IRAA
AUDIT . TAX . ADVISORY

INSIGHTS

INSIGHT
BEYOND NUMBERS

ACCOUNTING & FINANCE · 19 JULY 2026 · 10 MIN READ

Cash Flow Forecasting for UAE Businesses: A 13-Week Model Management Can Trust

A rolling thirteen-week model converts collections, commitments and working-capital risks into decisions before liquidity becomes urgent.

Akash Chetwani, CFA
SENIOR PARTNER · ADVISORY

IRAA Global Advisory

EDITORIAL GUIDE

Contents

ACCOUNTING & FINANCE · 10 MINUTE READ · JULY 2026

A rolling thirteen-week model converts collections, commitments and working-capital risks into decisions before liquidity becomes urgent.

> Profit does not pay payroll. A thirteen-week cash forecast gives a UAE business a short enough horizon to act with precision and a long enough horizon to negotiate collections, purchases, facilities and owner funding before liquidity becomes urgent.

The model is a rolling operational forecast of cash receipts and payments, normally updated weekly. It is not the annual budget divided by twelve, and it is not the statutory statement of cash flows. It answers a different management question: based on the best information available today, how much usable cash will the business have in each of the next thirteen weeks?

The minimum useful forecast

OPENING POSITION	Reconciled cash by bank account, separated from restricted, pledged or operationally unavailable balances.
RECEIPTS	Customer-level collections based on invoices, milestones, disputes and observed payment behaviour.
PAYMENTS	Payroll, suppliers, rent, tax, debt service, capital expenditure and approved discretionary spending.
DECISION LINE	Minimum liquidity, facility headroom and the date on which management action is required.

Start from bank-reconciled cash

The opening balance should agree to reconciled bank records on the forecast date. Include every account and identify uncleared payments, deposits in transit, merchant settlements and foreign-currency balances. Do not count undrawn facilities as cash; show them separately with limits, expiry dates, covenants and conditions to draw.

Restricted cash must be visible but excluded from freely available liquidity. Examples may include guarantees, escrow, security deposits or balances subject to contractual restrictions. A consolidated total that mixes accessible and inaccessible funds can create a false sense of comfort.

IAS 7 defines cash and cash equivalents for financial reporting and requires cash flows to be classified as operating, investing and financing. A thirteen-week management model can use more operational categories, but its opening and closing cash should reconcile to the accounting records. That link allows finance to explain differences between forecast liquidity and the published statement of cash flows.

Forecast receipts invoice by invoice

Revenue is not a cash forecast. Begin with the accounts-receivable ledger, remove settled or invalid items, and assign expected collection dates using contractual terms and actual customer behaviour. A customer that routinely pays 30 days late should not be forecast on the contractual due date without a specific reason.

Separate billed receivables from unbilled milestones and future sales. For project businesses, link collections to delivery, certification, customer approval and invoice dates. Apply probabilities only where they improve decisions; a weighted pipeline can look precise while hiding that no single contract is committed.

Collections owners should validate the forecast each week. Record disputes, missing purchase orders, credit notes, retention amounts and promised payment dates. Compare the prior week’s forecast with actual receipts and classify misses by cause. This creates a learning loop and exposes commercial issues that an ageing report alone does not show.

Build payments from commitments

Accounts payable is the starting point, not the complete answer. Add purchase orders, goods received but not invoiced, payroll, employee benefits, rent, utilities, insurance, loan repayments, cards, customs, VAT, corporate tax and capital expenditure. Include annual or quarterly payments in the correct week.

Do not automatically forecast suppliers at the latest possible date. Distinguish contractual terms from a deliberate payment decision and show the effect on critical supply, discounts and relationships. Delaying every supplier is not working-capital management; it can move operational risk off the spreadsheet and into the business.

Use a controlled payment hierarchy. Statutory obligations, payroll, essential suppliers and secured debt may have different consequences from discretionary marketing or uncommitted capital expenditure. Management should approve the hierarchy before a shortage occurs.

> *“A cash forecast becomes valuable when every material movement has an owner who can change the outcome.”*

Make working capital visible

Cash conversion should be explained through operational drivers: customer collection timing, supplier payment timing and inventory movement. Track receivable days, payable days and inventory days, but do not manage only to averages. Segment customers by risk and payment pattern, suppliers by criticality, and inventory by velocity and obsolescence.

Growth can absorb cash even when margins are strong. New contracts may require inventory, payroll or mobilisation costs weeks before billing. The forecast should show the maximum funding requirement for each growth initiative, not just its expected profit.

Connect collections to credit control. Set customer limits, approval for overrides, escalation stages and stop-supply rules. Connect purchasing to demand and stock. Excess inventory, early ordering and slow project close-out can consume more liquidity than the finance team can recover through payment scheduling.

Use scenarios without losing accountability

Maintain one management-approved base case. Then create a small number of explicit scenarios: for example, a major customer pays four weeks late, revenue is 15 per cent below plan, or a facility is not renewed. Do not bury assumptions in formulas. State the event, probability, cash effect, trigger and response.

Define a minimum liquidity threshold and facility-headroom threshold. When the forecast crosses either line, pre-agreed actions begin. Those actions can include senior collection calls, revised purchasing, expenditure deferral, shareholder funding, facility discussions or renegotiation of project terms.

Financing conversations should start while choices remain. Lenders will want reconciled historical financials, forecasts, covenant calculations and evidence of management action. A forecast created after facilities are exhausted is less credible and gives the business fewer alternatives.

Govern the model like a financial control

The forecast needs version control, access restrictions and independent review. Protect formulas, identify manual overrides and retain prior versions. Changes to payment dates, collection assumptions or financing should show the person, date and rationale.

Reconcile forecast to actual every week. Measure accuracy for total receipts, major customers, payroll, suppliers, tax and closing cash. Accuracy should improve over time. Persistent optimism is a governance issue, not a modelling problem.

Corporate-tax and VAT obligations should be scheduled from filed or forecast liabilities, not treated as residual cash. FTA guidance requires corporate-tax returns and payment generally within nine months after the end of the tax period. The weekly model should also reserve cash for obligations that are not yet due but are economically earned.

A weekly cash meeting that leads to action

01	**Reconcile:** Confirm opening bank cash and available facility headroom.
02	**Refresh:** Update customer receipts and committed payments with operational owners.
03	**Compare:** Explain prior forecast-to-actual differences and correct assumptions.
04	**Challenge:** Review the base case, downside triggers and minimum liquidity.
05	**Decide:** Assign collection, purchasing, spending and funding actions.

06

Document:
Lock the approved version and circulate decisions, owners and dates.

The purpose of the thirteen-week forecast is not to predict every dirham. It is to expose timing, concentration and uncertainty early enough for management to act. When it is reconciled, owned across the business and tested against actual outcomes, it becomes one of the most practical controls a growing company can operate.

Official sources

1. **IFRS Foundation: IAS 7 Statement of Cash Flows**
2. **Federal Tax Authority: Accounting Standards and Corporate Tax Guide**
3. **Federal Tax Authority: corporate-tax filing, payment and record reminder**

Online edition: **https://iraaglobal.com/insights/uae-13-week-cash-flow-forecasting-working-capital/**

ABOUT THE CONTRIBUTOR

Akash Chetwani, CFA

SENIOR PARTNER · ADVISORY

Cross-border advisory for professionals, founders, investors, and globally connected families.

PHONE	+971 56 921 0222
EMAIL	info@iraaglobal.com
PROFILES	LinkedIn · Contributor page and articles

IRAA GLOBAL

AUDIT · TAX · ADVISORY

A connected advisory firm for businesses operating across borders.

OUR EXPERTISE

Audit & Assurance	Corporate Tax & VAT
Accounting & Bookkeeping	Finance & CFO Advisory
AML, Risk & Compliance	Business Advisory & Setup
Human Resources Advisory	AI, Technology & Digital Assets
India-UAE Cross-Border Advisory	Private & Family Advisory

IRAA GLOBAL
AUDIT · TAX · ADVISORY

Insight beyond numbers.

IRAA Global Advisory

503 Mustafawi Carpet Building, Sharaf DG Metro Exit 1
Dubai, United Arab Emirates

+971 56 921 0222 · +971 50 677 9455
info@iraaglobal.com · www.iraaglobal.com

LAYOUT & DESIGN BY SURESH TAMANG