

Mind the gap!

PROBLEM:

THERE IS A LARGE
GAP BETWEEN THE
BOOKKEEPING AND
THE BOARD...



Effects

- Insufficient information reaching the board to allow them to understand business performance
- Lack of control over cashflow and slow payment by debtors (pressure from the bank?)
- Margins and net profits are too low
- Audit and accounting fees are unnecessarily high
- Non-financial managers don't have a sufficient view of the financial implications of their decisions

Solutions

- Decide what information would be useful
- Review and improve the data flows going in to the finance system
- Provide training to finance staff to ensure that new procedures are implemented smoothly and sustainably
- Ensure that users of the new financial information properly understand it and can make decisions using it
- Compare financial information with non-financial information and ensure consistency between them

Benefits

- Better information leads to better decisions
- Higher gross profit margins
- Improved bottom line profitability
- Increased cashflow, less risk of breaching borrowing limits
- Greater speed and accuracy of financial information delivered
- Better value for money from finance staff
- Non-financial managers sharing financial responsibility
- Lower risk profile of debtors

Michael Austin says

“ No business can function profitably for long if the financial performance is not being measured properly and in good time. Action needs to be taken urgently to close the gap between the books and the board and to make sure that gap remains closed in future. ”

For targeted accounting solutions talk call us on 020 7384 6800