PRIVATE & CONFIDENTIAL
07 April 2019

[YOUR COMPANY LOGO]

[Your Company Name] results (EXAMPLE MANAGEMENT ACCOUNTS) March 2019

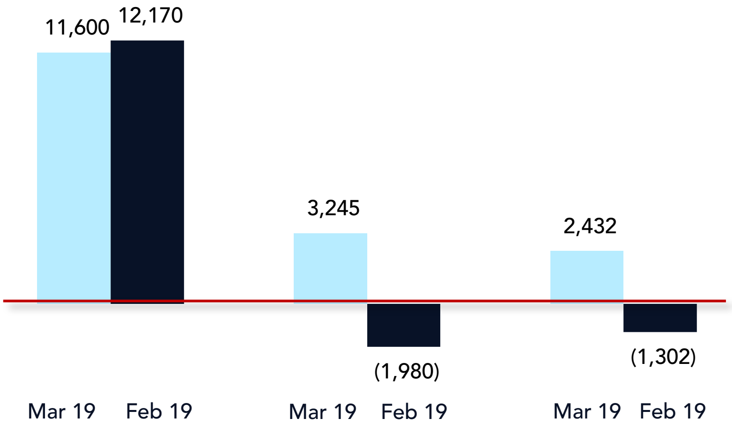
Highlights

Financial highlights for the business include:

- March and February revenues exceeded the YTD* monthly average of £10,698.
- Improved cash generation seen in March 19.
- Lower administrative costs resulted in improved operating margins.

Financial summary

March 2019



SNAPSHOT

£	Mar-19	Feb-19	YTD*
Turnover	11,600	12,170	96,280
Gross profit	5,601	7,312	68,419
Operating profit/(loss)	3,245	(1,980)	45,960
Total assets	80,012	85,256	80,012
Net assets	60,924	58,069	60,924
Net cash generated	2,432	(1,302)	27,888

Strong revenue performance in March & February – driving net cash generation from a negative to positive position in the month.

High-level financial commentary

Revenue averaged at £10,698 per month on a YTD* basis between 1 July 2018 & 31 March 2019. Revenues in both February and March 2019 were above the YTD average, but sales volumes were down compared to the previous month.

YTD* administrative costs are high, predominantly driven by marketing expenses – going forward, administrative costs should be lower, and likely to improve operating margins.

Net cash generation was negative in the prior month, however, positive cash generation was seen in March 19 – this was partly driven by Director cash contributions in March, however, lower operating costs also helped.

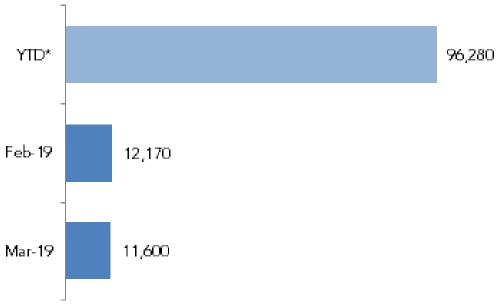
* For items marked with an asterisk throughout this document, definitions are provided in the Glossary on the last page.

[YOUR COMPANY NAME] results March 2019

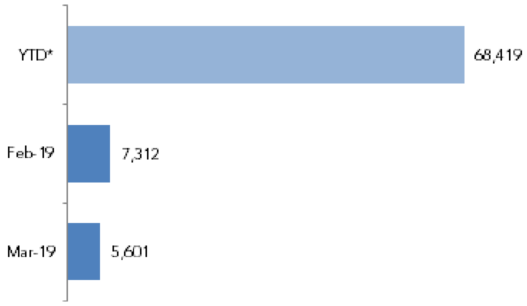
Key Performance Indicators (KPI's)

Key financial metrics

Net
Revenue
£ 11,600



Gross
Profit
£ 5,601



Net cash
Generated
£ 27,888

Operating
Profit / (loss)
£ 3,245

Other financial metrics	Mar 19 (vs. Feb 19)
Return on capital employed (ROCE)*	5.3% (-3.4%)
Liquidity – quick/acid*	299% / 100% (226% / 65%)
Fixed costs*	£707 (£809)
Variable costs*	£7,648 (£13,341)
Operational gearing*	8.5% (5.7%)
Asset turnover ratio*	14.5% (14.3%)

Net revenue decreased by 5% since last month, following lower sales volumes.

Liquidity from a 'quick-ratio' perspective is strong due to good cash position and low short-term debt. Liquidity from an acid-test* perspective has improved due to stock comprising a smaller proportion of total current assets, following a build on cash.

ROCE* has increased due to an increase in the operating profit in March 19 compared to February 19's operating loss.

Variable costs decreased significantly due to lower marketing costs.

Asset turnover has increased following a reduction in stock.

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[YOUR COMPANY NAME] results
March 2019

Primary Financials
Income statement

£		March 2019	February 2019	2018/19 YTD*
Turnover	A	11,600	12,170	96,280
Cost of goods sold	B	(5,999)	(4,858)	(27,861)
Gross profit/(loss)		5,601	7,312	68,419
GP Margin (%)	C	*48%*	*60%*	*71%*
Distribution costs	D	(471)	(929)	(2,246)
Administrative expenses	E	(1,885)	(8,363)	(20,213)
Operating profit / (loss)		3,245	(1,980)	45,960
Operating profit / (loss) Margin (%)	F	*28%*	*(16%)*	*48%*
Bank interest receivable		200	180	1,896
Interest payable and similar charges		(590)	(640)	(4,665)
Profit / (loss) on ordinary activities for the period		2,855	(2,440)	(43,191)

[A] Average monthly revenue of £10,968 for 2018/19 YTD*. February revenues were above this average, with March revenues also above the YTD* average, but down on prior month due to reduced volumes.

[B] Cost of sales has increased despite lower volumes, due to higher commissions charged in March on promotional sales.

[C] The gross margin decreased since last month, following lower sales volumes and the higher commissions.

[D] Distribution costs were lower due to reduced sales volumes.

[E] Administration expenses were lower following a reduction in marketing spend. February included additional costs for trade shows.

[F] The operating margin has moved from negative to positive between February and March 19 – primarily due to the marketing spend being lower, offset slightly by the lower revenues and higher cost of sales.

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[YOUR COMPANY NAME] results March 2019

[YOUR COMPANY LOGO]

Balance sheet

£		31 March 2019	28 February 2018
Non-current assets			
Property, plant and equipment	A	22,232	22,973
Intangible assets	B	680	705
Fixed assets		22,912	23,678
Current assets			
Stocks	C	37,978	43,977
Prepayments	D	1,233	2,144
Cash and cash equivalents	E	17,889	15,457
		57,100	61,578
Total assets		80,012	85,256
Current liabilities			
Accruals and deferred income	F	3,414	6,216
Director's current accounts:	G	1,754	2,671
Trade payables	H	13,920	18,300
		19.088	27,187
Net current assets		38,012	34,391
Net assets		60,924	58,069
Capital and reserves			
Called-up share capital	I	1,000	1,000
Profit and loss reserves		59,924	57,069
Total equity		60,924	58,069

[A] No further capital asset additions in March 19. The reduction in the balances is due to depreciation charges.

[B] This relates to the capitalised trademark which is being amortised over its term.

[C] Stocks have reduced due to sales made in March 19.

[D] Prepayments comprised prepaid subscription and insurance costs.

[E] Cash has increased due to strong operational cash-flows.

[F] Accruals comprise utility costs paid in arrears and monthly accruals for 'working from home' allowances.

[G] This relates to amounts contributed to the business by directors.

[H] This relates to unpaid balances with suppliers for purchases made.

[I] Issued share capital of 1,000 ordinary shares at £1 each.

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[YOUR COMPANY LOGO]

Glossary

YTD is defined as the 'Year-to-date' and refers to the trading period for [Your Company Name] which spans 9 months for Financial Year (FY) 18/19.

Net revenue is equal to gross revenue less discounts and refunds made to customers within the period, calculated by adjusting the cost value of inventories.

Return on capital employed (ROCE) is calculated by dividing operating profit/(loss) by total assets less current liabilities. Generally speaking - the higher the ROCE, the better the business' performance.

Quick ratio is calculated as current assets divided by current liabilities. The Quick ratio is a measure of liquidity i.e. how easily the business can use its short-term assets to settle its short-term liabilities. Generally speaking – the higher the Quick Ratio %, the better the liquidity of the business.

Acid test is an extension of the quick-ratio for liquidity assessment as is calculated by deducting inventories from current assets, before dividing the residual balance by current liabilities. If a business has a large proportion of its short-term/current assets in stock, then using the acid test is a more objective measure of a business' liquidity.

Fixed costs equal costs which are incurred regardless of sales or purchasing activity. Typical fixed costs include website/email hosting fees, rent & rates, depreciation and amortisation and flat-rate claims for office expenses in accordance with HMRC guidelines.

Variable costs comprise any cost in the P&L which doesn't meet the definition of a fixed cost e.g. commissions which increase, based on the volume of sales.

Asset turnover ratio is calculated by dividing net revenue by total assets. Asset turnover is a measure of how efficiently your business has employed its assets i.e. how much revenue, each £1 of your assets has generated. The higher the business' asset turnover ratio, the better.

Operational gearing represents how sensitive the business's operating profit (and to some extent cash flows) are, relative to changes in revenues, due to the effects of fixed and variable costs. Operational gearing is calculated as fixed costs divided by total costs. The lower the %, the less sensitive the entity's profit and cash flows are to changes in revenues.