clients often struggle with direct forecasting, predicting receipts and payments, because whilst they may have a robust reporting environment, a lack of need means short term cash forecasting does not feature in the regular cadence of the business. Where it is done, it can often be the domain of just one individual, and the prospect of rolling out in a time constrained business can be unappealing.

However, an effective cash forecasting process provides clear visibility on your cash position and more importantly provides a platform for informed decisions on cash conservation activity.

Three things are key to any effective process:

- **Process**
- **People**
- **Tools**

Whilst process and people are critical to enable real change, an effective cash forecast relies on business wide accessible tools supported with involvement from all functions to input assumptions.

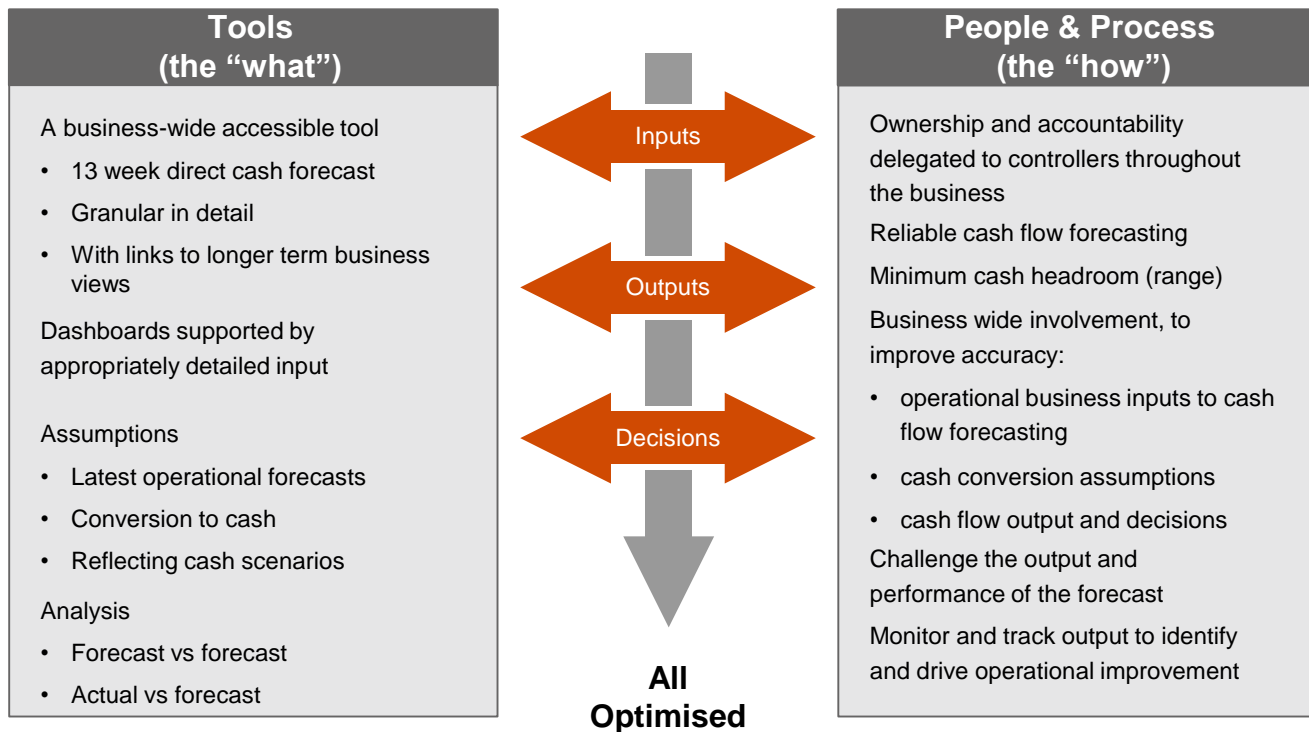
We have developed a template tool and approach which can help you track cash and realise benefits from day 1, whilst looking to develop and embed a sustainable cash culture to drive home value.

Cash Forecasting Maturity:



Key components of cash forecasting

Effective cash forecasting has the tools and the people & process working together to deliver excellence

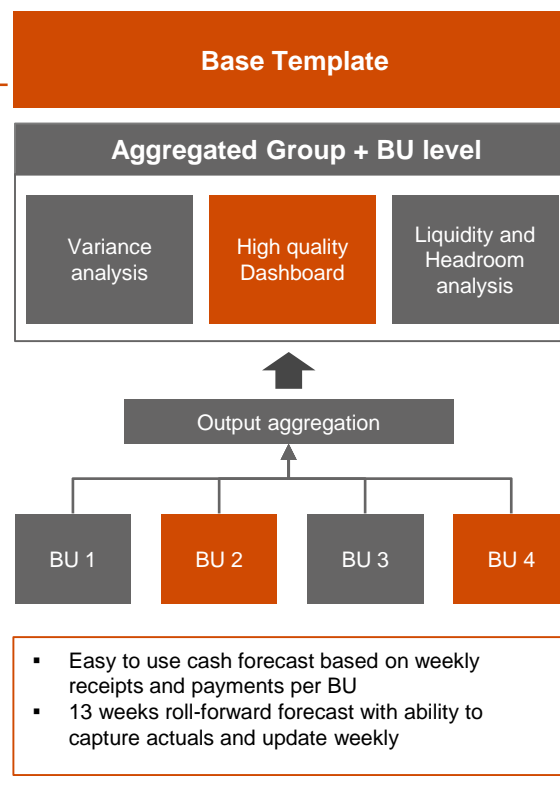


Cash forecasting tools - a modular approach

We have developed a generic template which can be deployed from day 1 to give you an immediate view on cash. We will work with you to enhance and build on the template using a modular approach, allowing you to build out the tool in a way that is relevant to you, only layering in those aspects which are business critical.

13 week cash flow forecast template - introduction

- Our **13 Week Cash Flow Forecast Template** allows capturing and tracking of core performance
- The Template includes:
 - direct cash flow for up to 4 BUs
 - basic AR/AP unwind
 - variance analysis to track forecasting accuracy
 - graphic dashboarding for liquidity and headroom analysis
- It provides a platform on which robust processes and due consideration on the inputs can be built
- We can work with you to expand, extend and enhance the template and your process through a number of modules



Embedding for success - Additional support available

Technical modules

Smart AR Unwind	Smart AP Unwind	HR (incl. Tax)
Budget Overlay	Accruals	Property leases
Sales forecast	Intercompany Trading/Loans	Capex
Tax	FX	Covenants

People and Processes

Training	Embed model	Governance
Alteryx Workflows	Cash levers	Treasury management
Verify Actuals	Test assumptions	Cash processes

The template: what do you get?

Easy to set up and tailor, to start forecasting immediately

1. Template purpose

The purpose of this template is to facilitate a 13 week cash forecasting process. Each week, 13 weeks of forecast of These cash flows are aggregated to arrive at a group view with a dashboard output.

This template is aimed at supporting the weekly cash process and should be updated at the beginning of each week v the actual results for the previous week. The template provides forecast accuracy dynamics.

Please note that this is a simple generic template that does not calculate the forecast cash inflows and outflows. These corresponding section of the template.

2. Instructions for use

Note: Each instruction below has a corresponding link on the right hand side, if necessary.

A) Navigation

In order to navigate through the model, there are buttons at the top of each sheet which will take you to the navigation Navigation to the rest of the sheets can be found in the NAV sheet.

B) First use

- Before first use, the Forecast start date (see section 4 below) should be set as the first day of the forecast period will be automatically rolled forward on a weekly basis.
- After setting the Forecast start date, navigate to the 'Admin' sheet and populate the following to set up the model:
 - Company name

Actuals		Accepted Variance (+/-)		Accepted Variance (+/-)	
		£	150.00	%	15%
BUA Last Week Actual Cash Flow					
Cash Flows					
Inflows					
AR unwind	1,032	929	103	11.1%	
AR other	34	35	(1)	(2.0%)	
Inter-company	15	12	3	20.0%	
Debt Drawdowns	180	162	18	11.1%	
[Share]	42	34	8	20.0%	
[Share]	543	489	54	11.1%	
Total Inflows	1,846	1,669	186	11.2%	
Outflows					
AP unwind	(1,213)	(1,092)	(121)	11.1%	
AP other	(323)	(329)	6	(2.0%)	
Inter-company	(10)	(8)	(2)	20.0%	
Expenses	(22)	(20)	(2)	11.1%	
Tax	(100)	(80)	(20)	20.0%	
Case	(2,131)	(1,918)	(213)	20.0%	
Dividends	(12)	(12)	0	(2.0%)	
Interests and Repayments	(22)	(20)	(2)	11.1%	
Employee expenses	(31)	(25)	(6)	20.0%	
Utilities	(21)	(19)	(2)	11.1%	

Supports weekly process by enabling targeted variance analysis of actuals v forecast, reforecast and accuracy

Easy to populate and flexible to adapt to your specific business

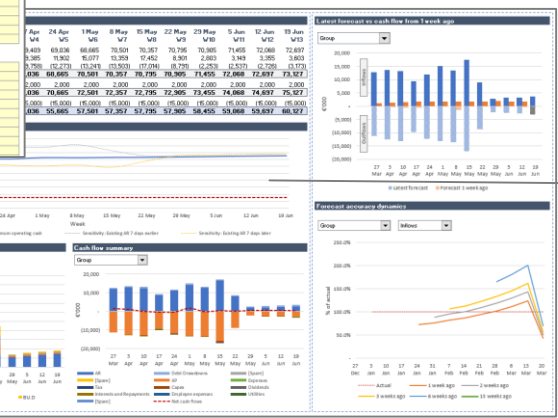
Sheet Check Master Flag Master Check

	23 Mar 20	30 Mar 20	6 Apr 20	13 Apr 20	20 Apr 20	27 Apr 20	4 May 20
23 Mar 20	1	2	3	4	5	6	7

as positive and cash outflows as negative values

Cash Flow Inputs

	23 Mar 20	30 Mar 20	6 Apr 20	13 Apr 20	20 Apr 20	27 Apr 20	4 May 20
26,654	2,995	3,188	3,084	2,125	2,745	3,528	3,923
11,670	100	110	121	133	145	205	205
208	10	11	12	13	14	15	15
2,390	178	178	175	175	180	175	175
-	-	-	-	-	-	-	-
40,912	3,283	3,407	3,392	2,446	3,085	3,923	3,923

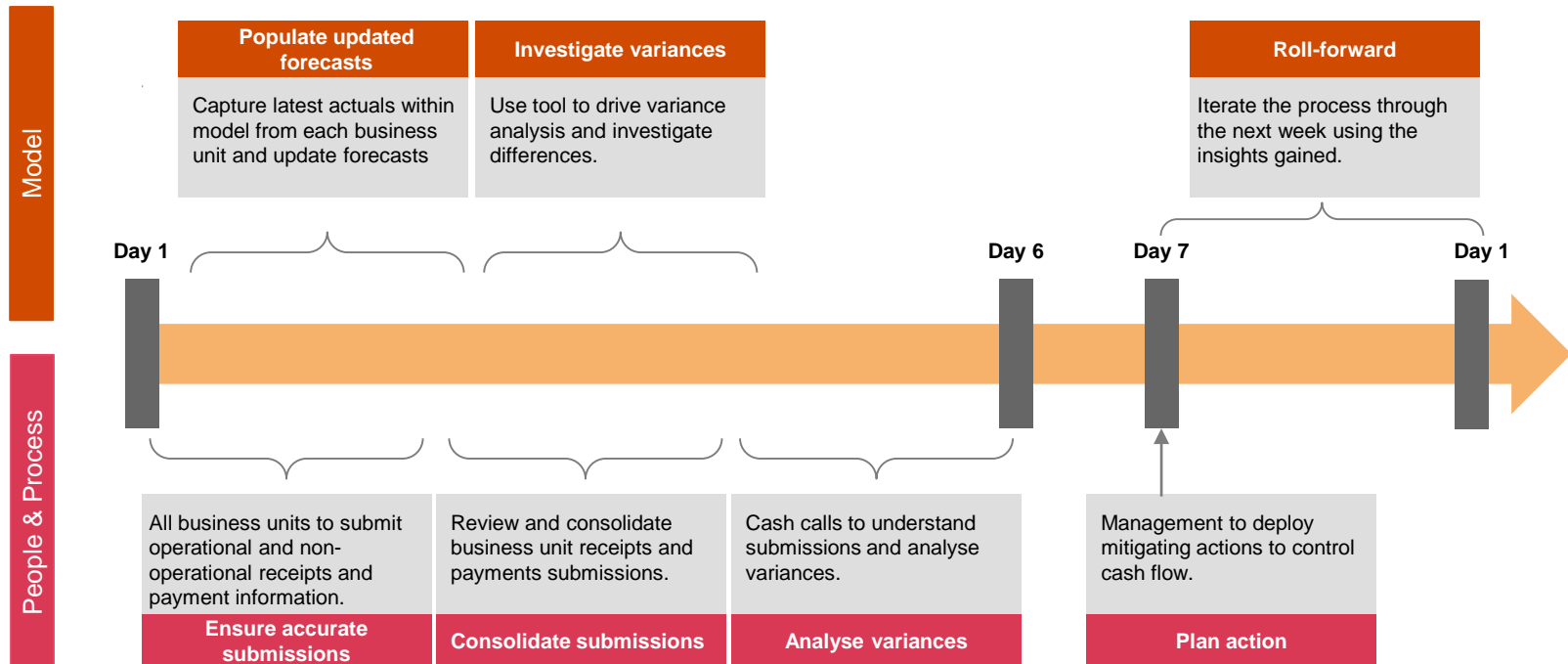


Graphic analysis provides actionable insight and feedback on initiatives

Creating a rhythm

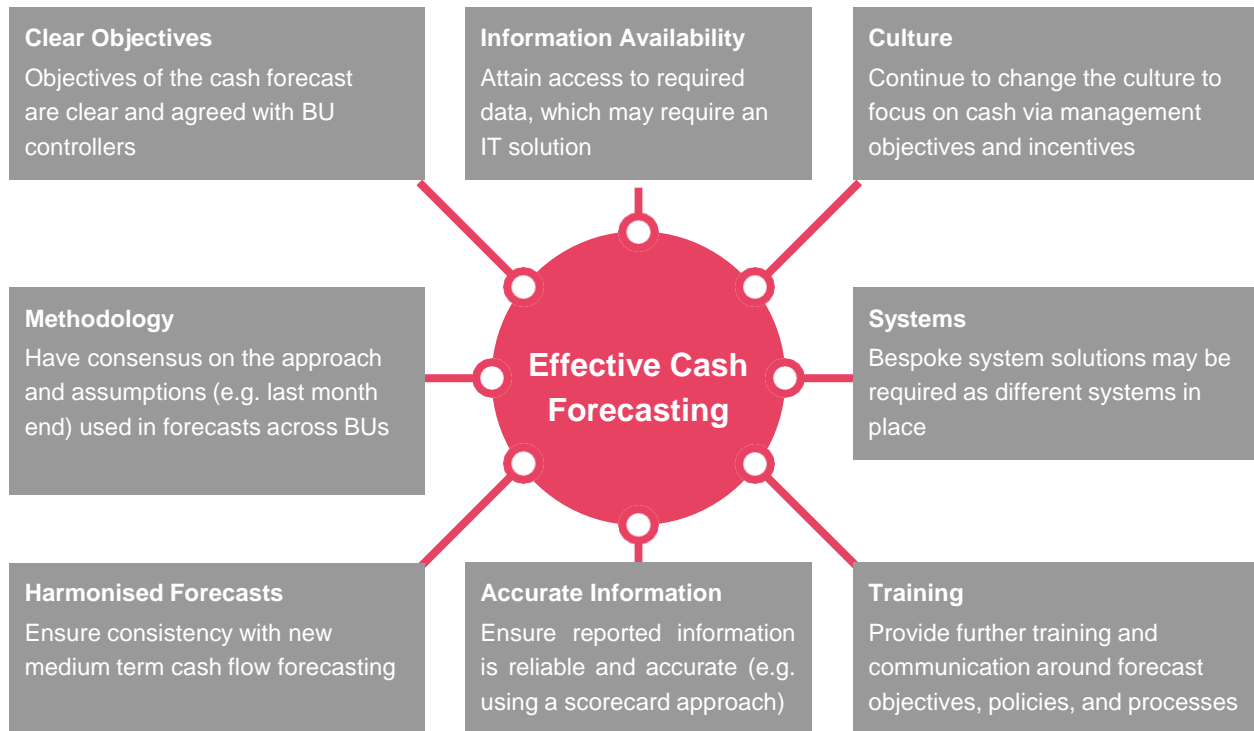
A forecasting tool is only as good as the inputs and process around it. We can work with you to embed a daily or weekly operating rhythm which underpins the cash forecast, brings in the relevant stakeholders from across the business, and ensures accountability to enhance accuracy and allow mitigating actions where necessary.

Example rhythm:



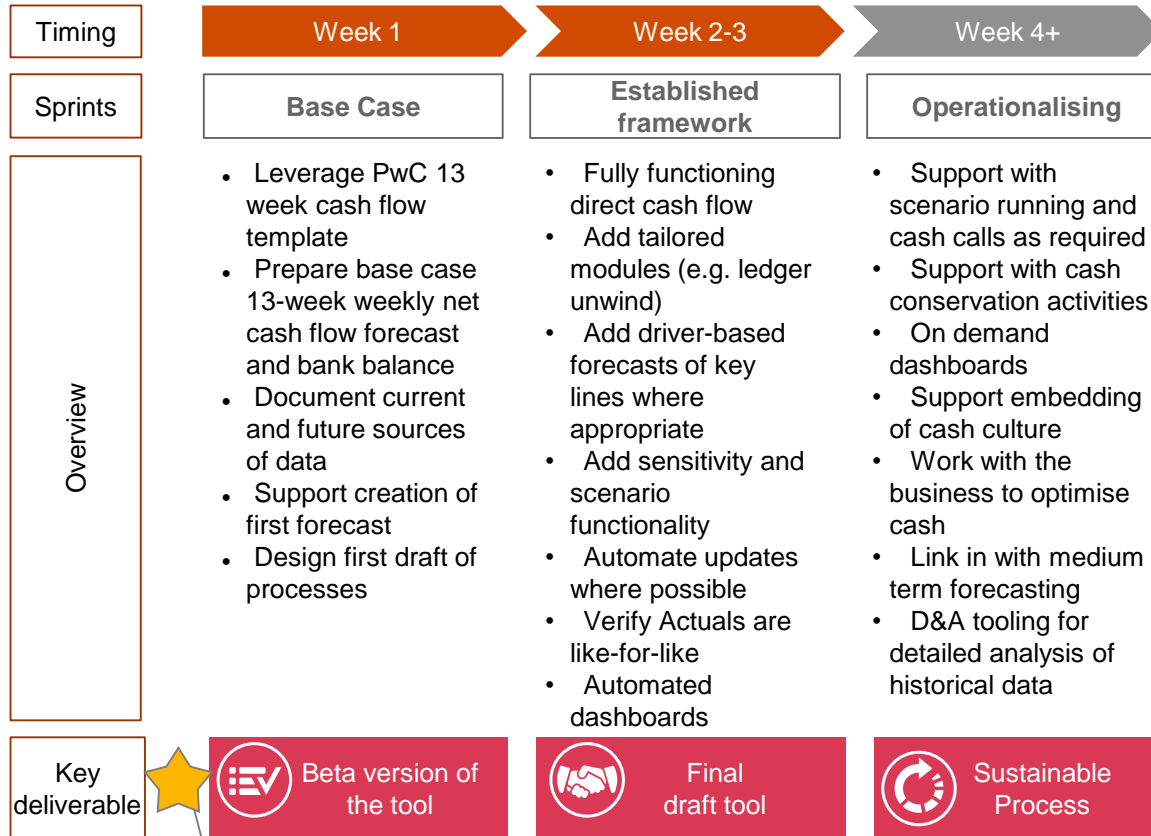
Critical success factors

There are eight critical success factors. Addressing these will help ensure a robust and accurate cash flow forecast process is embedded in your business.



Working with us

The accelerator provides value from day 1, whilst working to deliver a sustainable cash culture



Day 1: Provision of PwC 13 week cash accelerator

Contact us



Danyel Slabbers

Partner Valuations & Modelling
+31 (0)6 5148 1946
danyel.slabbers@pwc.com



Mark Dekker

Director Valuations & Modelling
+31 (0)6 2273 8076
mark.dekker@pwc.com



Edwin van Wijngaarden

Partner Business Restructuring Services
+31 (0)6 5462 4309
edwin.van.wijngaarden@pwc.com



Ralf Zwerver

Director Business Restructuring Services
+31 (0)6 1098 1538
ralf.zwerver@pwc.com



Cornelis Smaal

Partner Transaction Services
+31 (0)6 5573 1317
cornelis.smaal@pwc.com

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