The Chartered Institute of Management Accountants



Management Reports that Count

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Management accounting is characterised as being concerned with the generation, communication and use of *financial* and *non-financial* information for managerial decision making and control activities.



So what do we mean by "Management Reports"?

Financial	Non Financial
Bank reconciliations	Production Reports
Cash Flows	Downtime (Labour/Machines)
Margin Analysis	Competitor Analysis
Working Capital	Turnaround Time
Return on Capital Employed	Balanced Scorecard

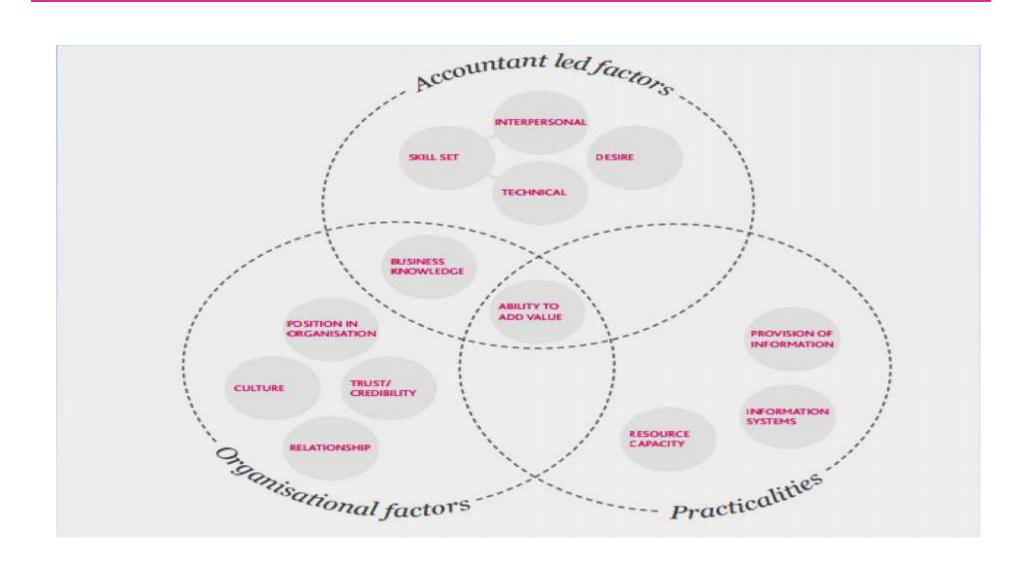


How do we get from

"Management Reports"

to







What does Ability to Add Value mean?:

It simply means that the management report is used to make decisions in line with the strategic goals or operational requirements of the company, whatever these are.

If a management report adds value then it:

- provides the relevant information to make the decision
- in a timely manner hourly, daily, weekly, monthly, annually
- in the appropriate format
- to the right persons



The right format makes data "sing"

You can see at a glance what is important and what is not.

There is a top level summary, with the underlying data and assumptions to back it up.



Report on Top 10 customers generated from the system in 2 minutes:

Date	Particulars	LPO No.	Ref.No.	Vehicle No.		Vch Type	Vch No.	Debit	
					Taken By				
16 October 2014	A & B Hardware LTD-(DR)	576	GDW	KBP 884B	SSP	Invoice Ste	STL/34859	256,455.00	
22 October 2014	A & B Hardware LTD-(DR)	594	GDW	KBP 884B	SSP	Invoice Ste	STL/34996	220,560.00	
11 October 2014	A. S. Birdi - Cash (Dr)		GDW	KAW 528B	SP	Invoice Ce	CEW95580	12,500.00	
10 October 2014	ABAN AGENCIES - (DR)		GDW	KBH 564C	SSP	Invoice Ste	STL/34687	196,864.00	
02 October 2014	Abdullahi Muhumed Hassan - Cash		GDW	KBT 110Z	SM	Invoice Ce	CEW94867	204,600.00	
06 October 2014	Abdullahi Muhumed Hassan - Cash		GDW	KBV 224A	TEJAS	Invoice Ce	CEW95131	217,000.00	
08 October 2014	Abdullahi Muhumed Hassan - Cash		GDW	KBY 680X	TEJAS	Invoice Ce	CEW95337	223,200.00	
08 October 2014	Abdullahi Muhumed Hassan - Cash	001	GDW	KBZ 119Z	SSP	Invoice Ce	CEW95354	61,000.00	
09 October 2014	Abdullahi Muhumed Hassan - Cash		GDW	KBV 130B	TEJAS	Invoice Ce	CEW95470	186,000.00	
11 October 2014	Abdullahi Muhumed Hassan - Cash		GDW	KBY 044A	TEJAS	Invoice Ce	CEW95582	122,000.00	
14 October 2014	Abdullahi Muhumed Hassan - Cash		CS17373	KBH 518T	TEJAS	Invoice Ce	CEW95818	295,000.00	
14 October 2014	Abdullahi Muhumed Hassan - Cash		CS17374	KBH 518T	TEJAS	Invoice Ce	CEW95819	295,000.00	



Pivot table on Top 10 Customers

Cash Sale - Cheques	57,538,850	
China National Aero-Tech Int Two Rivers - Bulk	51,788,295	
LAXMANBHAI CONST.LTD-NEW A/C-Cement	26,205,021	
China Wu Yi Co. Ltd UON Project	17,766,624	
Santram Traders Limited	12,991,250	
KABUITO CONTRACTORS LIMITED- (Dr)	10,727,985	
Honest Hardware-(DR)	10,289,600	
Cash Sale-Steel	10,220,578	
Ifi Paradise Properties (K) Ltd Deposit Account	9,827,365	
Hannah Gathura - Account No. 2	8,631,415	
Ezbon Nyoike Karigi & Nancy Muthoni Nyoike - (DR)	8,401,600	
KINGA HOLDINGS LTD-(DR)	8,245,020	



Sensitivity Analysis

	Current	Spend	Make	Do
Category	State	10% Less	10% more	both
Sales	\$100M	\$100M	\$110M	\$110M
Direct Materials	\$25M	\$25M	\$27.5M	\$27.5M
Direct Labour	\$25M	\$22.5M	\$27.5M	\$24.8M
Fixed Costs	\$20M	\$20M	\$20M	\$20M
Selling Costs	\$15M	\$15M	\$16.5M	\$16.5M
Admin Costs	\$5M	\$5M	\$5M	\$5M
Profit	\$10M	\$12.5M	\$13.5M	\$16.2M
Profit Increase		25%	35%	62%



Category	Current State	Spend 10% Less	Make 10% More	Do Both
Sales	\$100.0 M	\$100.0 M	\$110.0 M	\$110.0 M
Direct Materials	\$25.0 M	\$25.0 M	\$27.5 M	\$27.5 M
Direct Labor	\$25.0 M	\$22.5 M	\$27.5 M	\$24.8 M
Fixed Costs	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M
Selling Costs	\$15.0 M	\$15.0 M	\$16.5 M	\$16.5 M
Admin Costs	\$5.0 M	\$5.0 M	\$5.0 M	\$5.0 M
Profit	\$10.0 M	\$12.5 M	\$13.5 M	\$16.2 M
Profit Increase		25%	35%	62%





Management Report Notes

Kids Are Kids! Therapy and Education Centre Inc For the month of March 2015

Balance Sheet

Assets

· Accrued income relates to Lotterywest.

Liabilities

- \$14,034 was received from Disability Services Commissions for Indexation for 2014-15.
- Superannuation Payable represents the SGC for March 2015 quarter. Superannuation is paid quarterly and is payable by 28 April 2015.

Profit & Loss

Income

 Therapy fees are significantly under budget (52%) mainly in due lower repeat consults. On a year to date basis the overall income in under budget by approximately 20%.

Admin & Employee Expenses

- Administration expenses year to date are under budget by 29%. The only items of note are:
 - Advertising had expenses of \$10,000, of this \$9,210 being 40% of the Halcyon Design Project (total expected cost is \$23,000).
- No items of note in relation to employee costs.

Operating Expenses

 Of the operating expenses for the month, \$257 relates to Lotterywest and year to date \$15,910 relates to Lotterywest.

Non Operating Expenses

· There were no non-operating expenses for the month of March 2015.

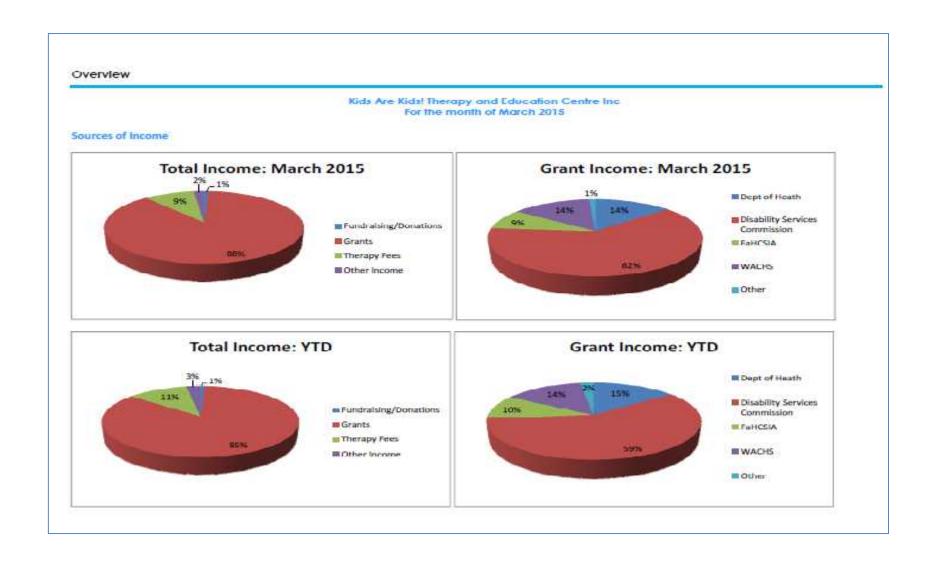
Cost Centres

- Project Admin, DSS and DSC Autism Assessment saw a loss for the month.
- Figures shown in the under the 'unassigned' cost centre represent the leave taken and provision for annual leave and long service leave movement for the period. These costs were allocated out to each cost centre in March 2015.

Summary

- At the end of March 2015, the working capital position appears moderate with a current ratio of 1.74 [February 2015: 1.73].
- Cash on hand balance at 31 March 2015 of \$938,001.
- Net loss for the month of March 2015 is \$44,631 [February 2015: Loss \$34,388]
- Net loss year to date is \$80,287 [February 2015: Loss \$144,664].







The future of Management Reporting:

Cloud Computing

Cloud adoption is almost inevitable for SMEs – only larger firms can continue to incur costs of hosting and maintaining their own information systems.

Management accountants can play a key role in ensuring the right information, gets to the right person at the right time, and in the right format.

Big Data

The next frontier



Summary

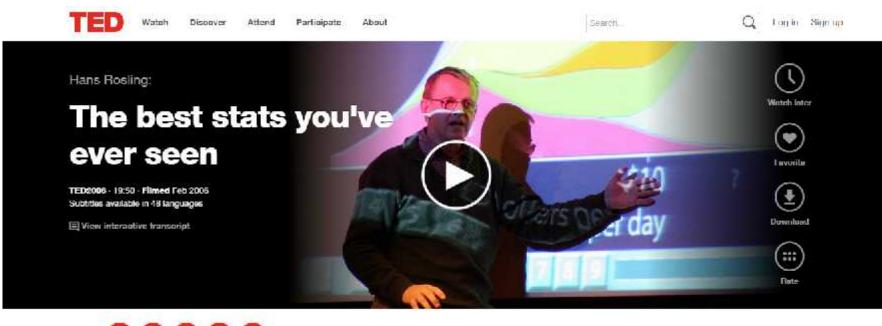
There will be constraints of time, capacity, skill sets, organisational support

Work within these constraints.

Add value and some of these constraints disappear – a "win win" situation



One last note - Make your reports sing



















Q&A