MANAGEMENT ACCOUNTS

Revealing 4 things you need to include in your management accounts

Management accounts are key to running and monitoring your business.

It's down to individual preference

WHAT SHOULD THEY CONTAIN?

as to what needs monitoring for investment decisions and strategy. Find some options below!

Typically they are produced on a monthly basis



1. KEY PERFORMANCE INDICATORS Do you know where your business is

the given timeframe.



performing the best?

KPIs allow you to measure specific dynamics in your organisation. This will establish if you're reaching your goals in

A full set of well thought through KPIs can provide invaluable business insight.



in your management

STAFF PERFORMANCE

Assess the

pertormance of

managers in their

areas of

responsibility.

accounts...

Monitor the performance areas of most interest in



BILLING

 \Rightarrow KPI Benefits \leftarrow

order to run your business to its full potential.

Determine which areas you're successful in & where improvement is needed.

if it's making money.



PERFORMANCE

Monitor how each

department, office,

or store is performing individually. Where is

the business

growing?

The **P&L statement**

details the revenues, **PROFIT** costs and expenses incurred. It helps you understand where you business currently is &



year, where relevant.

Presents a clear picture to investors of how well your business is performing.

You can create a departmental or

This can include expenses such as

segmental P&L account to gauge the

profitability of departments or locations.

manufacturing, production & materials.

compare this to the same interval last

Compare your actuals to what was **GROSS PROFIT** forecasted for the period. You can

DEPARTMENTAL

COST OF SALES

ANALYSIS

 \Rightarrow P&L Benefits \leftarrow Comparing the P&L to your budgeted figures will inform strategy such as hiring people to drive sales or where to cut expenditure.

3. CASH POSITION

A profitable business can still go

bust if it runs out of cash to pay

Knowing your cash position

WHAT YOU MIGHT INCLUDE:

decisions while informing any need to access funding.

BUDGET

COMPARISON

MARGINS

1.

DEBTOR DAYS

Provides an idea of how

long it takes to receive

payments from clients.

A forecast of how much

money to expect in

certain months will help

ensure you don't

overextend yourself

financiálly.

will drive budgeting & investment

the bills!

cash position gives A fundamental tool to you an indication of how plan where & how to allocate money in different areas of the well the business is generating money over time. business. It may also provide insight into seasonality

o Cash Position Benefits ullet

Understanding how & where your cash is going every month is vital to analysing how your strategy is likely to progress against expectations.

Knowing the cash position of the business will help ensure you don't run out of pocket

unexpectedly.

fixed assets current assets stock

- debtors cash prepayments
- THE BALANCE SHEET IS **DIVIDED INTO 3 MAIN SEGMENTS:**



Taxes Other

- liabilities

HISTORICAL FIGURES

The current & historical

in trading.

SOURCES OF FINANCE Debt

funds

Net assets

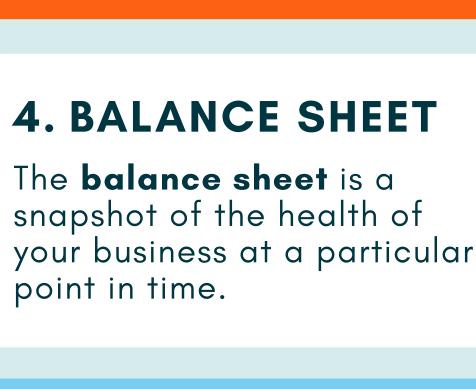
Shareholders

- Understand the value of what the business owns vs. how much it owes to comprehend how well you can meet you debts.

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ASSETS

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