

Demo Company (UK)

September 2020

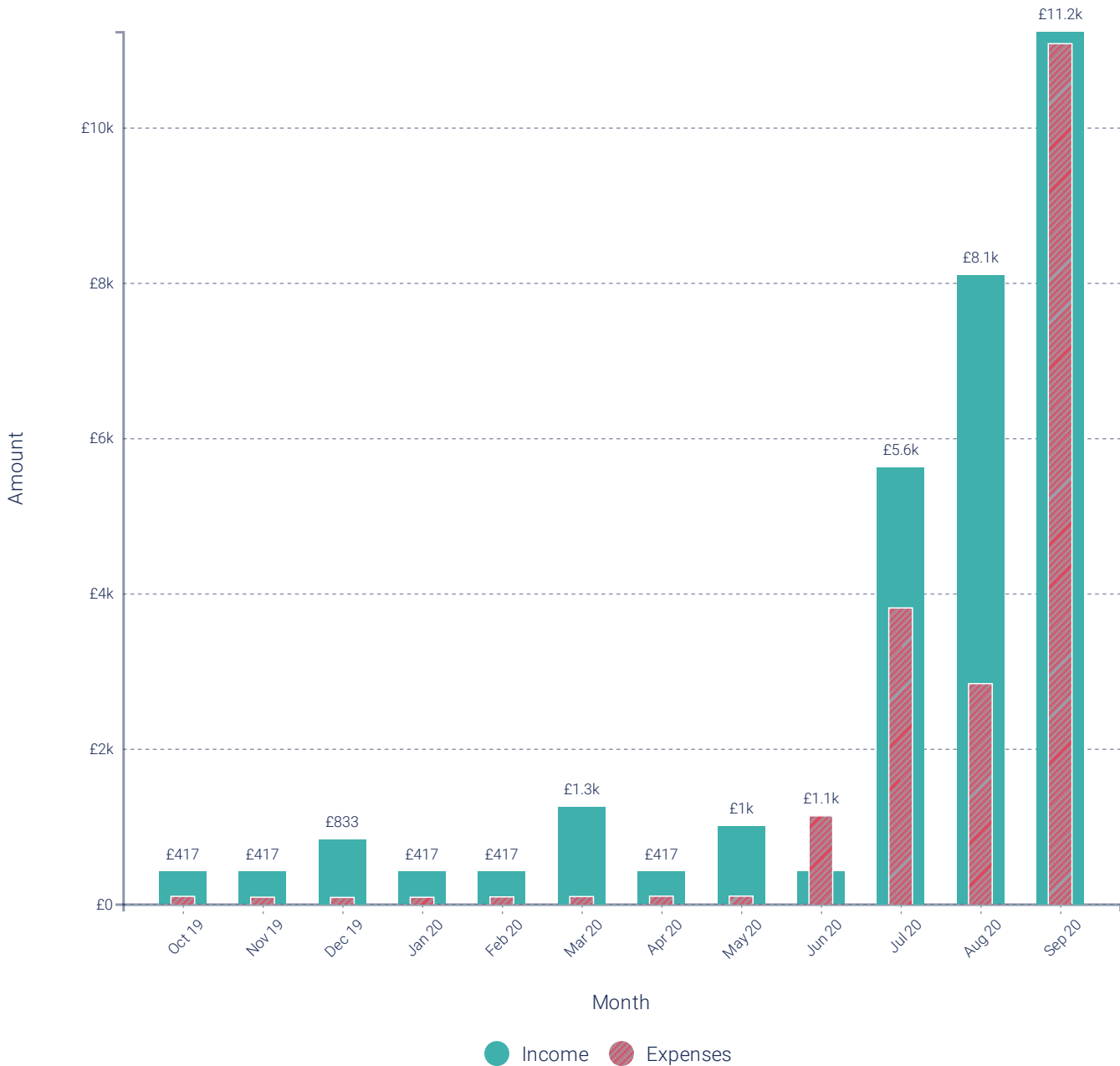
Prepared by :



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Income vs. Expenses By Month



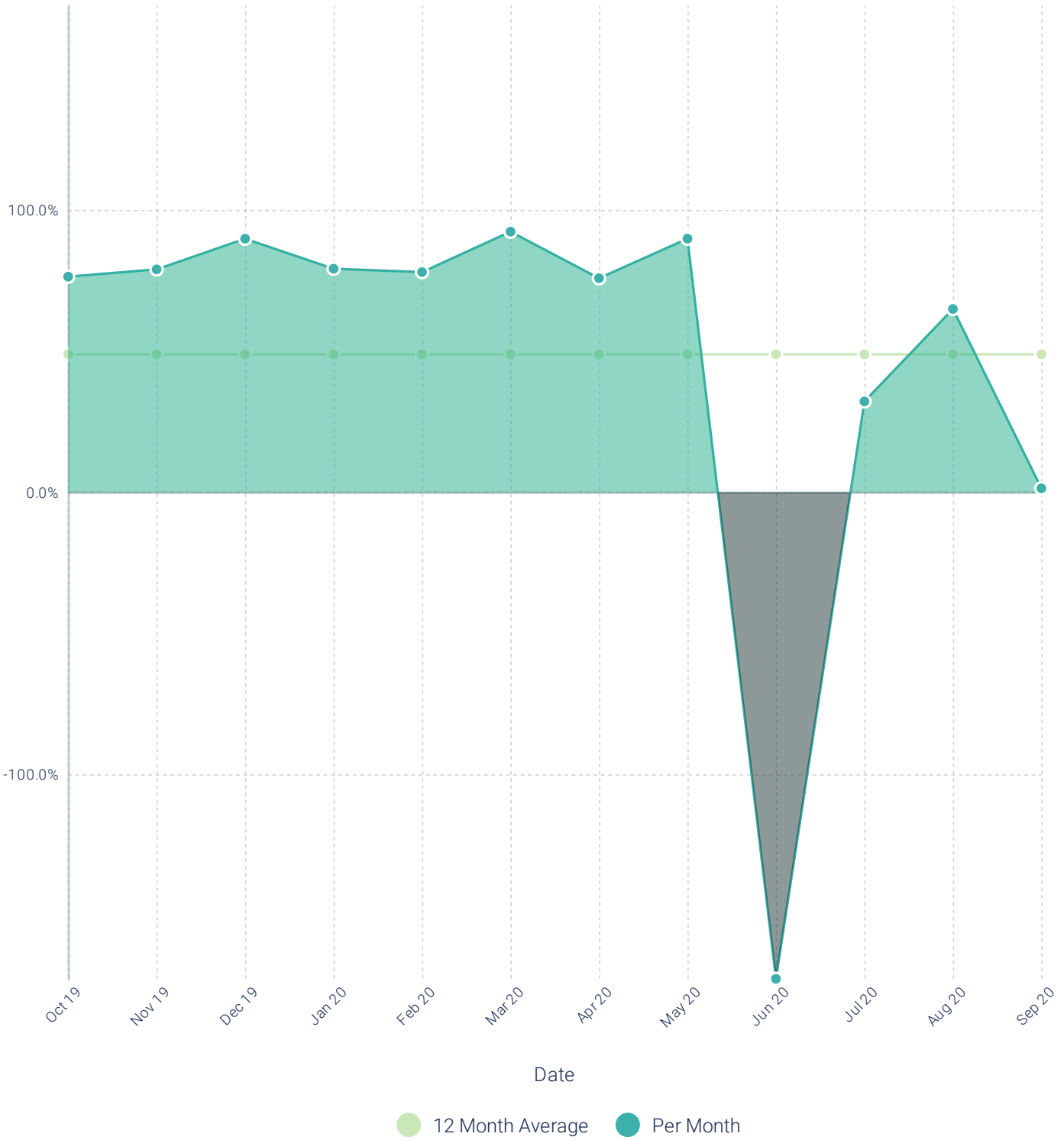
Graph Insights

Income for the period October 2019 to September 2020 was £30.5k. Average income per month was £2.5k. The best performing month was September 2020 (income of £11.2k) while the worst performing months were October 2019, November 2019, January 2020, February 2020, April 2020 and June 2020 (income of £416.7).

Expenses for the period October 2019 to September 2020 were £19.6k. Average expenses per month were £1.6k. The most expenses were incurred in September 2020 (expenses of £11.1k) while the least expenses were incurred in December 2019 (expenses of £84.8).

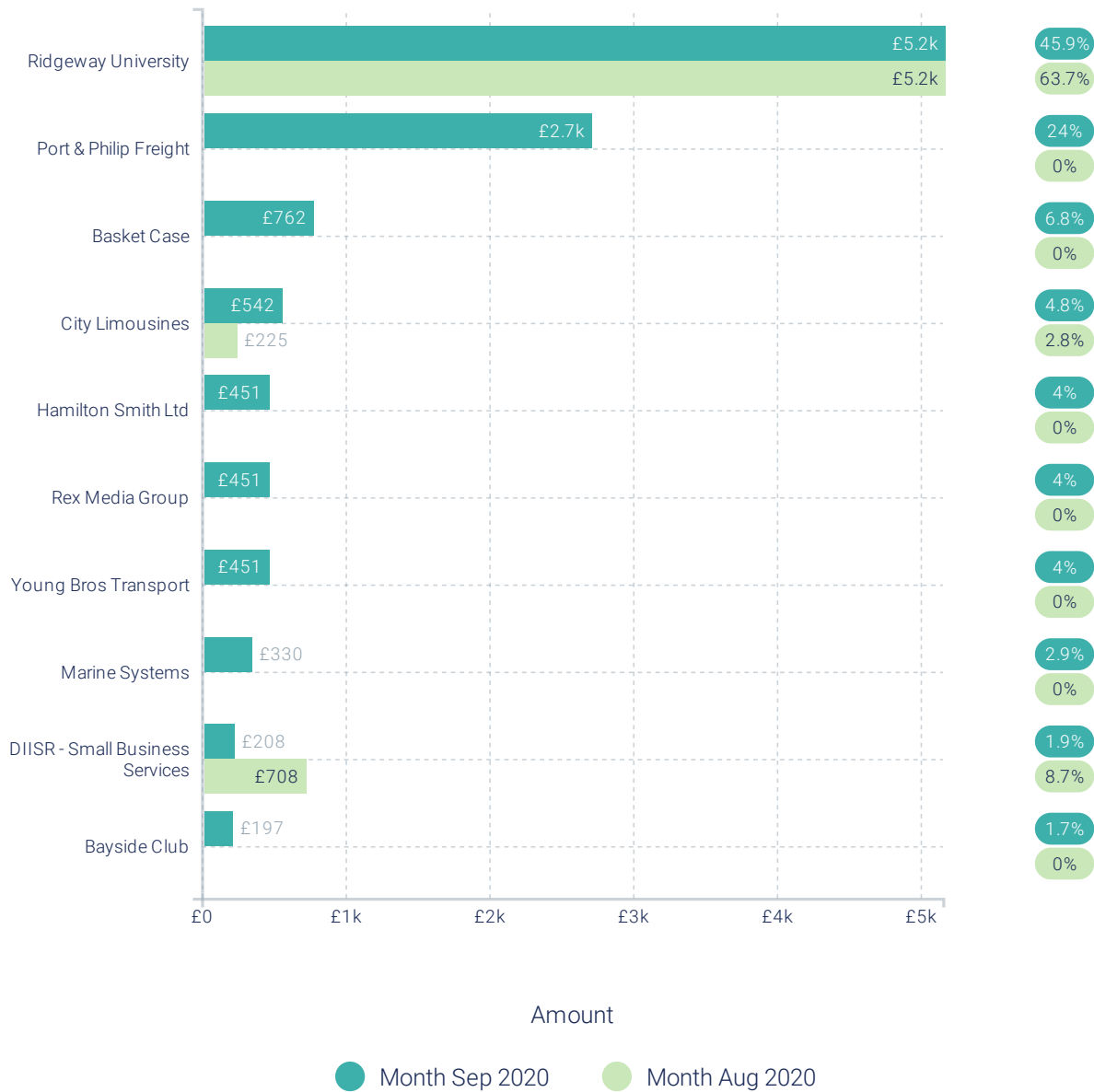
Profit for the period October 2019 to September 2020 was £10.9k. Average profit per month was £910.1. The best performing month was August 2020 (profit of £5.3k).

Net Margin



Top Customers By Sales

Proportion of total sales



Graph Insights

The top customer by sales for the month of September 2020 was Ridgeway University. Ridgeway University accounts for 45.9% of sales (down versus 63.7% in August 2020). The top 3 clients account for 76.6% of total sales (up versus 63.7% in August 2020). Port & Philip Freight exhibited the largest change in proportion of sales from 0.0% in August 2020 to 24.0% in September 2020.

Customer Balances

At 30 September 2020

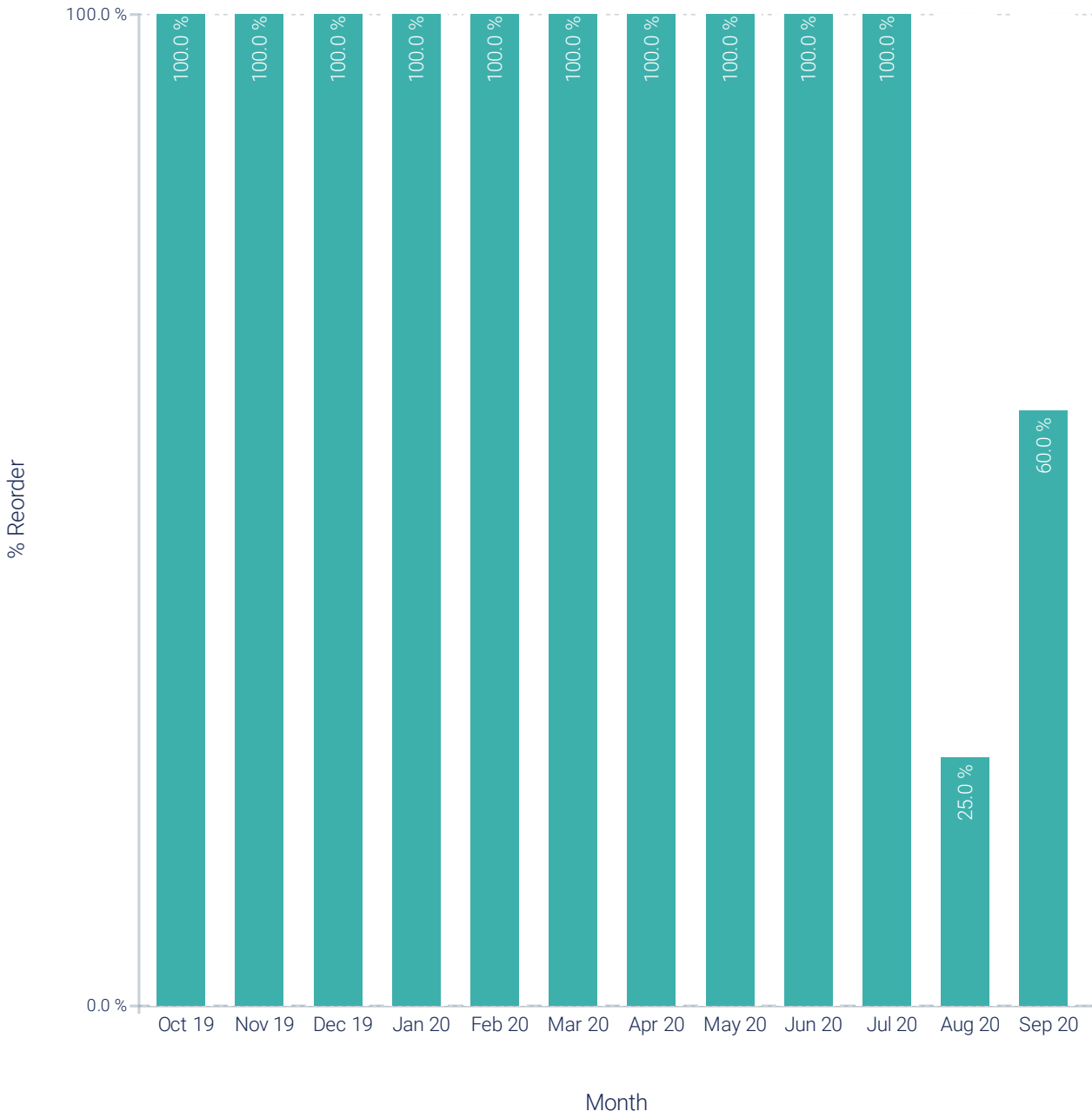
Customers	Email	Mobile	120+ Days	90-120 Days	60-90 Days	30-60 Days	0-30 Days	Total Due	% of Total
Port & Philip Freight	mary.port@porta.com	2323434	-	-	-	-	£2,245	£2,245	42.9%
City Limousines	martyd@citylim.co	7774001	-	-	£250	£270	£650	£1,170	22.4%
Basket Case	shop@basketcase.co	7773001	-	-	-	-	£915	£915	17.5%
Marine Systems		9786456	-	-	-	-	£396	£396	7.6%
DIISR - Small Business Services	cad@diisrgovt	8009001	-	-	-	£271	-	£271	5.2%
Bayside Club	bob.partridge@bayclub.co	7774455	-	-	-	-	£234	£234	4.5%
Total			-	-	£250	£541	£4,440	£5,230	100%
Percentage of Total			0.0%	0.0%	4.8%	10.3%	84.9%	100%	-

Report Insights

The top debtor as at September 2020 is Port & Philip Freight with an outstanding balance of £2.2k and Port & Philip Freight accounts for 42.9% of the top 6 debtors. The top 3 debtors (Port & Philip Freight, City Limousines and Basket Case) have a combined outstanding balance of £4.3k, which represents 82.8% of the outstanding balance of the top 6 debtors.

Total debt outstanding for the top 50 debtors as at September 2020 is £5.2k. £4.4k (84.9%) is less than 30 days outstanding, £540.6 (10.3%) is between 30 and 60 days outstanding, £250 (4.8%) is between 60 and 90 days outstanding, £0 (0.0%) is between 90 and 120 days outstanding and £0 (0.0%) is more than 120 days outstanding.

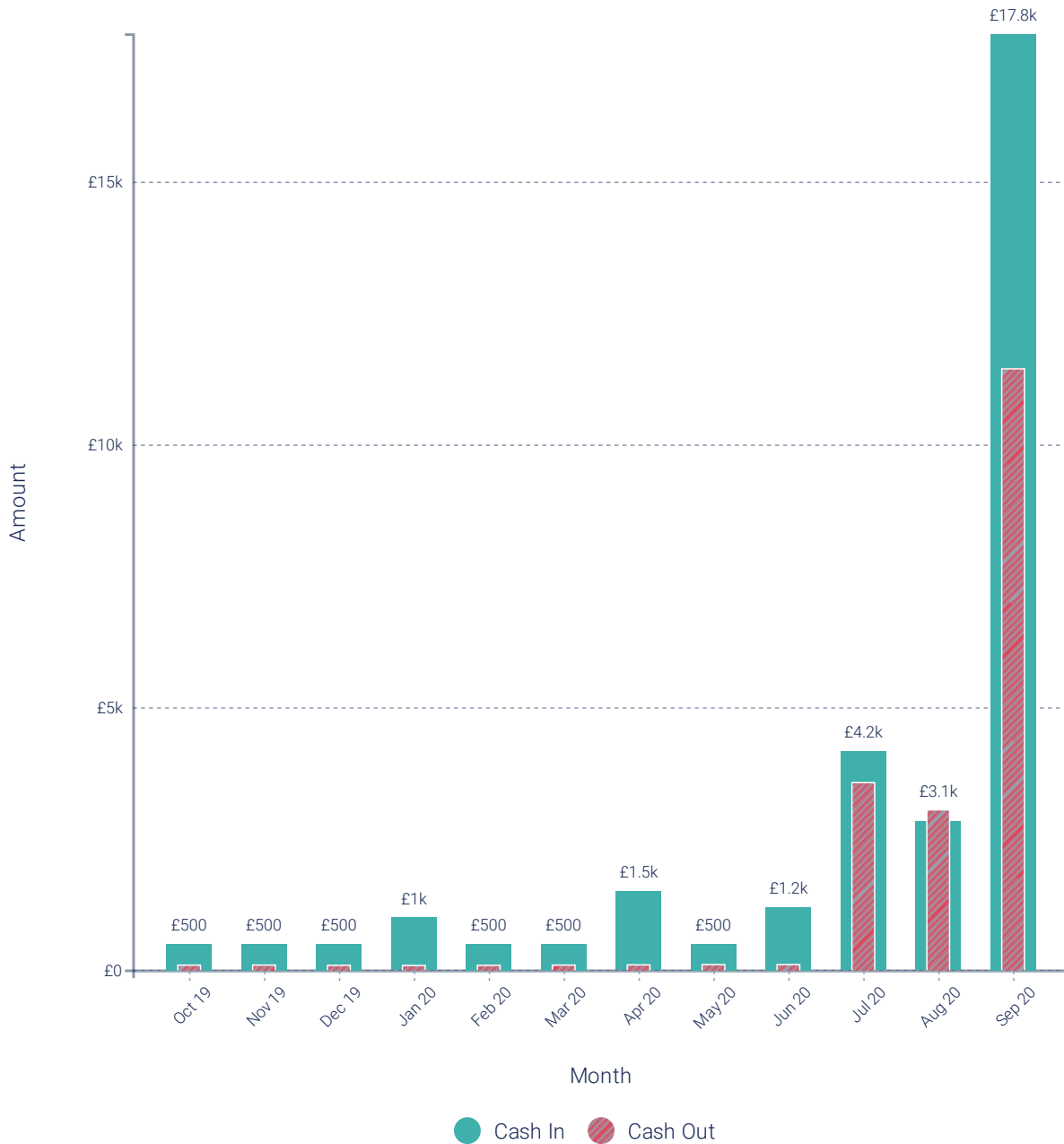
Month on Month Retention



Graph Insights

Month-on-month customer retention illustrates the proportion of customers invoiced in a given month that were also invoiced in the previous month. The highest retention rate was recorded in October 2019, November 2019, December 2019, January 2020, February 2020, March 2020, April 2020, May 2020, June 2020 and July 2020 with 100.0% while the lowest retention rate was recorded in August 2020 with 25.0%.

Cash In vs. Cash Out By Month



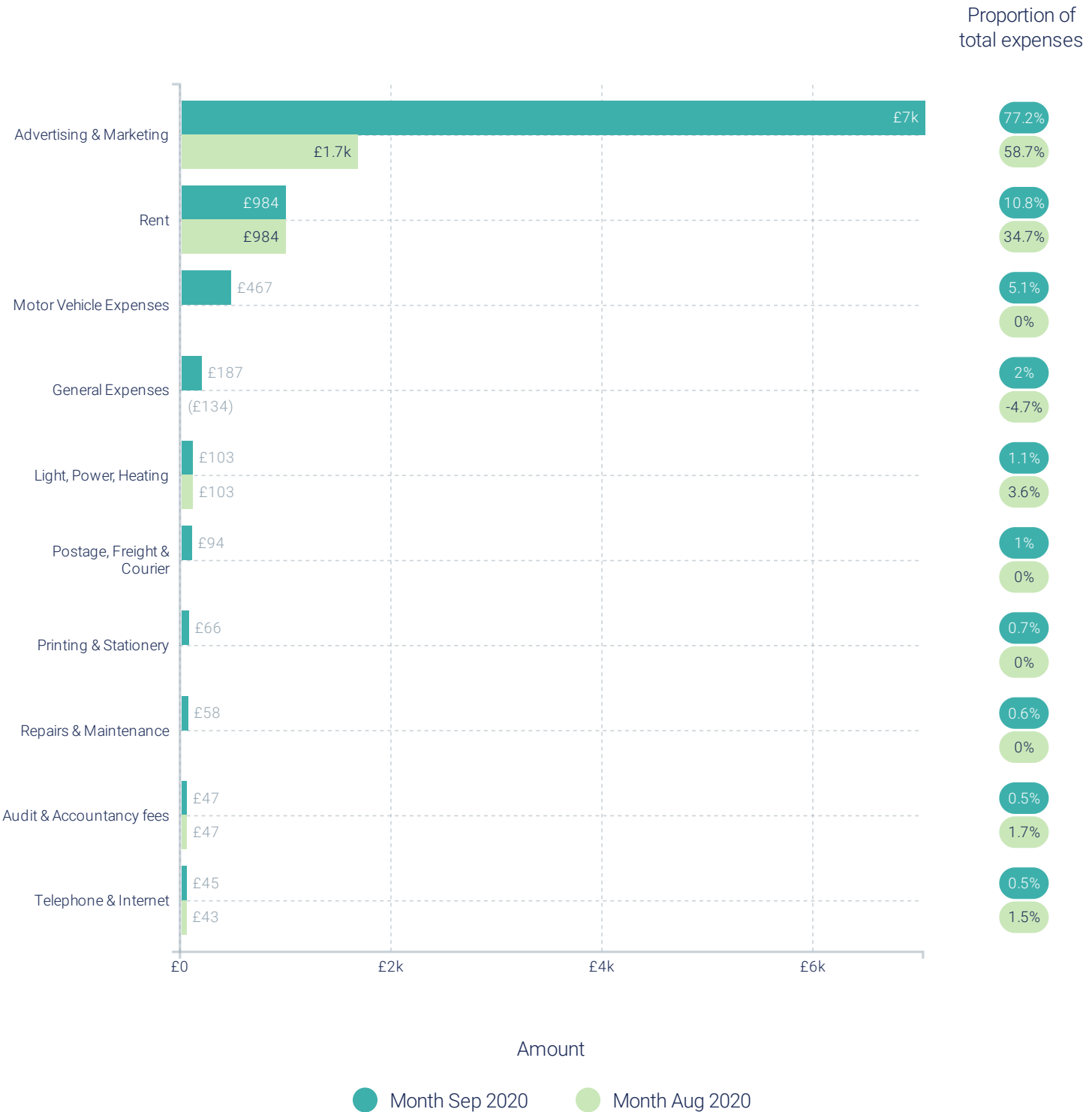
Graph Insights

Cash received for the period October 2019 to September 2020 was £31.5k. Average cash received per month was £2.6k. The most cash was received in September 2020 (cash received of £17.8k) while the least cash received was in October 2019, November 2019, December 2019, February 2020, March 2020 and May 2020 (cash received of £500).

Cash paid for the period October 2019 to September 2020 was £18.9k. Average cash paid per month was £1.6k. The most cash paid was in September 2020 (cash paid of £11.4k) while the least cash paid was in January 2020 (cash paid of £89).

Net cash for the period October 2019 to September 2020 was £12.6k. Average net cash per month was £1k. The best performing month was September 2020 (net cash of £6.4k).

Top Expenses Accounts



Graph Insights

The top expense for the month of September 2020 is Advertising & Marketing. Advertising & Marketing represents 77.2% of total expenses (up versus 58.7% in August 2020). The top 3 expenses represent 93.4% of total expenses (up versus 101.6% in August 2020). Rent exhibited the largest change in expenses from 34.7% in August 2020 to 10.8% in September 2020.

Supplier Balances

At 30 September 2020

Supplier	120+ Days	90-120 Days	60-90 Days	30-60 Days	0-30 Days	Total Due	% of Total
SMART Agency	-	-	-	£2,000	£2,500	£4,500	58.8%
ABC Furniture	-	-	-	-	£1,200	£1,200	15.7%
Bayside Wholesale	-	-	-	-	£840	£840	11.0%
Gateway Motors	-	-	-	-	£411	£411	5.4%
Central Copiers	-	-	£164	-	-	£164	2.1%
Bayside Club	-	-	-	-	£130	£130	1.7%
Young Bros Transport	-	-	-	-	£125	£125	1.6%
PowerDirect	-	-	-	-	£109	£109	1.4%
Swanston Security	-	-	-	-	£60	£60	0.8%
Xero	-	-	-	-	£56	£56	0.7%
Net Connect	-	-	-	-	£54	£54	0.7%
Microsoft	£7	-	-	-	-	£7	0.1%
Total	£7	-	£164	£2,000	£5,485	£7,656	100%
Percentage of Total	0.1%	0.0%	2.1%	26.1%	71.6%	100%	-

Report Insights

The top creditor as at September 2020 is SMART Agency with an outstanding balance of £4.5k and SMART Agency accounts for 58.8% of the top 12 creditors. The top 3 creditors (SMART Agency, ABC Furniture and Bayside Wholesale) have a combined outstanding balance of £6.5k which represents 85.4% of the outstanding balance the top 12 creditors.

Total creditors payable as at September 2020 is £7.7k. £5.5k (71.6%) is less than 30 days outstanding, £2k (26.1%) is between 30 and 60 days outstanding, £163.6 (2.1%) is between 60 and 90 days outstanding, £0 (0.0%) is between 90 and 120 days outstanding and £7.2 (0.1%) is more than 120 days outstanding.

Profit and Loss

01 September 2020 - 30 September 2020 vs 01 August 2020 - 31 August 2020

	Sep 2020	Aug 2020	Variance	Variance (%)	YTD
Sales					
Sales	£11,234	£8,096	£3,139	▲ (+39%)	£26,784
Total Sales	£11,234	£8,096	£3,139	▲ (+39%)	£26,784
Cost of Sales					
Purchases	£1,950	-	£1,950	▲	£1,950
Total Cost of Sales	£1,950	-	£1,950	▲	£1,950
Gross Profit	£9,284	£8,096	£1,189	▲ (+15%)	£24,834
Other Income					
Expenses					
Advertising & Marketing	£7,045	£1,667	£5,378	▲ (+323%)	£8,711
Audit & Accountancy fees	£47	£47	-		£141
Bank Fees	-	£15	(£15)	▼ (-100%)	£30
Cleaning	-	£99	(£99)	▼ (-100%)	£99
Entertainment-100% business	£18	£13	£5	▲ (+38%)	£45
General Expenses	£187	(£134)	£321	▲ (+240%)	£361
Light, Power, Heating	£103	£103	-		£652
Motor Vehicle Expenses	£467	-	£467	▲	£590
Postage, Freight & Courier	£94	-	£94	▲	£94
Printing & Stationery	£66	-	£66	▲	£84
Rent	£984	£984	-		£3,938
Repairs & Maintenance	£58	-	£58	▲	£944
Subscriptions	£15	-	£15	▲	£1,235
Telephone & Internet	£45	£43	£2	▲ (+5%)	£164
Travel - National	-	-	-		£29
Total Expenses	£9,129	£2,838	£6,291	▲ (+222%)	£17,117
Net Profit/Loss Before Tax	£155	£5,258	(£5,103)	▼ (-97%)	£7,717
Tax					
Net Profit/Loss After Tax	£155	£5,258	(£5,103)	▼ (-97%)	£7,717
Distributions					
Retained Earnings	£155	£5,258	(£5,103)	▼ (-97%)	£7,717

Balance Sheet

30 September 2020 vs 31 August 2020

	Sep 2020	Aug 2020	Variance	Variance (%)
Assets				
Current Assets				
Accounts Receivable	£5,230	£9,965	(£4,735)	▼ (-48%)
Business Bank Account	£16,704	£10,335	£6,370	▲ (+62%)
Total Current Assets	£21,935	£20,299	£1,635	▲ (+8%)
Non-Current Assets				
Computer Equipment	(£986)	(£986)	-	
Office Equipment	£3,569	£2,569	£1,000	▲ (+39%)
Total Non-Current Assets	£2,583	£1,583	£1,000	▲ (+63%)
Total Assets	£24,518	£21,883	£2,635	▲ (+12%)
Liabilities				
Current Liabilities				
Accounts Payable	£7,656	£4,575	£3,081	▲ (+67%)
Historical Adjustment	£4,131	£4,131	-	
Rounding	£0	£0	-	
VAT	£1,484	£2,085	(£601)	▼ (-29%)
Total Current Liabilities	£13,271	£10,790	£2,480	▲ (+23%)
Non-Current Liabilities				
Total Liabilities	£13,271	£10,790	£2,480	▲ (+23%)
Net Assets	£11,247	£11,092	£155	▲ (+1%)
Owners Equity				
Profit and Loss (This Year)	£7,717	£7,561	£155	▲ (+2%)
Retained Earnings	£3,531	£3,531	-	
Owners Equity	£11,247	£11,092	£155	▲ (+1%)

Profit and Loss Ratios

01 September 2020 - 30 September 2020 vs 01 August 2020 - 31 August 2020

	Sep 2020	Aug 2020	Variance	Variance (%)	YTD
Gross Profit Margin	82.6%	100.0%	-17.4%	▼ (-17%)	92.7%
Operating Expense	81.3%	35.1%	46.2%	▲ (+131%)	63.9%
Net Profit Margin	1.4%	64.9%	-63.6%	▼ (-98%)	28.8%
Interest Cover	n/a	n/a	n/a		n/a

Profitability Ratios

Profitability ratios are a class of financial metrics that are used to assess an entity's ability to generate earnings relative to its sales and operating costs.

- Gross Profit Margin: Gross Profit / Sales

$$£9,284 / £11,234 = 82.6\%$$

The gross profit margin ratio represents the amount of profit that an entity retains after incurring the direct costs associated with producing and selling its goods or services. The higher the ratio, the more the entity retains to service its other costs and debt obligations.

- Operating Expense Ratio: Operating Expenses / Sales

$$£9,129 / £11,234 = 81.3\%$$

The operating expense ratio represents the efficiency of an entity's management by comparing operating expenses to sales. The ratio illustrates how efficient an entity's management is at keeping costs low while generating sales. More efficient entities have lower ratios.

- Net Profit Margin: Net Profit / Sales

$$£155 / £11,234 = 1.4\%$$

The net profit margin ratio represents the amount of profit that an entity retains after incurring all costs. The higher the ratio, the more profit is generated per each unit of sales.

Balance Sheet Ratios

30 September 2020 vs 31 August 2020

	Sep 2020	Aug 2020	Variance	Variance (%)
Liquidity				
Current Ratio	1.65	1.88	-0.23	▼ (-12%)
Quick Ratio	1.26	0.96	0.30	▲ (+31%)
Debtors days	20.3 days	25.0 days	-4.7 days	▼ (-19%)
Creditors days	16.6 days	47.9 days	-31.4 days	▼ (-65%)
Solvency				
Debt to Equity	1.18	0.97	0.21	▲ (+22%)
Du Pont Analysis				
Operating Efficiency	1.4%	64.9%	-63.6%	▼ (-98%)
Asset Use Efficiency	48.4%	43.6%	4.8%	▲ (+9%)
Financial leverage	2.08	2.19	-0.11	▼ (-5%)
Return on Equity	1.4%	62.1%	-60.7%	▼ (-98%)

Liquidity Ratios

Liquidity ratios are used to determine an entity's ability to settle current debt obligations.

- Current Ratio: Current Assets / Current Liabilities

$$£21,935 / £13,271 = 1.65$$

The current ratio represents an entity's ability to pay short-term obligations (those due within one year). Lenders, investors, and creditors often use this ratio to understand how an entity can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

- Quick Ratio: (Cash + Receivables) / Current Liabilities

$$(£16,704 + £5,230) / £13,271 = 1.26$$

The quick ratio represents an entity's ability to pay short-term obligations (those due within one year) using its most liquid assets. The most liquid assets are assets that can be converted quickly to cash. The quick ratio is also known as the acid test ratio.

- Debtor Days: (Average Accounts Receivable / Sales) x Number of Days in the Period

$$(£7,597 / £11,234) \times 30 = 20.3 \text{ days}$$

The debtor days ratio indicates the average number of days that an entity takes to collect its receivables or money owed to it by clients. The ratio demonstrates how effective an entity manages the credit it extends to customers and how quickly that short-term debt is collected. The lower the ratio, the faster the entity receives money from its debtors.

- Creditor Days: (Average Accounts Payable / (Cost of Sales + Expenses)) x Number of Days in the Period

$$(£6,115 / (£1,950 + £9,129)) \times 30 = 16.6 \text{ days}$$

The creditors days ratio indicates the average number of days that an entity takes to pay its bills, invoices and expenses to suppliers, vendors and employees. A higher ratio indicates that the entity takes longer to pay its bills and expenses which means that it retains the available funds for a longer duration. A higher ratio may allow the entity an opportunity to utilize the available cash in a better way to maximize return.

Solvency Ratios

Solvency ratios measure an entity's ability to sustain operations indefinitely by comparing debt levels with equity.

- Debt to Equity (D/E): Total Liabilities / Total Equity

$$(\pounds 13,271 / \pounds 11,247) = 1.18$$

The debt to equity ratio represents an entity's financial leverage. The ratio is a measure of the degree to which an entity is financing its operations through debt versus wholly owned funds. A lower ratio reflects the ability of shareholder equity to cover all outstanding debts.

DuPont Analysis

DuPont analysis is a useful technique used to decompose the different drivers of return on equity (ROE). The decomposition of ROE allows investors to focus on the key metrics of financial performance individually to identify strengths and weaknesses in an entity.

There are three major financial metrics that drive ROE: operating efficiency, asset use efficiency and financial leverage.

- Return on Equity: Operating Efficiency x Asset Use Efficiency x Financial Leverage

$$(1.4\% \times 48.4\% \times 2.08) = 1.4\%$$

The return on equity ratio is considered a measure of how effectively management is using an entity's assets, leverage and expenses to create profits for shareholders. ROE can be increased by improving operating efficiency, asset use efficiency or by increasing financing leverage via more debt funding.

- Operating Efficiency: Net Profit / Sales

$$(\pounds 155 / \pounds 11,234) = 1.4\%$$

The operating efficiency ratio is identical to the net margin ratio and represents the amount of profit that an entity retains after incurring all costs. The higher the ratio, the more profit is generated per each unit of sales.

- Asset Use Efficiency: Sales / Average Total Assets

$$(\pounds 11,234 / \pounds 23,200) = 48.4\%$$

The asset use efficiency ratio is used to demonstrate how effective an entity is at utilizing its assets to generate sales. The higher the ratio, the lower the quantum of assets required to generate sales.

- Financial Leverage: Average Total Assets / Absolute Value of Average Equity

$$(\pounds 23,200 / \pounds 11,170) = 2.08$$

The financial leverage ratio demonstrates how much debt the entity has utilized to finance its business. The higher the ratio, the more debt the entity is using in its funding structure.