

Accounting Firm

Master Objectives Report

As at last review date 20 September 2008

Accounting Firm

MASTER OBJECTIVES

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INTRODUCTION

The revenue for the practice rose by 40207 in 2005 and yet the Principal's income (Owners Remuneration) fell by 6318.

It is clear from looking at the P&L where some of the problems arose but the Principal believes that the firm has invested in growth and that the rewards must follow.

Profit Tracker will be used to help set the objectives and to then track performance week by week. The Principal wants to ensure that the firm charges for the work it carries out properly. There is a concern that some customers are not being billed the full and proper chargeable amounts.

Company Options

Profit and Loss Actuals

Start Year: 2007 Number of Years: 2
End Year: 2008

Operational Period

Subject Year: 2009
No. Weeks: 50
Week From: 1 To: 50

Reporting Period

Week From: 4 To: 12

Last Review Date: 20/09/2008

CONTRIBUTION OBJECTIVES

Financial Objectives

	2008	What If	Change	2009
INCOME				
Sales	490,337			
Cost of Sales	31,872			
GROSS PROFIT	<u>458,465</u>	CONTRIBUTION OBJECTIVE	14.14%	<u>523,290</u>
OTHER INCOME	<u>9,322</u>	Increased by %	0.00%	<u>9,322</u>
EXPENSES				
Advertising & Promotions	18,455	Increased by %	20.00%	22,146
Depreciation	13,233	Increased by %	0.00%	13,233
Financial Expenses	14,313	Increased by %	0.00%	14,313
Insurance	7,289	Increased by %	10.00%	8,018
Interest	13,764	Increased by %	0.00%	13,764
Motor Vehicle Expenses	11,457	Increased by %	10.00%	12,603
Other Overheads	31,419	Increased by %	5.00%	32,990
Owners Remuneration	137,686	Increased by %	0.00%	137,686
Premises Rent & Costs	54,150	Increased by %	5.00%	56,858
Provisions	0	Increased by %	0.00%	0
Royalties	0	Increased by %	0.00%	0
Wage & Staffing Costs	166,021	Increased by %	3.00%	171,002
TOTAL EXPENSES	<u>467,787</u>		3.17%	<u>482,612</u>
NET PROFIT BEFORE TAX	0	WHAT WOULD YOU LIKE TO ACHIEVE		50,000

Proportion of Contribution by Tracking Unit

Tracking Unit	2008 % of Contribution	2009 % of Contribution
Principal	35%	37%
Professional/Support	65%	63%

Comments

Some improvement will come from trying to reduce expenses but the Principal believes that the firm should be earning more from his work, in particular, and also that the new computer system and changes in the office methodologies should enable higher productivity for the firm overall.

The Principal wishes to improve the firm's revenue but the main objective is to improve his income by 50,000.

Contribution per Unit: Principal

Productivity

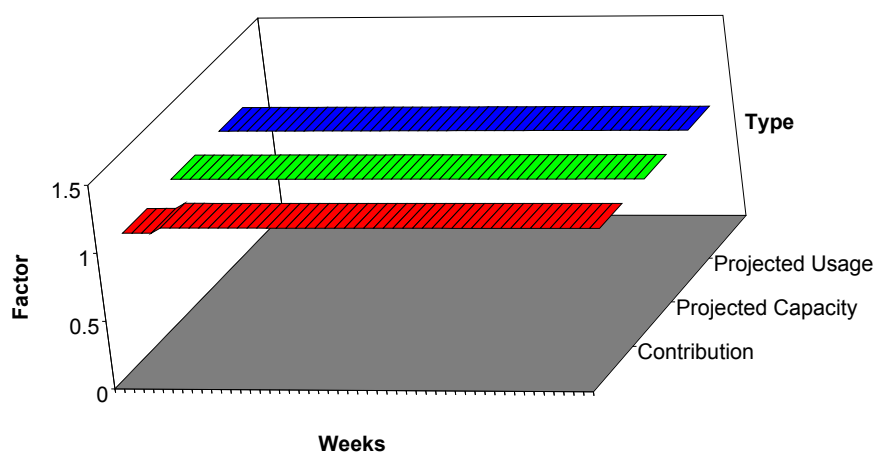
	Used	Available Capacity	Productivity
2008	1,050	2,000	52.5%
2009	1,200	2,000	60.0%
Projected Change	150	0	

Target Contribution per unit

	Contribution	Number of Units	Contrib. per Unit
2008	160,463	1,050	153
2009	193,617	1,200	161
Projected Change	33,155	150	8

Target Contribution per unit per week

	Contribution	Number of Units	Contrib. per Unit
2008	3,209	21	153
2009	3,872	24	161
Projected Change	663	3	8



Comments

The Principal will increase chargeable time from an average of 21 hours per week to 24. The view is that this will be achieved more from proper billing practices than from actually carrying out more work.

He will also increase the contribution per hour from 153 to 161. This will be achieved through a number of value adding techniques. Some of the clients will accept the new Action Planning services the firm will provide this year. This has a significant Write-up element whilst delivering very important outcomes for the clients. A decision was made to increase the charge rate by 4% this year effective from January. This is seen as a seasonal adjustment for the Contribution from the 5th week onwards.

Contribution per Unit: Professional/Support

Productivity

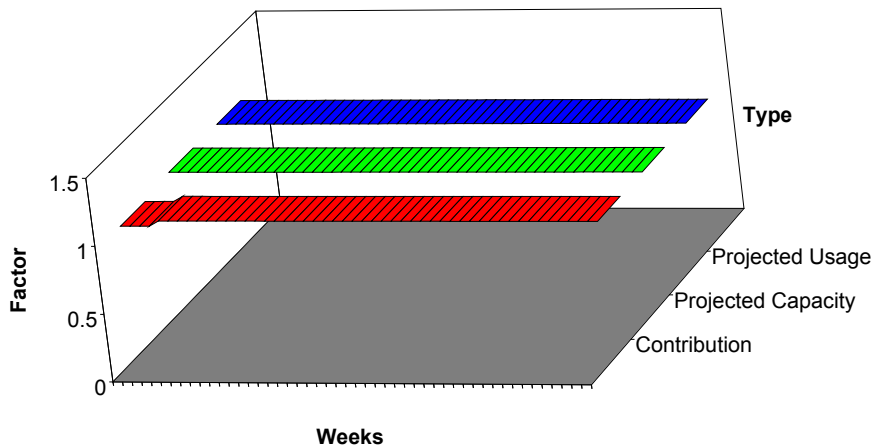
	Used	Available Capacity	Productivity
2008	3,400	7,350	46.3%
2009	3,550	7,350	48.3%
Projected Change	150	0	

Target Contribution per unit

	Contribution	Number of Units	Contrib. per Unit
2008	298,002	3,400	88
2009	329,673	3,550	93
Projected Change	31,670	150	5

Target Contribution per unit per week

	Contribution	Number of Units	Contrib. per Unit
2008	5,960	68	88
2009	6,593	71	93
Projected Change	633	3	5



Comments

The Professional/Support group include man hours from both Professional and Support personnel.

There will be an improvement in productivity from improved methodologies but also due to tightening up the billing process.

There will also be a higher contribution due to the rate increase.