

## A comprehensive service offering

At Paish Tooth we deliver an extensive range of tax and accounting services. Alongside our traditional compliance offerings, we provide expertise in all of the following areas:

- **Succession planning**
- **Wealth Management**
- **Financial Management**
- **Profit improvement**
- **Personal tax planning**
- **Business tax planning**
- **Xero Cloud accounting**
- **Auto-enrolment**

Please just ask if you wish to discuss any of these additional service options.

## A friendly team of experts

Paish Tooth is a relaxed and friendly firm with a team of 15 staff. We've been offering expert accountancy and tax advice for over 30 years. Paish Tooth is regulated by the Association of Chartered Certified Accountants (ACCA), and we also practise as Chartered Tax Advisors, authorised by the Chartered Institute of Taxation. Our drive has always been to gain an understanding of every client we work with, so that we can offer the appropriate tailored support and practical advice. We're always keen to build up strong, effective partnerships with our clients and help them achieve their full business potential.

## Get in touch!

Paish Tooth is conveniently based in Cheltenham town centre, a short stroll from the High Street, plus we have client car parking available. Please give us a call if you would like to arrange a meeting with one of the team - we'd love to hear from you!

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Or why not join us on social media:

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## Download our free mobile app

The Paish Tooth app will keep you on top of the latest news and tax changes, and is packed with useful tools including calculators, tax tables, financial dates, a receipt manager and mileage tracker.



 **paishtooth**  
ACCOUNTANTS & TAX ADVISORS

# Management Accounts



## What are management accounts?

Management accounts are a great tool in evaluating the financial performance of your business. They are much the same as the annual accounts that are required for compliance purposes with HMRC and Companies House, as they report on the historical performance of your business, however there are some subtle differences.

Unlike annual accounts, management accounts are produced on a more regular basis, whether that is monthly, quarterly, or for any period that is useful to you as a business owner. Also, management accounts are not constrained to tight reporting formats so they can be presented in a way that you understand and in a timely manner. The level of detail that can be included is almost limitless, but ensuring that you report on the key areas of your business will help to make the accounts understandable and relevant and will avoid excessive detail.

The key benefits to producing management accounts are:

- Improved understanding of your business performance
- Greater control of the business
- Problems highlighted in a timely manner
- Improved decision making
- Improve access to funding

Management accounts provide a lot of insight into whether or not you are achieving your goals but the key, as with all information, is to know what to do with it once you have it.

## How did I do?

The first thing to do is compare the results with your expectations. Typically this means comparing the results with your forecast figures and highlighting key variances. Once you have analysed your performance against your own forecasts it is good practice to establish why your results differ from your expectations.

A lot of small businesses do not have the time or resources to produce formal forecasts but they will still have their own inherent expectations against which to compare performance.

## How do I compare?

Understanding how your business compares against your competitors is an invaluable tool in evaluating performance and understanding where your strengths and weaknesses lie.

It's an important means of focusing on key changes that will enable you to improve your business to obtain that vital competitive edge and help make it look the way you want!

## What if .....?

"What if" scenarios allow you to manipulate existing data to show how your performance would be affected if you changed certain variables. An example of a common "what if" scenario would be: What if I increased my prices by 1%?

Management accounts form the perfect foundation for running "what if" scenarios with your data.

## Room for improvement!

Management accounts will highlight areas that need improving and this allows you to formulate a plan of action to get your business to where you want it to be.

It is important when making changes to first focus on the areas you consider key to your business. It is also worth remembering that most changes do not happen overnight. It's essential not to become disheartened, although at the same time you do need to be able to recognise when something isn't working and that it's time to change the plan.

## Improved access to funding

Preparation of regular management accounts highlights to lenders that you understand your business and you are serious about it. Making changes to your business, be that to finance new machinery or take on more staff, will almost inevitably require financing. Having management accounts to hand will improve your chances of obtaining the finance required without undue delay.

## How can Paish Tooth help?

At Paish Tooth we produce management accounts for different sized businesses in various formats, and we can help you to analyse your business performance against your own targets and the performance of your competitors. Our benchmarking service offers real-time industry averages to allow you to keep abreast of the most up-to-date and accurate trends in your specific industry.