



# BUDGET AND MANAGEMENT REPORTING

## Why do you need a budget?

By actually sitting down and preparing a budget, you are demonstrating a proactive approach to managing your business.

A properly thought out budget can often uncover risks and opportunities that may have otherwise gone unnoticed while working on the day to day operation of the business. By setting and approving a budget, you are in essence setting a target for your business to work towards in the future, creating accountability for management to achieve these targets. This can then act as an easily digestible tool that can quickly align the expectations of the stakeholders of your business (e.g. bank, investors, management etc.) regarding the future direction of the business.

When preparing a budget, the following list is an example of some of the reviews that could be conducted:

- Determine the Fixed Cost, Variable Cost and Revenue Drivers
- Assess Analytical Ratios (e.g. GP% or Debtor Days)
- Evaluate the Manpower Resources on hand and required
- Evaluate the Inventory Resources on hand and required
- Review historical Overhead Costs for any expected changes in the future

## Why should you prepare Management Reports?

So the business has a budget in place, what now?

In order to fully assess the performance of the business - the actual trading results should be periodically tracked against the budget. By doing so, the following examples may be able to be identified:

- Sales above budget for the quarter
- Rent Expenses above double what was budgeted
- Debtor Days greater than budgeted

Simply by identifying the above outcomes, the business now has the information available to action these items, for example:

- Reward the Sales team for sales over budget
- Investigate why Rent is over budget and ensure a reasonable justification is provided
- Review Debtors and assess the collectability of the outstanding debtors

These are examples of how budget vs actual reporting can identify risk or opportunities in the business that may have gone unnoticed.

## How can Management Reports be distributed and communicated?

Williams Hall Chadwick has developed an online Dashboard tool called the WHC Periscope which, via a secure login, allows stakeholders to view customised reports. These reports are viewable on your desktop, tablet or mobile device, enabling the communication of timely and relevant business information.

[View the WHC Periscope here](#)



If any of the above is of interest, please contact either Andrew Perkins or Stephen Byrnes from the Corporate Services team to discuss further.