



virtual
finance
director

This management report has been designed to provide you with a snapshot view of performance over the past year compared to the same period in the previous year.

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Reports completed on - 02/12/2021

Accounts complete to - May 2020

Management Report for A Fictional Software Company

If You Were Only To Read One Thing...

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The points below provide an overview of the performance of your business over the past 12 months, compared to the previous 12 months. The aim is to provide you with the key focus areas for your business going forward.

What worked well

Your total transactions have increased by 5.3% compared to last year. Up from 4,141 to 4,360

Your gross profit margin as a % of revenue has increased over the past 12 months (up 1.0%pts vs the previous year)

Your top 3 cost lines as a % of revenue (61.4%) has decreased by .3% over the past 12 months

Overheads as a % of revenue have reduced compared to last year (down 1.0%pts vs the previous year)

Performance over the past 6 months when extrapolated forward suggests profit for the next 12 months will increase

What didn't work so well

Your total revenue has decreased by (.2%) compared to last year. Down from £1,002,982 to £1,001,218

Your average value per transaction has decreased by (5.2%) compared to last year. Down from £242 to £230

You have generated 79 new customers over the past 12 months, (19.4% worse than in the previous 12 months)

51.1% of your customers last year also bought from you this year, a 4.2%pts drop on the % retained in the previous year

Revenue exposure has increased over the past 12 months, your top 10 customers generated 57.3% of total revenue (up 6.6% vs the previous year)

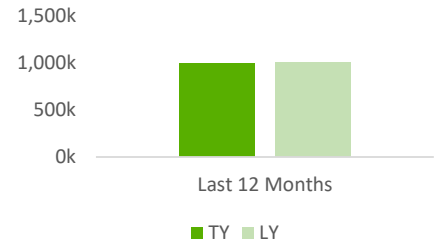
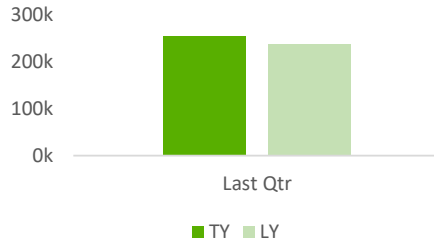
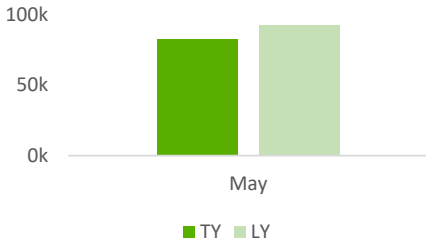
You made a profit in 7 of the past 12 months, a decrease of 2 compared to the previous year

The net worth of your business has decreased by 24.6% (£10,920) compared to this time last year

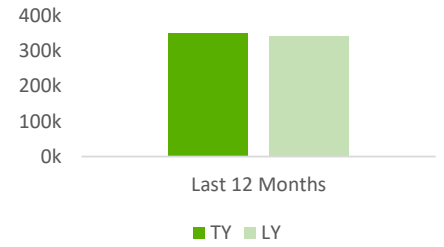
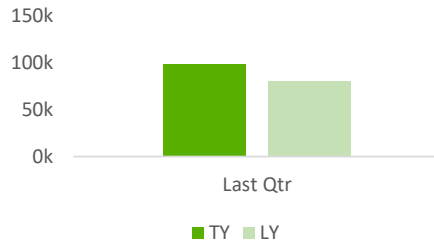
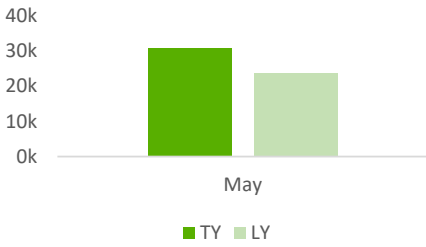
The current ratio of your business (current assets / current liabilities) is 1.03, a decrease of (.16) compared to this time last year

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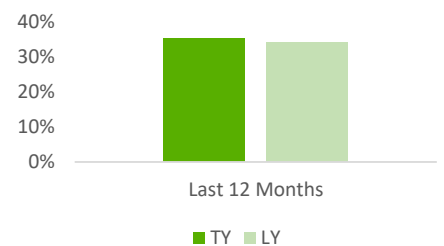
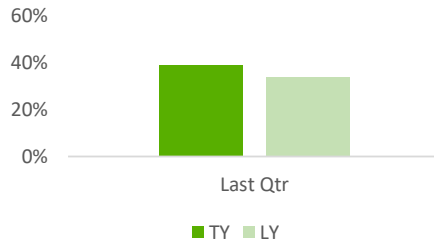
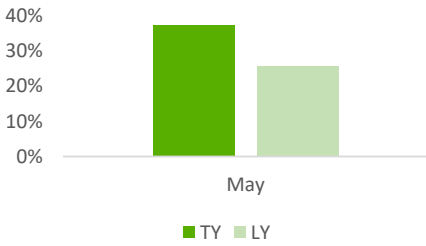
Revenue Performance



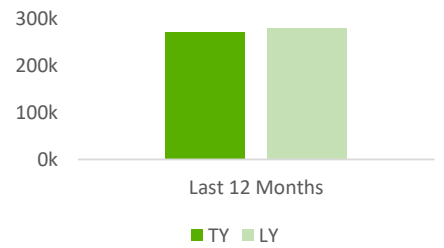
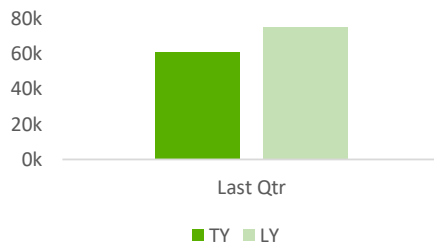
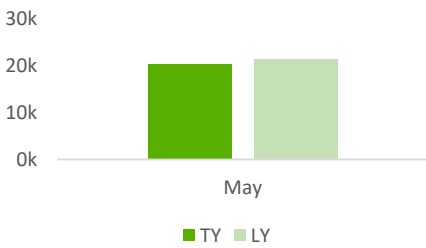
Gross Margin Performance



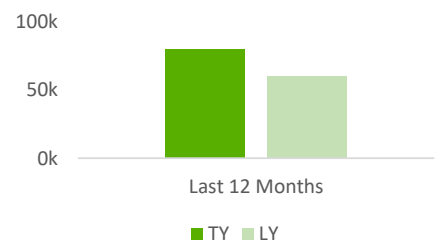
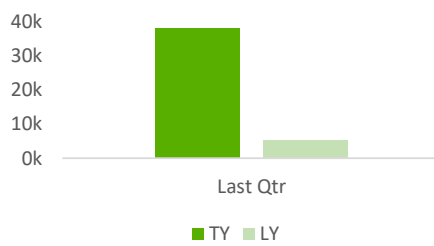
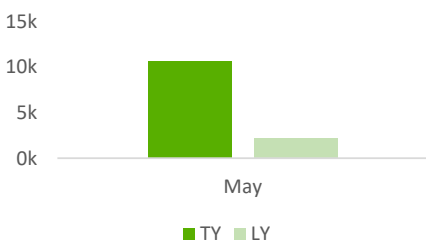
Gross Margin% Performance



Overheads Performance



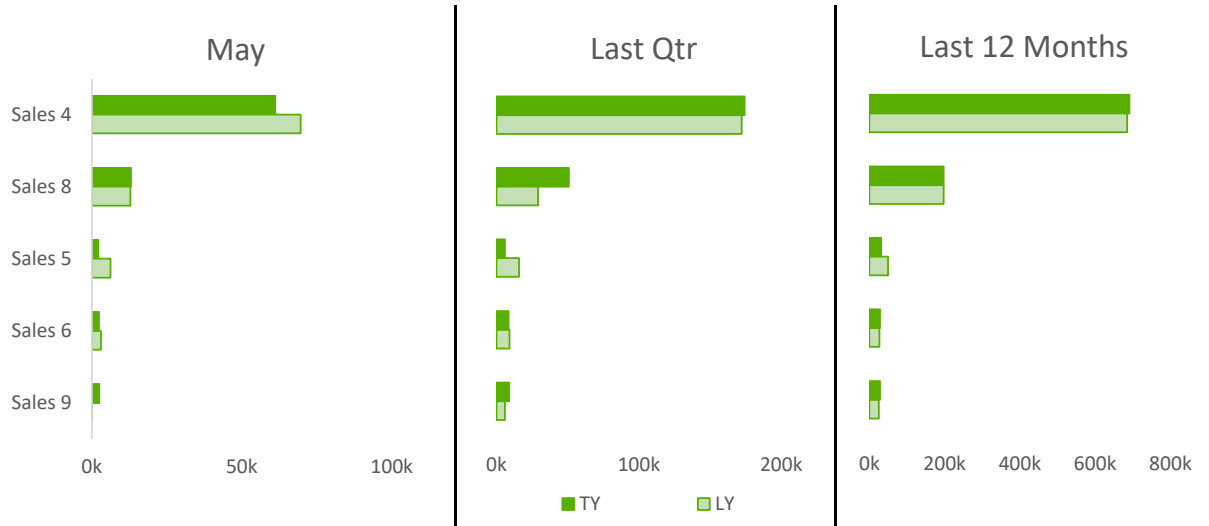
Net Profit Performance



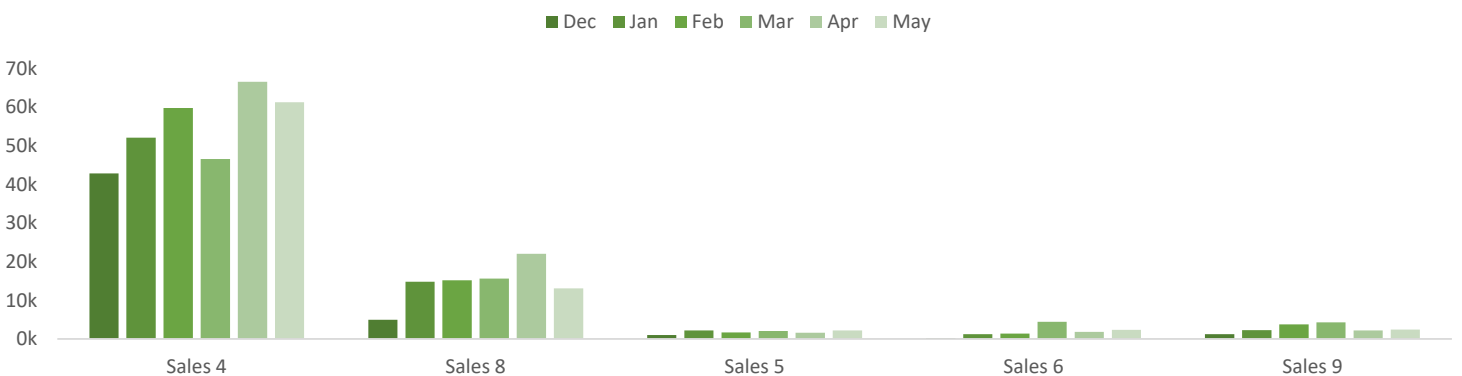
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Historical revenue performance

Total revenue in May (£82,758) was (£9,820) or (10.6%) lower than the same month last year. When added to the previous two months, revenue in the quarter was higher than the same quarter last year. The largest increase over the past quarter has come from Sales 8, with the largest decrease experienced in Sales 5.



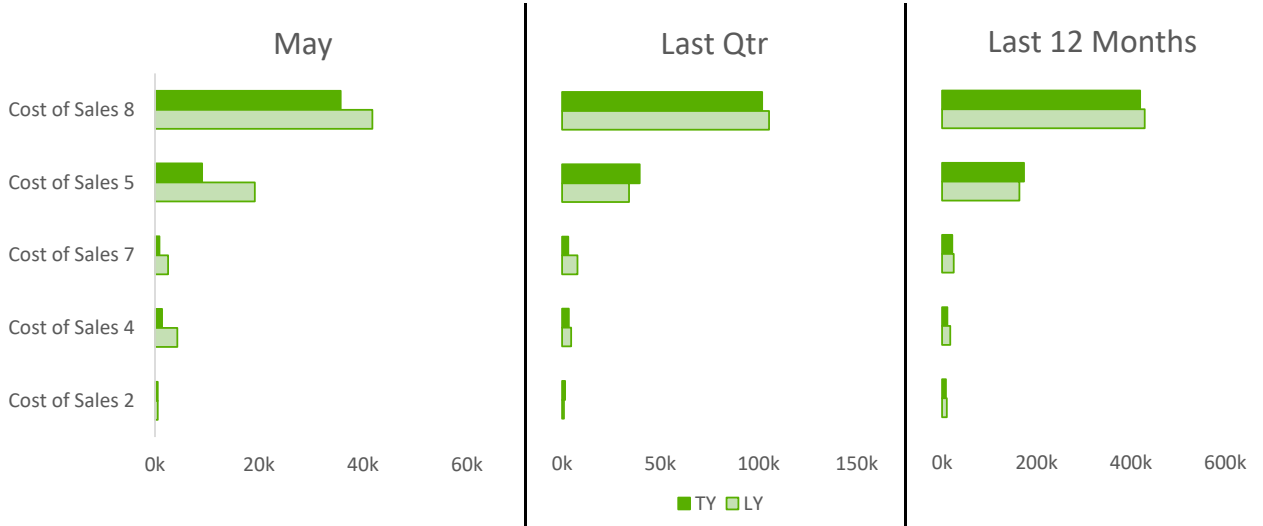
	May				Last Qtr				Last 12 Months			
	TY	LY	Var	Var %	TY	LY	Var	Var %	TY	LY	Var	Var %
Sales 4	61.2k	69.6k	(8.4k)	(12%)	174.2k	172.2k	2.0k	1%	691.3k	685.5k	6k	1%
Sales 8	13.1k	12.8k	0.3k	2%	50.8k	29.1k	21.6k	74%	198k	198k	0k	0%
Sales 5	2.2k	6.2k	(4.0k)	(64%)	5.9k	15.8k	(9.9k)	(63%)	32k	50k	(18k)	(36%)
Sales 6	2.4k	3.1k	(0.7k)	(24%)	8.6k	9.2k	(0.6k)	(7%)	29k	27k	1k	5%
Sales 9	2.4k	(0.4k)	2.8k		8.9k	6.0k	3.0k	50%	28k	26k	3k	10%
Sales 1	0.1k	0.2k	(0.1k)	(51%)	1.0k	2.5k	(1.5k)	(60%)	10k	5k	5k	91%
Sales 10	0.8k	0.2k	0.6k	254%	2.3k	0.6k	1.7k	309%	7k	6k	1k	13%
Sales 2	0.5k	0.8k	(0.3k)	(35%)	1.6k	1.7k	(0.1k)	(4%)	6k	6k	1k	13%
Sales 7					0.4k				0k			
Sales 3					0.0k	0.0k	0.0k	3,445%	0k	0k	0k	5,827%
Others												
Total	83k	93k	(10k)	(11%)	254k	237k	17k	7%	1,001k	1,003k	(2k)	(0%)



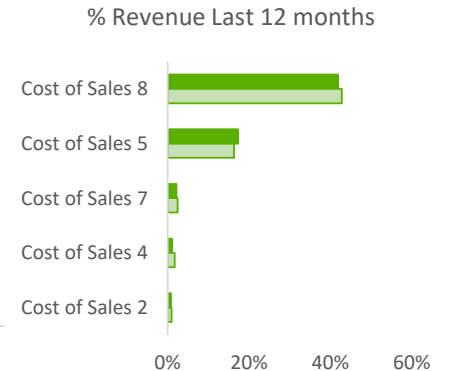
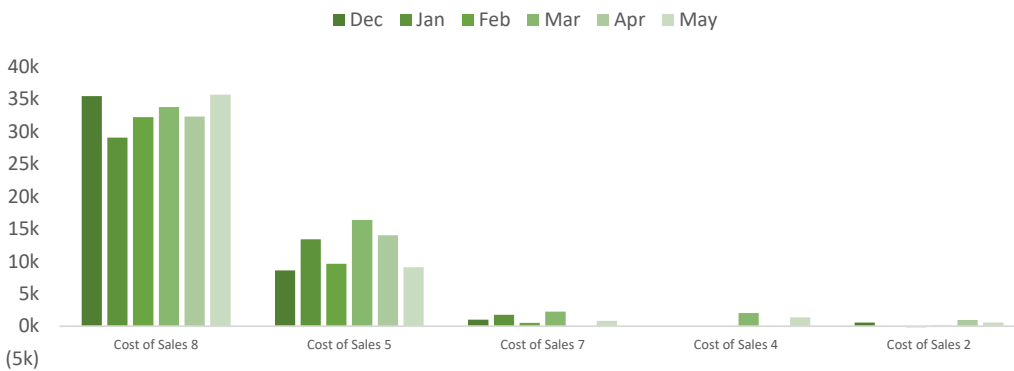
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Historical cost of sales performance

Total cost of sales in May (£51,809) were (£17,071) ((24.8%)) lower than than the same month last year. When added to the previous two months, cost of sales in the quarter were (£1,922) ((1.2%)) lower than than the same quarter last year. Of the top 10 cost of sales lines by spend, the largest increase over the past quarter has come from Cost of Sales 5, with the largest decrease experienced in Cost of Sales 7.



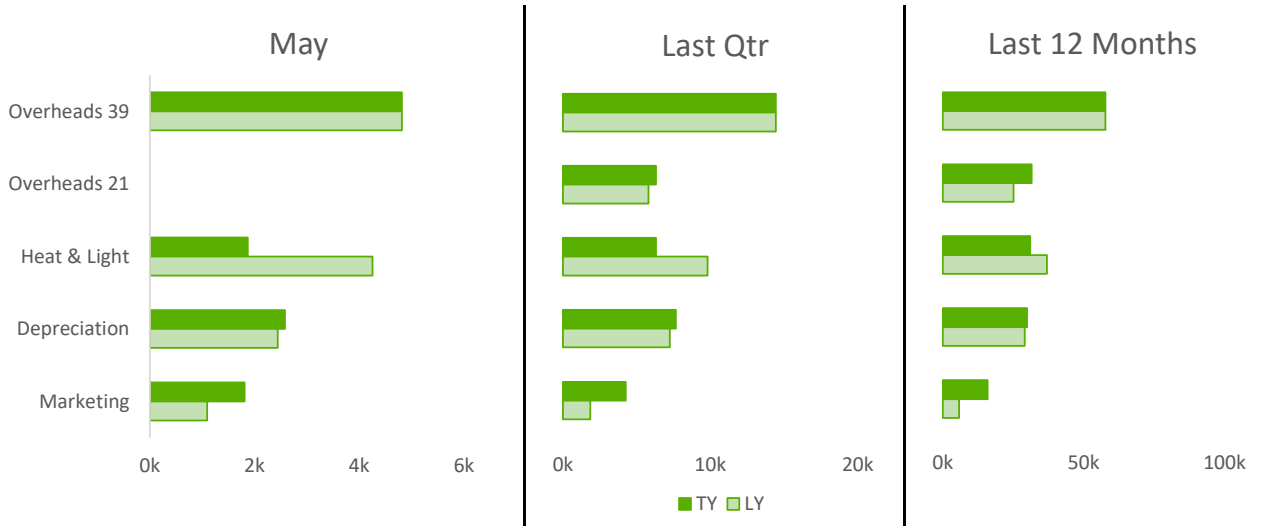
	May				Last Qtr				Last 12 Months			
	TY	LY	Var	Var %	TY	LY	Var	Var %	TY	LY	Var	Var %
Cost of Sales 8	35.7k	41.8k	(6.1k)	(15%)	101.8k	105.4k	(3.6k)	(3%)	420k	430k	(10k)	(2%)
Cost of Sales 5	9.1k	19.2k	(10.1k)	(53%)	39.5k	34.1k	5.4k	16%	174k	164k	10k	6%
Cost of Sales 7	0.8k	2.5k	(1.7k)	(67%)	3.1k	7.9k	(4.8k)	(61%)	22k	25k	(3k)	(13%)
Cost of Sales 4	1.4k	4.3k	(2.9k)	(68%)	3.4k	4.6k	(1.2k)	(25%)	11k	17k	(6k)	(35%)
Cost of Sales 2	0.5k	0.6k	(0.0k)	(1%)	1.6k	1.0k	0.6k	59%	8k	10k	(2k)	(19%)
Cost of Sales 1	0.9k				1.5k	0.9k	0.5k	58%	5k	5k	0k	3%
Cost of Sales 9									5k	4k	1k	17%
Cost of Sales 3	1.1k	0.5k	0.7k	147%	1.4k	1.0k	0.4k	42%	4k	3k	1k	55%
Cost of Sales 6	2.2k				2.5k	1.8k	0.7k	37%	3k	5k	(2k)	(34%)
Other						0k			(0k)			
Total	52k	69k	(17k)	(25%)	155k	157k	(2k)	(1%)	651k	662k	(11k)	(2%)
% of Revenue	63%	74%		(12%)	61%	66%		(5%)	65%	66%		(1%)



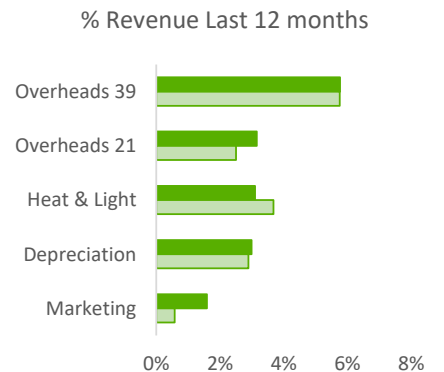
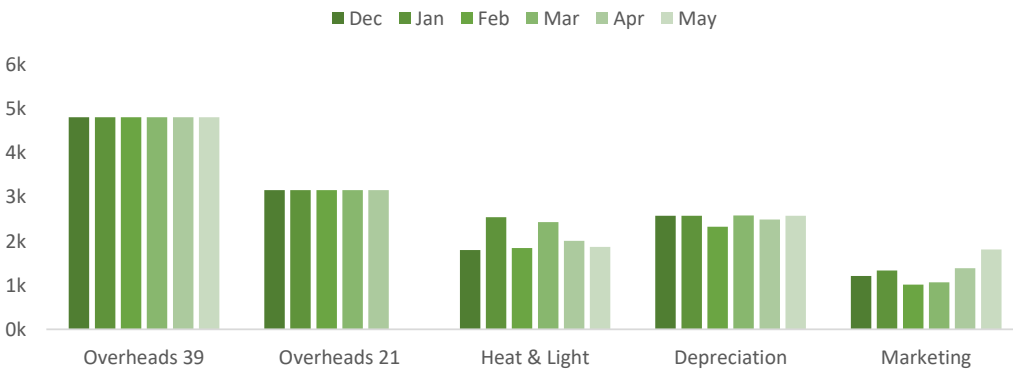
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Historical overheads performance

Total overheads in May (£20,284) were (£1,177) ((5.5%)) lower than than the same month last year. When added to the previous two months, overheads in the quarter were £61,053 ((18.9%)) lower than than the same quarter last year. Of the top 10 overhead lines by spend, the largest increase over the past quarter has come from Marketing, with the largest decrease experienced in Overheads 44.



	May				Last Qtr				Last 12 Months			
	TY	LY	Var	Var %	TY	LY	Var	Var %	TY	LY	Var	Var %
Overheads 39	4.8k	4.8k	0.0k	0%	14.4k	14.4k	0.0k	0%	58k	58k	0k	0%
Overheads 21					6.3k	5.8k	0.5k	9%	32k	25k	7k	26%
Heat & Light	1.9k	4.3k	(2.4k)	(56%)	6.3k	9.8k	(3.5k)	(36%)	31k	37k	(6k)	(16%)
Depreciation	2.6k	2.4k	0.1k	5%	7.7k	7.3k	0.4k	6%	30k	29k	1k	3%
Marketing	1.8k	1.1k	0.7k	65%	4.3k	1.9k	2.4k	130%	16k	6k	10k	176%
Overheads 37	1.1k	1.1k	0.0k	0%	3.4k	3.4k	0.0k	0%	14k	17k	(4k)	(22%)
Overheads 44	1.4k	4.2k	(2.8k)	(68%)	2.5k	6.8k	(4.3k)	(63%)	13k	22k	(9k)	(40%)
Advertising	1.0k	(0.3k)	1.3k		2.1k	0.8k	1.3k	157%	11k	6k	5k	94%
Overheads 27	0.8k	0.6k	0.2k	26%	2.3k	1.9k	0.5k	26%	10k	7k	3k	40%
Promotion	(0.1k)	0.1k	(0.2k)		0.3k	1.0k	(0.7k)	(71%)	7k	12k	(4k)	(36%)
Other	5k	3k	1.9k	61%	11k	22k	(10.8k)	(49%)	49k	63k	(14k)	(22%)
Total	20k	21k	(1k)	(5%)	61k	75k	(14k)	(19%)	271k	281k	(10k)	(4%)
% of Revenue	25%	23%		1%	24%	32%		(8%)	27%	28%		(1%)



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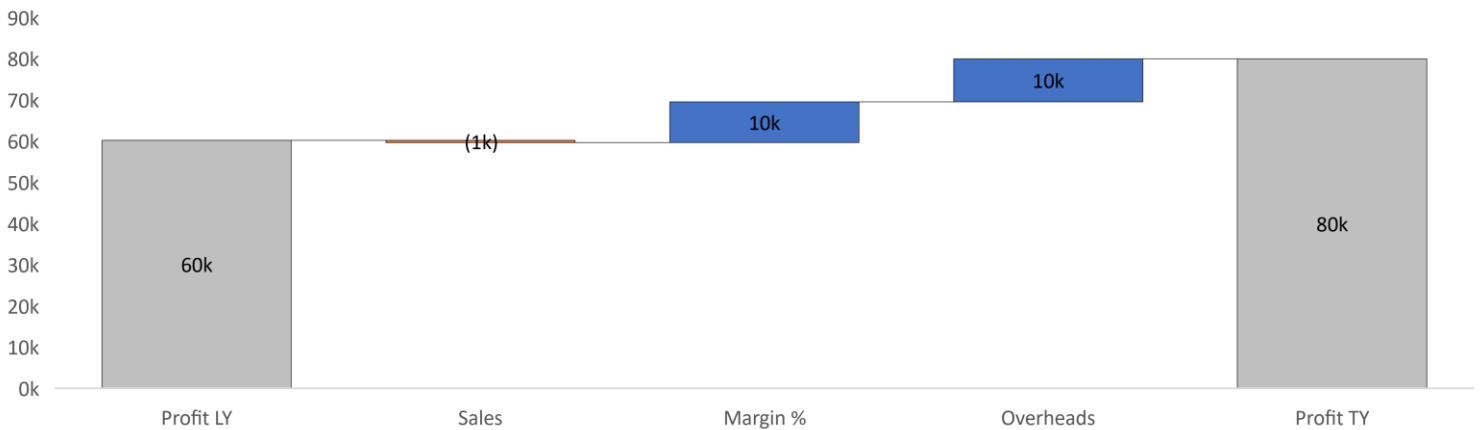
Historical net profit performance

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Profit over the last 12 months totalled £79,916, which was a +£19,721 movement on the previous 12 months. Profit over the last 3 months was £37,919, which was a +£32,701 movement on the same quarter last year. Profit as a proportion of revenue has increased over the past 12 months, moving from 6.0% to 8.0%. 7 of the past 12 months have generated a profit, with the remainder generating a loss.

	May				Last Qtr				Last 12 Months			
	TY	LY	Var	Var %	TY	LY	Var	Var %	TY	LY	Var	Var %
Revenue	83k	93k	(10k)	(11%)	254k	237k	17k	7%	1,001k	1,003k	(2k)	(0%)
Cost of Sales	52k	69k	(17k)	(25%)	155k	157k	(2k)	(1%)	651k	662k	(11k)	(2%)
Margin	31k	24k	7k	31%	99k	80k	19k	23%	350k	341k	9k	3%
Margin %	37%	26%		12%	39%	34%		5%	35%	34%		1%
Overheads	20k	21k	(1k)	(5%)	61k	75k	(14k)	(19%)	271k	281k	(10k)	(4%)
Overheads %	25%	23%		1%	24%	32%		(8%)	27%	28%		(1%)
Net Profit	11k	2k	8k	377%	38k	5k	33k	627%	80k	60k	20k	33%
Net Profit %	13%	2%		10%	15%	2%		13%	8%	6%		2%

Profit Movement from Last Year



Over the last 12 months, profit has increased compared to the previous 12 months by £19,721. An adverse sales variance decreased profit by (£600), margin % increased by 1.0% points which in turn increased profit by £9,913, overheads have reduced compared to last year which has increased profit by £10,408.

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Historical Balance Sheet performance

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The company's Net Worth has decreased over the past 12 months by (£10,920) (from £44,409 to £33,489). This has been driven by a (£21,593) reduction in Fixed Assets, a £20,566 increase in Current Assets, a £39,458 increase in Current Liabilities and a (£29,565) reduction in Long Term Liabilities. The Current Ratio (the number of times current assets covers short term obligations) has decreased from 1.19 to 1.03, the minimum we would expect a business to operate at is 1. The Cash Ratio represents the company's immediate ability to cover its' short term obligations, this has improved from (.54) to (.33). The Total Debt to Equity ratio measures the degree to which operations are funded by borrowed money or unpaid debt, a high ratio means a greater risk of bankruptcy if business declines. The company's Debt to Equity ratio has increased from 4.48 to 6.23.

Net Worth		Current Ratio		Cash Ratio		Total Debt to Equity*	
33k	✗	1.0	✗	(0.3)	✓	6.2	✗

indicators display the movement compared to this time last year

Total Liabilities divided by Net Worth

	LY May	TY May	Var	Var %
Fixed Assets	96.6k	75.0k	(21.6k)	(22%)
Current Assets	146.6k	167.2k	20.6k	14%
Current Liabilities	123.6k	163.0k	39.5k	32%
Long Term Liabilities	75.2k	45.7k	(29.6k)	(39%)
Net Worth	44k	33k	(11k)	(25%)

Debtor Days = ((Accounts Receivable (£196,930) / Sales (£1,001,218)) x 365 Days) = 71.8 days. This represents an increase of 2.9 days compared to this time last year.

Creditor Days = (Accounts Payable (£60,859) / (Cost of Sales (£650,752) plus Expenses (£270,549)) x 365 Days) = 24.1 days. This represents a decrease of (4.1) days compared to this time last year.

Key Current Assets	LY May	TY May	Key Current Liabilities	LY May	TY May
(R) - Accounts Receivable	189.4k	196.9k	(P) - Accounts Payable	72.9k	60.9k
(S) - Stock	23.8k	24.0k	(O) - Current liabilities 13	43.4k	57.2k
(O) - Current assets 4	0.2k	0.0k	(V) - VAT	(21.0k)	35.7k
(C) - Bank Account	(66.9k)	(53.7k)	(T) - Corporation Tax	8.3k	7.9k
			(O) - Current liabilities 2	1.4k	1.4k
			(O) - Current liabilities 9	0.0k	(0.0k)
Others	0.0k	0.0k	Others	18.5k	(0.0k)
Current Assets	147k	167k	Current Liabilities	124k	163k

(C) - Cash, (D) - Debt, (O) - Other, (P) - Payables, (R) - Receivables, (S) - Stock / W.I.P, (T) - Corp Tax, (V) - VAT

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