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## Monthly Scorecard Report

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Accounting To India, LLC  
2020 (YTD to Aug 2020)

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# Executive Summary

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## REVENUE

**Revenue \$265,888** (Last month \$252,176)

Positive trend upwards.

## PROFITABILITY

**Profitability Ratio 46.38%** (Last month 34.65%)

Positive trend upwards. Strategies to improve profitability include: increasing price, increasing sales volume, reducing cost of sales and reducing operating expenses.

## ACTIVITY

**Activity Ratio 1.02 times** (Last month 0.99 times)

Positive trend upwards. Strategies to improve the activity ratio include seeking ways to optimize the balance sheet, ie. by reducing the investment in working capital, selling-off any unused assets or by increasing sales using the same asset base.

## EFFICIENCY

**Return on Capital Employed 47.41%** (Last month 34.38%)

Positive trend upwards. A higher ROCE% is favourable, indicating that the business generates more earnings per \$1 of capital employed.

## WORKING CAPITAL

**Cash Conversion Cycle -451 days** (Last month -335 days)

Positive trend downwards. Strategies to improve cash conversion include: collecting debt faster, reducing inventory levels, billing work in progress faster and paying creditors slower

## CASH FLOW

**Free Cash Flow \$38,543**

Free Cash Flow is positive. After paying its operating expenses and investing for future growth (capital expenditures) the business has generated cash. This cash is available to be paid back to the suppliers of capital.

## MARGINAL CASH FLOW

**Net Variable Cash Flow 76.98%**

Net variable cash flow is positive. The business will generate cash from each additional \$1 of products or services that the business sells.

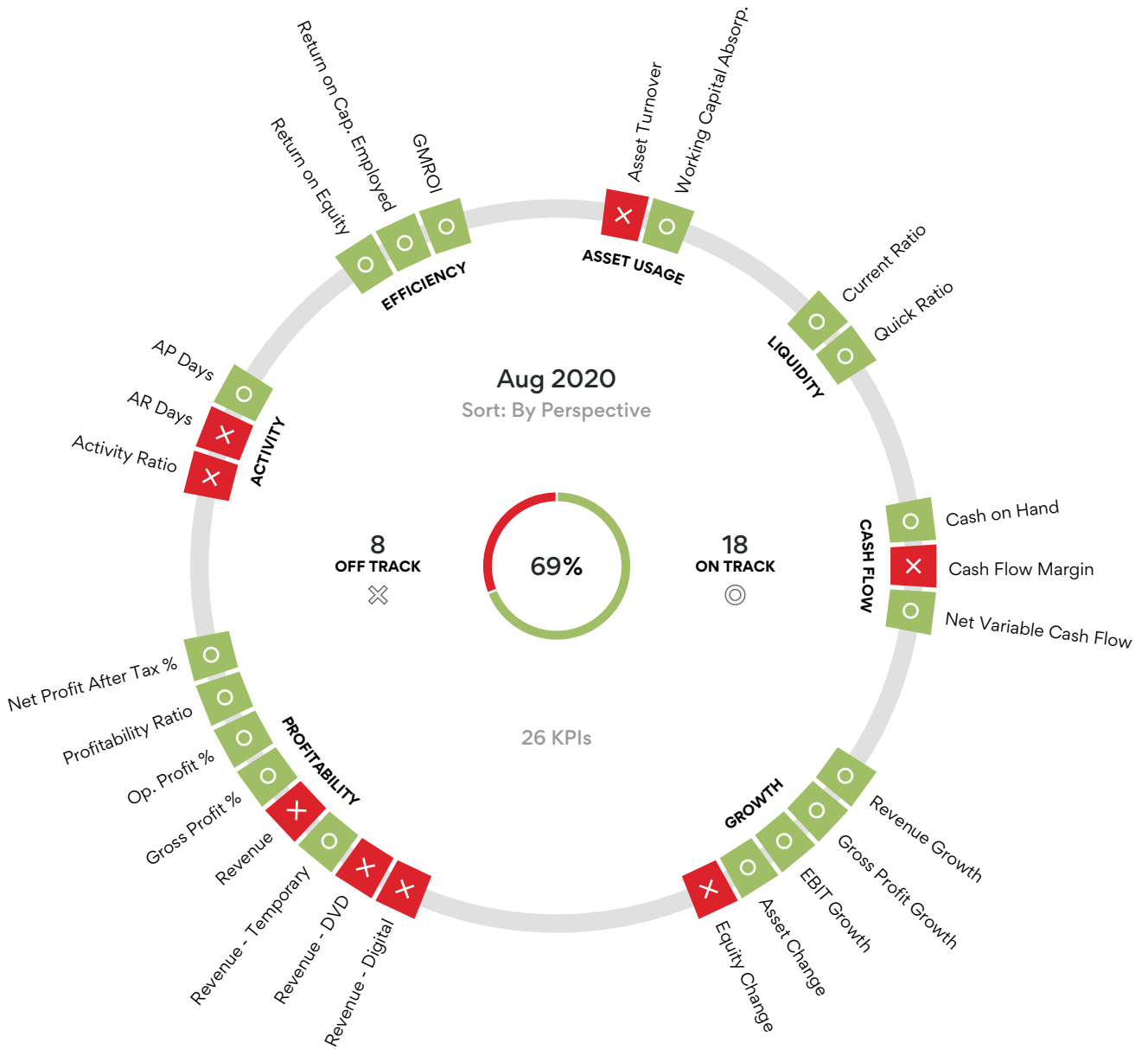
## DEBT

**Net Debt \$90,331** (Last month \$68,874)

Net debt levels have risen.

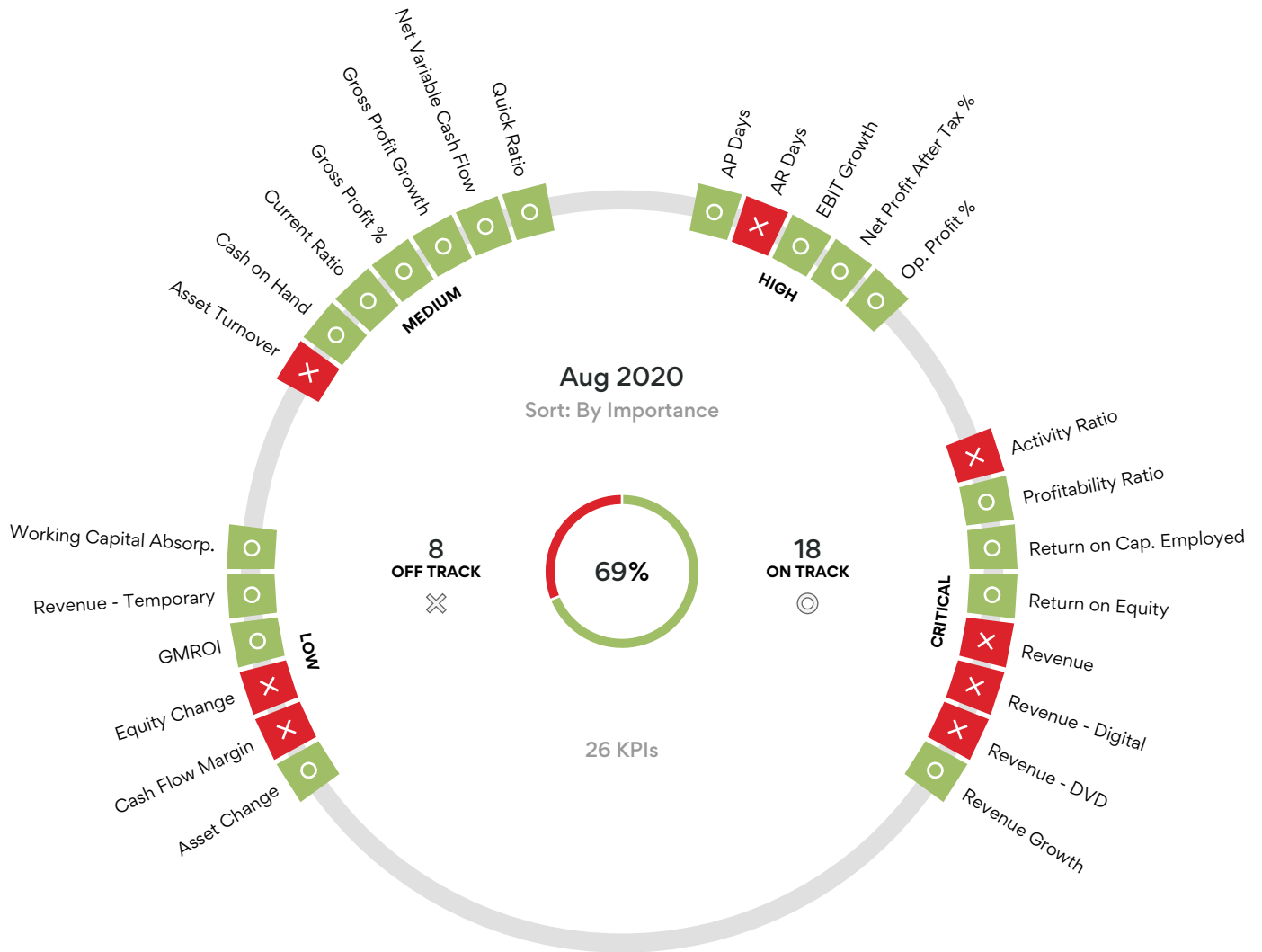
# KPI Results

This chart shows KPIs grouped into performance perspectives.



# KPI Results

This chart shows KPIs sorted by degree of importance. KPIs are classified as either low, medium, high or critical importance.



# KPI Results

	1 ALERT	RESULT	TARGET	TREND	IMPORTANCE
<b>A PROFITABILITY</b>		<b>AUG 2020</b>		<b>vs JUL 2020</b>	
Revenue - Digital		\$13,672	\$200,000	✗ ▲ 867.8%	Critical
Revenue - DVD		\$43,067	\$50,000	✗ ▲ 7.4%	Critical
Revenue - Temporary		\$192,342	\$0	✓ ▼ -8.4%	Low
Total Revenue		\$265,888	\$350,000	✗ ▲ 5.4%	Critical
Gross Profit Margin		99.79%	35%	✓ ▲ 0.35%	Medium
Operating Profit Margin		47.07%	25%	✓ ▲ 11.3%	High
Profitability Ratio		46.38%	15%	✓ ▲ 11.74%	Critical
Net Profit After Tax Margin		46.3%	10%	✓ ▲ 12.04%	High
<b>B ACTIVITY</b>					
Activity Ratio		1.02 times	2.00 times	✗ ▲ 0.03 times	Critical
Accounts Receivable Days *	●	84 days	45 days	✗ ▲ 3 days	High
Accounts Payable Days		11,771 days	30 days	✓ ▲ 6,936 days	High
<b>C EFFICIENCY</b>					
Return on Equity		56.3%	15%	✓ ▲ 15.41%	Critical
Return on Capital Employed		47.41%	12.5%	✓ ▲ 13.03%	Critical
Gross Margin Return on Inventory		1,578.68%	150%	✓ ▲ 62.13%	Low
<b>D ASSET USAGE</b>					
Asset Turnover		0.95 times	5.00 times	✗ ▲ 0.03 times	Medium
Working Capital Absorption *		22.82%	25%	✓ ▲ 1.13%	Low
<b>E LIQUIDITY</b>					
Current Ratio		3.11:1	2.00:1	✓ ▲ 0.19:1	Medium
Quick Ratio		1.94:1	1.00:1	✓ ▲ 0.15:1	Medium
<b>F CASH FLOW</b>					
Cash on Hand		\$117,262	\$50,000	✓ ▼ -10.3%	Medium
Cash Flow Margin		14.81%	120%	✗ ▲ 99.47%	Low
Net Variable Cash Flow		76.98%	0%	✓ ▼ -0.78%	Medium

		1 ALERT	RESULT	TARGET	TREND	IMPORTANCE
G	GROWTH		AUG 2020		vs JUL 2020	
	Revenue Growth		5.44%	0.41%	✓ ▼ -2.39%	Critical
	Gross Profit Growth		5.8%	0.17%	✓ ▼ -3.79%	Medium
	EBIT Growth		41.16%	0.17%	✓ ▼ -55.41%	High
	Asset Change		1.66%	0.25%	✓ ▼ -5.1%	Low
	Equity Change		-13.07%	0.25%	✗ ▼ -16.54%	Low

\* For this metric, a result below target is favourable

## Alerts

### Accounts Receivable Days

Accounts Receivable days have exceeded the alert level of 60 days. An immediate review of strategies improve cash management by reducing receivable days is required. Such actions may include a review of customer payment terms.

# Revenue Analysis

TOTAL REVENUE (Aug 20)

**\$265,888**

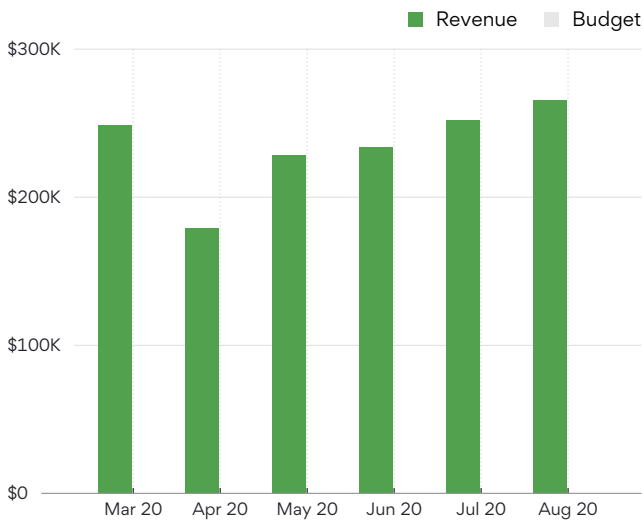
TARGET (Aug 20)

**\$350,000** Target

LAST MONTH (Jul 20)

**\$252,176**

Last 6 months vs Budget



Revenue Mix - Top 10 Accounts (Aug 20)

Revenue - Temporary	\$192,342
Revenue - DVD	\$43,067
Revenue - NDM	\$16,780
Revenue - Digital	\$13,672
Revenue - Shipping / Handling / Other	\$111
Discounts Given	(\$84)

YTD ACTUAL

**\$1,759,720**

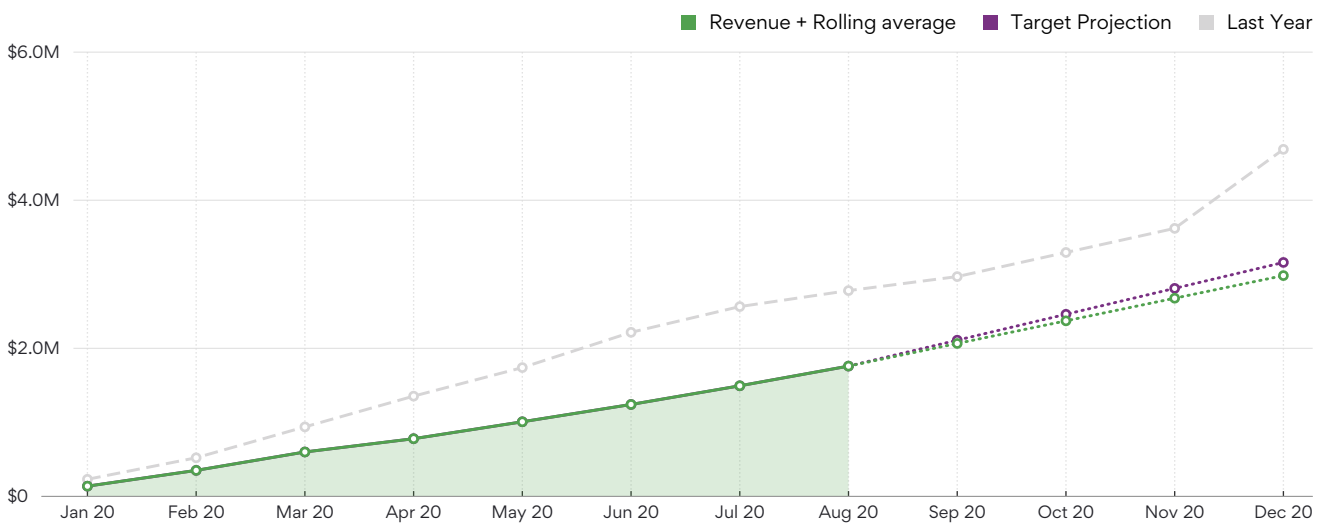
YTD BUDGET

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YTD LAST YEAR (2019 YTD)

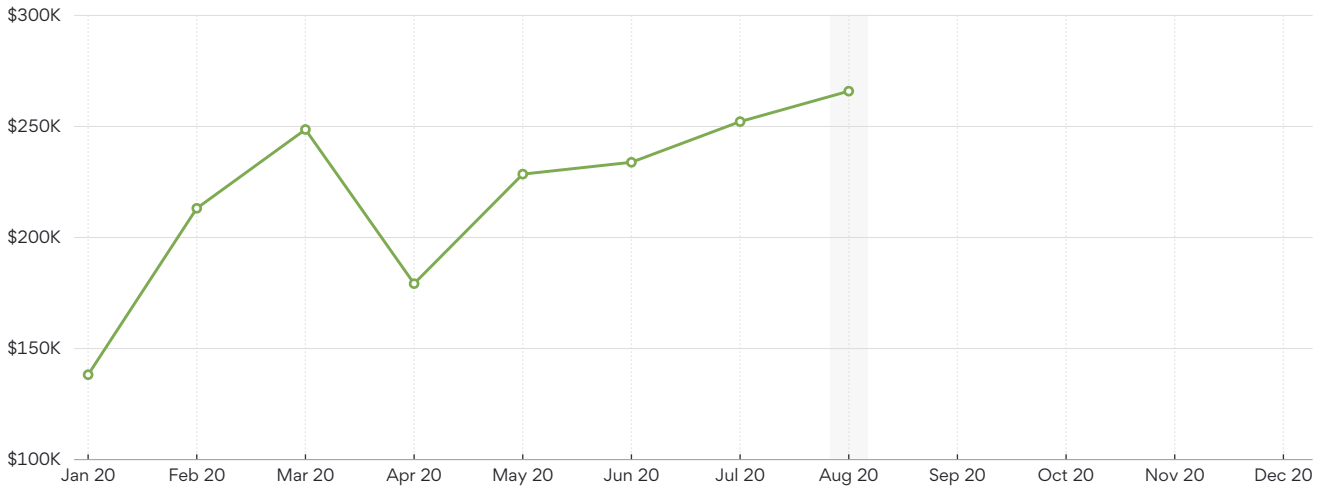
**\$2,779,504**

Cumulative Revenue





### Revenue this financial year



# Profitability

REVENUE (Aug 20)

**\$265,888**

A measure of the total amount of money received by the company for goods sold or services provided.

EXPENSES TO REVENUE ... (Aug 20)

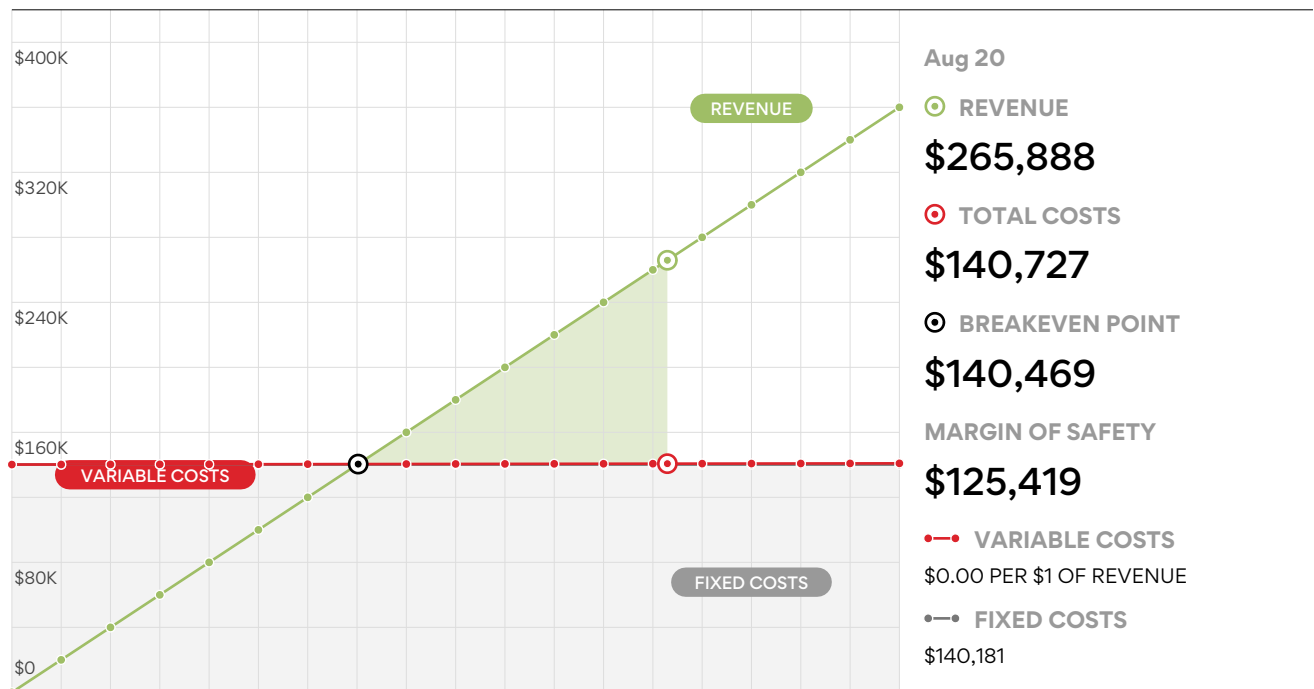
**52.93%**

A measure of how efficiently the business is conducting its operations.

MARGIN OF SAFETY (Aug 20)

**\$125,419**

The breakeven safety margin represents the gap between the actual revenue level and the breakeven point.



Profitability can be further improved by improving price, volume, cost of sales and operating expense management.

## Top 10 Revenue Accounts (Aug 20)

Revenue - Temporary	\$192,342
Revenue - DVD	\$43,067
Revenue - NDM	\$16,780
Revenue - Digital	\$13,672
Revenue - Shipping / Handling / Other	\$111
Discounts Given	(\$84)

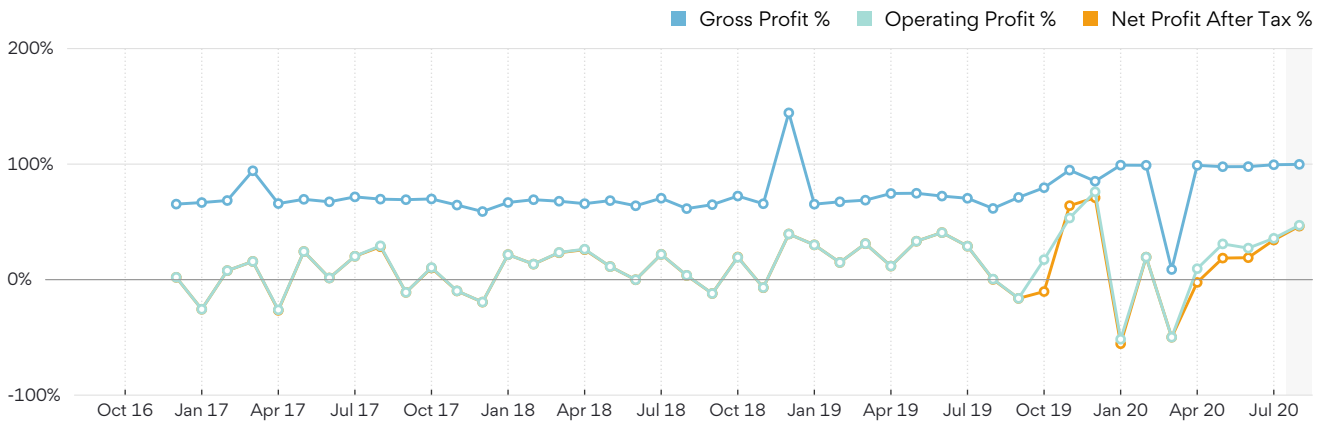
## Top 10 Expense Accounts (Aug 20)

Payroll Expenses - Direct	\$57,565
Production Expenses	\$15,978
Software Programming & Website	\$9,928
It's A Miracle Series	\$9,425
Office Rent	\$7,632
Cloud - Internet & Website / Digital Delivery	\$5,090
Insurance - Medical & Deductible	\$4,010
Consulting Fees - Computer Services	\$3,995
Office & Computer Supplies	\$3,464
Payroll Taxes (Employer Portion)	\$3,407

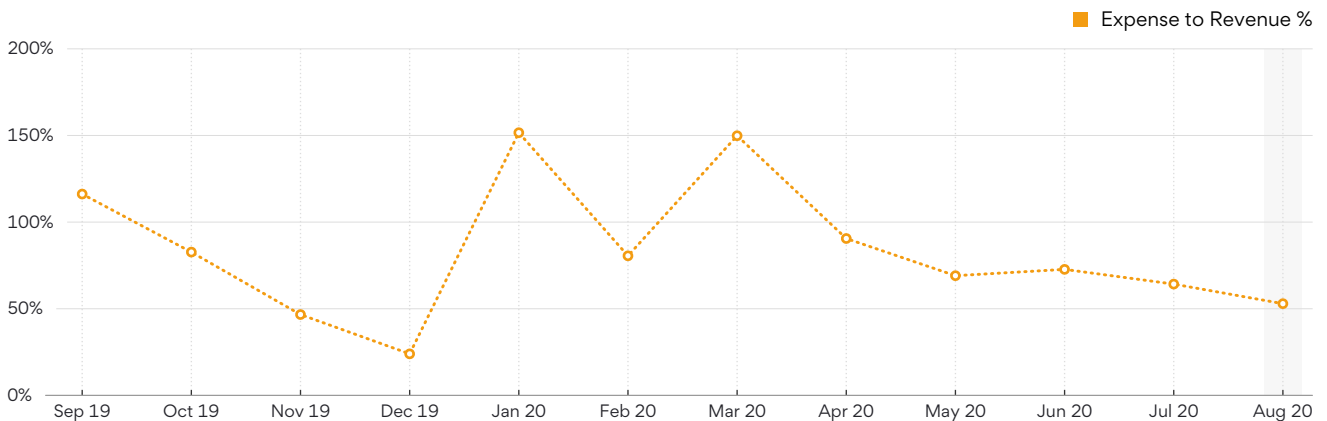
# Profitability Charts

	Aug 2020	% of Revenue	May 2020	Jun 2020	Jul 2020
Gross Profit	\$265,342	99.8%	\$223,431	\$228,833	\$250,788
Operating Profit	\$125,161	47.1%	\$70,672	\$63,801	\$90,218
Earnings Before Interest & Tax	\$123,332	46.4%	\$42,593	\$44,446	\$87,369
Earnings After Tax	\$123,118	46.3%	\$42,593	\$44,446	\$86,417

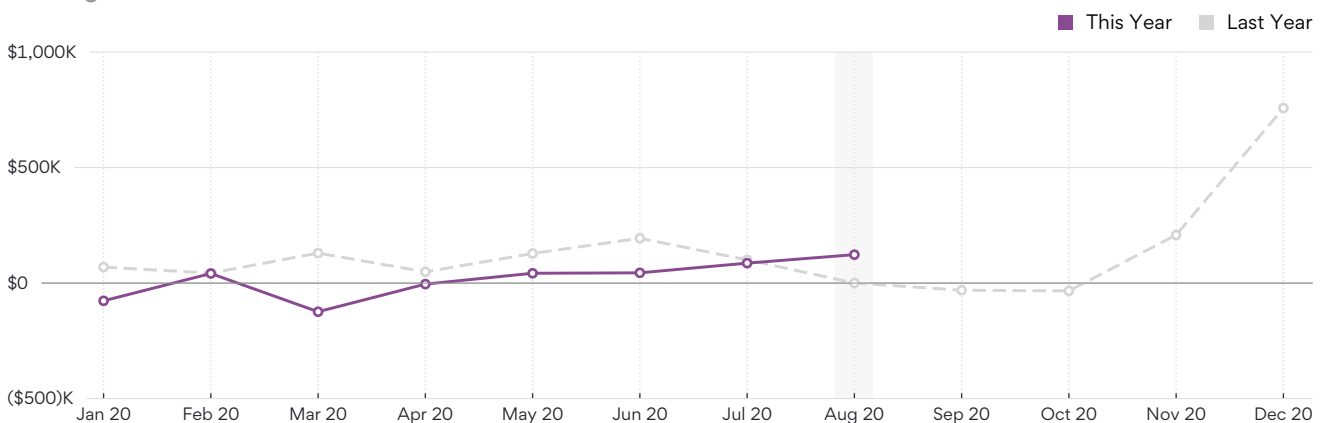
## % Margins



## Expense-to-Revenue (%)



## Earnings After Tax This Year vs Last Year



# Cash Flow

## OPERATING CASH FLOW (Aug 20)

**\$39,374**

Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company's product and/or services as well as collecting payment from its customers and making payments to suppliers.

## FREE CASH FLOW (Aug 20)

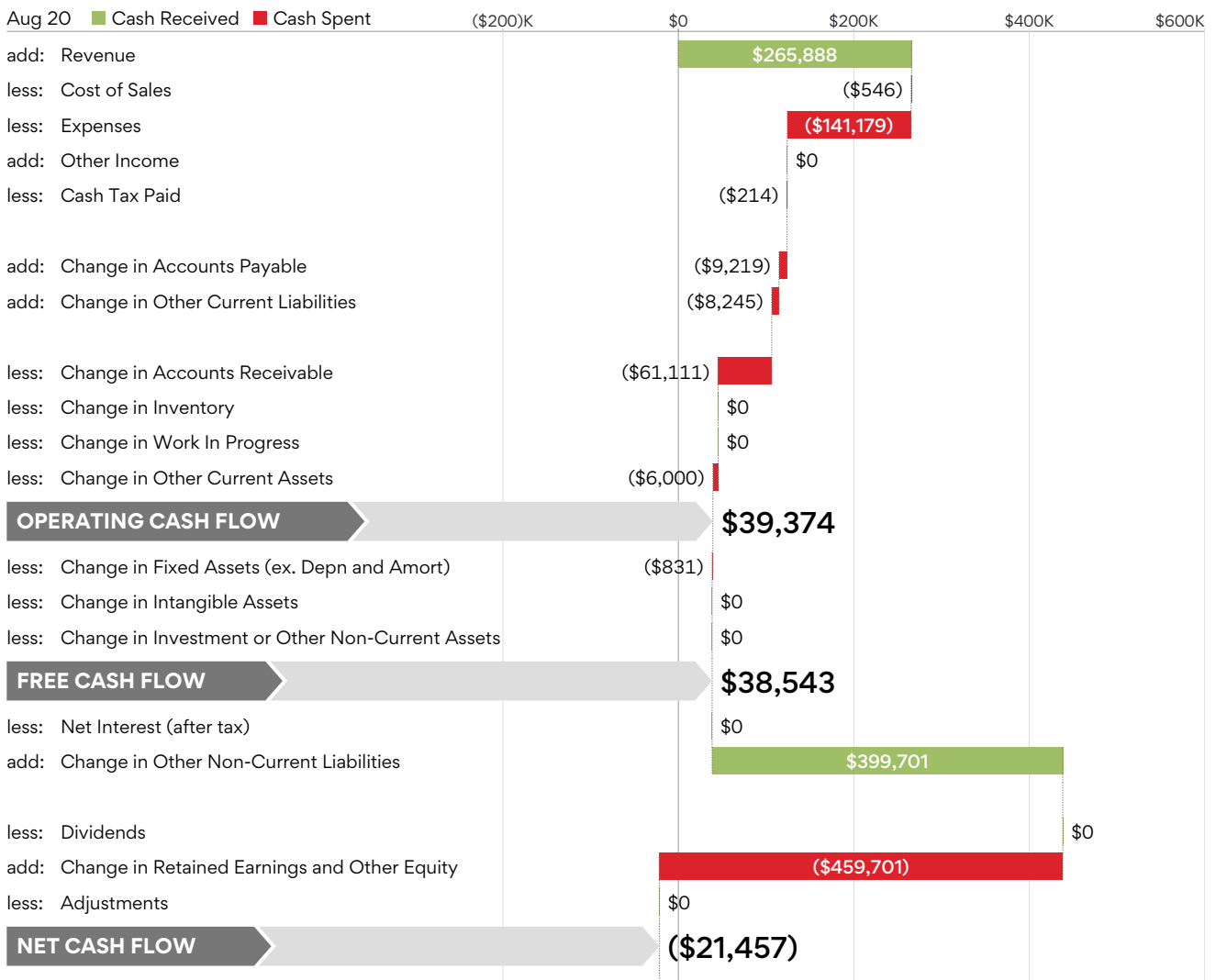
**\$38,543**

Free cash flow is the cash generated by the business, after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term "free cash flow" is used because this cash is free to be paid back to the suppliers of capital.

## NET CASH FLOW (Aug 20)

**(\$21,457)**

Net cash flow is the cash left after subtracting expenditures from financing activities from the free cash flow. This includes the cash impact from financing activities. Financing activities include the inflow of cash from investors such as banks or shareholders, as well as the outflow of cash to shareholders as dividends.



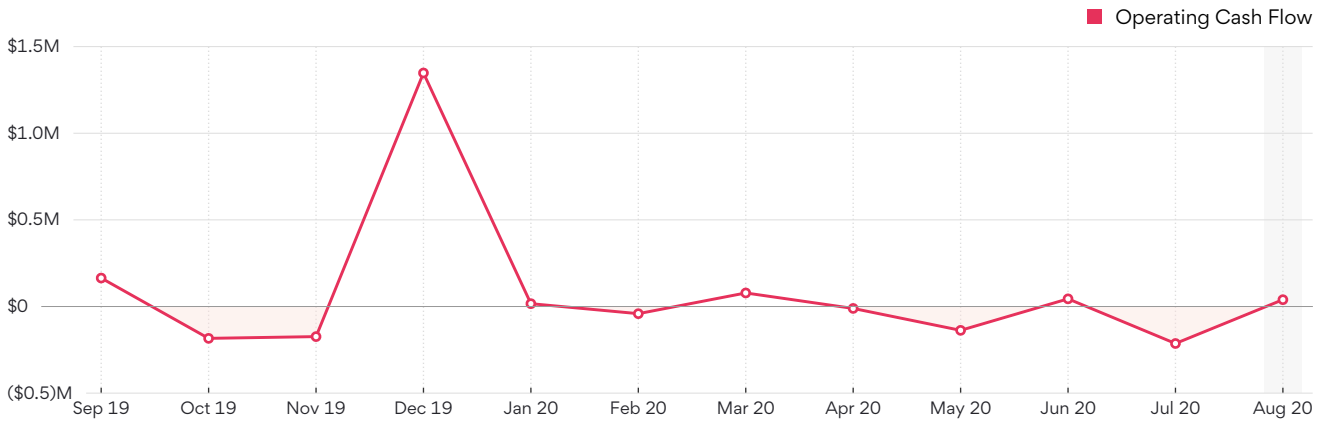
Net Cash Flow can also be calculated as:

**Change in Cash on Hand** (\$13,474) (Open: \$130,736, Close: \$117,262) — **Change in Debt** \$7,983 (Open: \$199,610, Close: \$207,593)

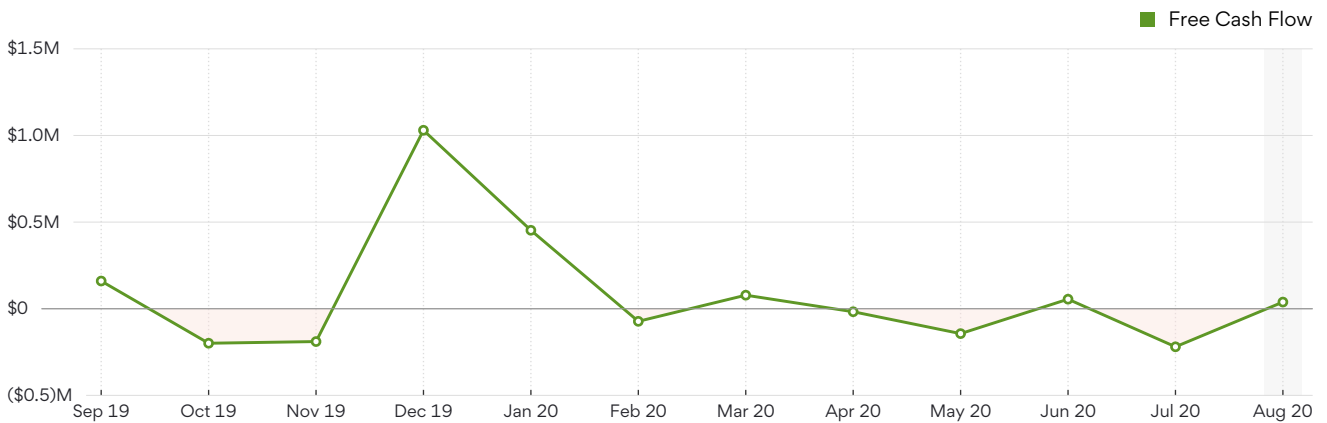
# Cash Flow Charts

	Aug 2020	May 2020	Jun 2020	Jul 2020
Operating Cash Flow	\$39,374	(\$137,583)	\$44,217	(\$213,508)
Free Cash Flow	\$38,543	(\$143,583)	\$55,172	(\$219,610)
Net Cash Flow	(\$21,457)	(\$143,583)	\$55,172	(\$219,610)
Cash on Hand	\$117,262	\$98,319	\$156,847	\$130,736

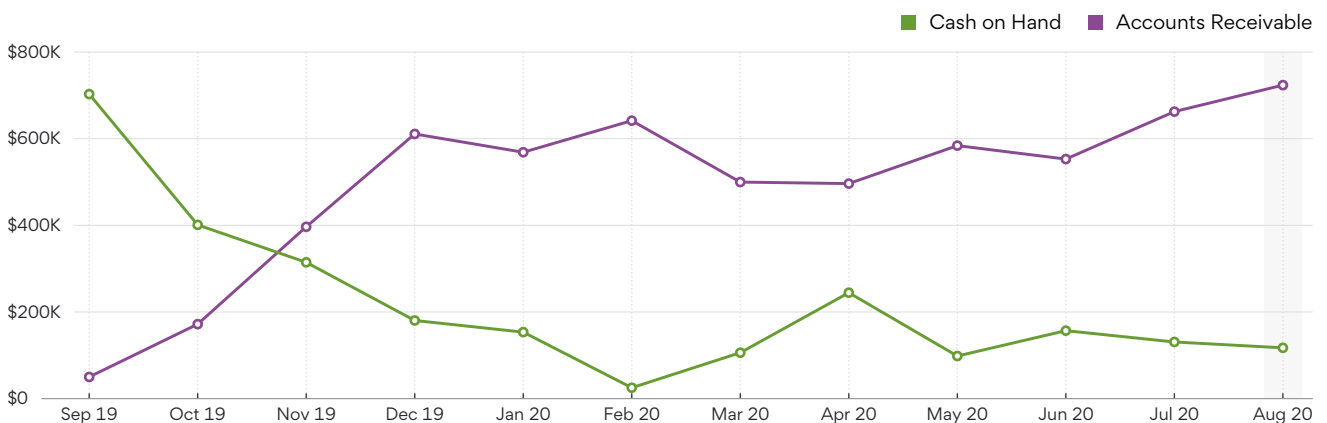
## Operating Cash Flow



## Free Cash Flow



## Cash & Receivables



# Growth

REVENUE GROWTH (Aug 20)

**5.44%**

A measure of the percentage change in Revenue for the period.

EBIT GROWTH (Aug 20)

**41.16%**

A measure of the percentage change in EBIT for the period.

ASSET CHANGE (Aug 20)

**1.66%**

A measure of the percentage change in Total Assets for the period.

## Change in Key Drivers (from prior month)

Revenue  
Up 5.4%

Cost of Sales  
Down 60.7%

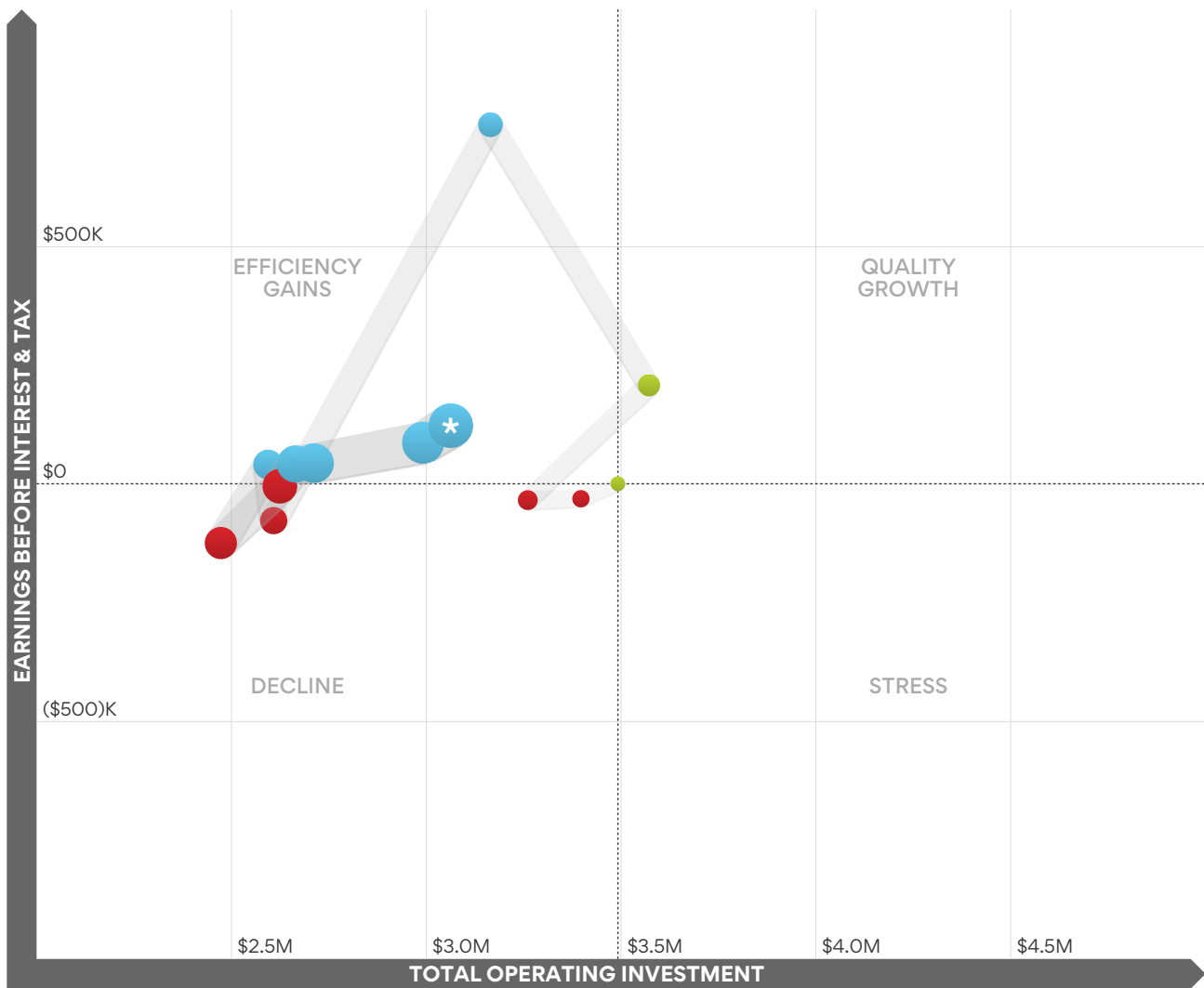
Expenses  
Down 12.7%

Receivable Days  
Up 3.7 days

Inventory Days  
Up 154.3 days

Payable Days  
Up 143.5 days

## GROWTH FROM Aug 2019 to Aug 2020



\* Total Operating Investment \$3,063,142; Earnings Before Interest & Tax \$123,332

Size of the circle shows the recency of the result

Vertical position of the circle shows the growth in Earnings Before Interest & Tax

Horizontal position of the circle shows the growth in Total Operating Investment

# Financials

<b>PROFIT &amp; LOSS</b>	<b>Aug 2020</b>	<b>Jul 2020</b>	<b>Variance %</b>
Revenue	\$265,888	\$252,176	5.44%
Cost of Sales	\$546	\$1,388	-60.67%
<b>Gross Profit</b>	<b>\$265,342</b>	<b>\$250,788</b>	<b>5.80%</b>
Expenses	\$140,181	\$160,570	-12.70%
<b>Operating Profit</b>	<b>\$125,161</b>	<b>\$90,218</b>	<b>38.73%</b>
Other Income	\$0	\$0	-
Other Expenses	\$1,830	\$2,849	-35.79%
<b>Earnings Before Interest &amp; Tax</b>	<b>\$123,332</b>	<b>\$87,369</b>	<b>41.16%</b>
Tax Expenses	\$214	\$952	-77.52%
<b>Earnings After Tax</b>	<b>\$123,118</b>	<b>\$86,417</b>	<b>42.47%</b>
Dividends	\$0	\$0	-
<b>Net Income</b>	<b>\$123,118</b>	<b>\$86,417</b>	<b>42.47%</b>
<b>BALANCE SHEET</b>			
	<b>Aug 2020</b>	<b>Jul 2020</b>	<b>Variance %</b>
<b>ASSETS</b>			
Cash & Equivalents	\$117,262	\$130,736	-10.31%
Accounts Receivable	\$723,680	\$662,569	9.22%
Inventory	\$197,898	\$197,898	0.00%
Work in Progress	\$0	\$0	-
Other Current Assets	\$310,381	\$304,381	1.97%
<b>Total Current Assets</b>	<b>\$1,349,221</b>	<b>\$1,295,584</b>	<b>4.14%</b>
Fixed Assets	\$1,924,698	\$1,924,698	0.00%
Intangible Assets	\$0	\$0	-
Investments or Other Non-Current Assets	\$15,264	\$15,264	0.00%
<b>Total Non-Current Assets</b>	<b>\$1,939,962</b>	<b>\$1,939,962</b>	<b>0.00%</b>
<b>Total Assets</b>	<b>\$3,289,183</b>	<b>\$3,235,546</b>	<b>1.66%</b>
<b>LIABILITIES</b>			
Short Term Debt	\$207,593	\$199,610	4.00%
Accounts Payable	\$207,325	\$216,545	-4.26%
Tax Liability	\$0	\$0	-
Other Current Liabilities	\$18,716	\$26,961	-30.58%
<b>Total Current Liabilities</b>	<b>\$433,634</b>	<b>\$443,115</b>	<b>-2.14%</b>
Long Term Debt	\$0	\$0	-
Deferred Taxes	\$0	\$0	-
Other Non-Current Liabilities	\$617,301	\$217,600	183.69%
<b>Total Non-Current Liabilities</b>	<b>\$617,301</b>	<b>\$217,600</b>	<b>183.69%</b>
<b>Total Liabilities</b>	<b>\$1,050,935</b>	<b>\$660,715</b>	<b>59.06%</b>
<b>EQUITY</b>			
Retained Earnings	\$2,554,907	\$2,554,907	0.00%
Current Earnings	\$133,042	\$9,924	1,240.61%
Other Equity	(\$449,701)	\$10,000	-4,597.01%
<b>Total Equity</b>	<b>\$2,238,248</b>	<b>\$2,574,831</b>	<b>-13.07%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$3,289,183</b>	<b>\$3,235,546</b>	<b>1.66%</b>

# KPIs Explained

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(Aug 20)

## ✓ **Accounts Payable Days** 11,771 days

A measure of how long it takes for the business to pay its creditors. A stable higher number of days is generally an indicator of good cash management. A longer time taken to pay creditors has a positive impact on Cash Flow. But an excessive lengthening in this ratio could indicate a problem with sufficiency of working capital to pay creditors. For this period, accounts payable days are above the target of 30 days.

Accounts Payable Days = Accounts Payable \* Period Length / Cost of Sales

## ✗ **Accounts Receivable Days** 84 days

A measure of how long it takes for the business to collect the amounts due from customers. A lower number indicates that it takes the business fewer days to collect its accounts receivable. A shorter time to collect debtors has a positive impact on Cash Flow. A higher number indicates that it takes longer to collect its accounts receivable. For this period, accounts receivable days are above the maximum target of 45 days.

Accounts Receivable Days = Accounts Receivable \* Period Length / Revenue

## ✗ **Activity Ratio** 1.02 times

A measure of the efficiency or effectiveness with which the business manages its resources or assets. This measure indicates the speed with which Net Operating Assets (Equity + Debt) are converted or turned into sales. This can be improved by optimising balance sheet efficiency, ie. by reducing the investment in working capital, selling-off any unused assets or by seeking ways to maximise the use of assets. For this period, the activity ratio is less than the target of 2.00 times.

Activity Ratio = Annualised Revenue / Total Invested Capital

## ✓ **Asset Change** 1.66%

A measure of the percentage change in Total Assets for the period. Total Assets on the balance sheet changed by 1.66%. For this period, change in total assets exceeded the target of 0.25%.

Asset Change = (Total Assets - Opening Total Assets) / Opening Total Assets \* 100

## ✗ **Asset Turnover** 0.95 times

A measure of how effectively the business has used its assets to generate revenue. The business makes \$95.18 of sales for every \$100 of its asset investment. The higher the number the better the turnover. Ways to improve this metric include increasing sales using the same asset base, using capital more efficiently, and/or improve cash management by reducing inventory and receivables. For this period, the Asset Turnover is less than the target of 5.00 times.

Asset Turnover = Annualised Revenue / Total Assets

## ✗ **Cash Flow Margin** 14.81%

A measure of the company's ability to turn sales into cash. The business converts each \$100 of sales into \$14.81 of Operating Cash Flow. For this period, the Cash Flow Margin was less than the target of 120%.

Cash Flow Margin = Operating Cash Flow / Revenue \* 100

## ✓ **Cash on Hand** \$117,262

A measure of the cash and cash equivalents in actual possession by the company at a particular time. At the end of this period the company held \$117,262 of cash and cash equivalents. Cash on Hand is above the required target of \$50,000.

Cash on Hand = Cash & Equivalents



(Aug 20)

✓ **Current Ratio 3.11:1**

A measure of liquidity. This measure compares the totals of the current assets and current liabilities. The higher the current ratio, the greater the 'cushion' between current obligations and the business's ability to pay them. Generally a current ratio of 2 or more is an indicator of good short-term financial strength. In other words, the current assets of the business should be at least double the current liabilities. For this period, the current ratio was 3.11:1, up from 2.92:1 last period and above the minimum target of 2.00:1.

Current Ratio = Total Current Assets / Total Current Liabilities

✓ **EBIT Growth 41.16%**

A measure of the percentage change in EBIT for the period. A combination of growth in revenues and growth in profits presents a balanced measure of growth. For this period, EBIT growth of 41.16% exceeded the target growth of 0.17%.

EBIT Growth = (Earnings Before Interest & Tax - Prior Earnings Before Interest & Tax) / Prior Earnings Before Interest & Tax \* 100

✗ **Equity Change -13.07%**

A measure of the percentage change in Total Equity for the period. Total Equity changed by -13.07%. For this period, change in equity was less than the target of 0.25%.

Equity Change = (Total Equity - Opening Total Equity) / Opening Total Equity \* 100

✓ **Gross Margin Return on Inventory 1,578.68%**

A measure of the average amount that the inventory returns above its cost. GMROI assists to monitor the investment in inventory and the resulting gross margin earned by this investment. A result higher than 100% indicates that the business is selling its products for more than what it costs to acquire. For this period, the GMROI exceeds the target of 150%.

Gross Margin Return on Inventory = Annualised Gross Profit / ((Inventory + Opening Inventory) / 2) \* 100

✓ **Gross Profit Growth 5.8%**

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of 5.8% exceeded the target of 0.17%.

Gross Profit Growth = (Gross Profit - Prior Gross Profit) / Prior Gross Profit \* 100

✓ **Gross Profit Margin 99.79%**

A measure of the proportion of revenue that is left after deducting all costs directly related to the sales. For each \$100 in sales the business retains \$99.79 after deducting the cost of sales. The gross profit serves as the source for paying operating expenses. The gross profit margin can be further improved by improving price, volume and cost of sales management. For this period, the gross profit margin % is above the required target of 35%.

Gross Profit Margin = Gross Profit / Revenue \* 100

✓ **Net Profit After Tax Margin 46.3%**

A measure of the proportion of revenue that is left after all expenses have been paid. The business makes \$46.30 of net profit for every \$100 it generates in revenue. For this period, the Net Profit After Tax margin is above the required target. A higher result indicates that the business is better prepared to handle down-turns.

Net Profit After Tax Margin = Earnings After Tax / Revenue \* 100

(Aug 20)

✓ **Net Variable Cash Flow 76.98%**

A measure of the additional cash that will either be generated or used up by the next \$100 of products or services that the business sells. If the Net Variable Cash Flow is positive then for every additional \$100 of revenue the business will generate cash. If the Net Variable Cash Flow is negative then for every additional \$100 of revenue the business will require additional cash funding. For this period, the Net Variable Cash Flow exceeded the target of 0%. The Net Variable Cash Flow is 76.98% of gross revenue. Each additional \$100 of Revenue will generate \$76.98 of cash.

Net Variable Cash Flow = (Annualised Revenue - Annualised Variable COS - Annualised Variable Expenses - Operating Working Capital) / (Annualised Revenue) \* 100

✓ **Operating Profit Margin 47.07%**

A measure of the proportion of revenue that is left after deducting all operating expenses. This reveals the operating efficiency of the business. The business converts each \$100 of sales into \$47.07 of profits. The operating profit margin can be further improved by improving price, volume, cost of sales and expense management. For this period, the operating profit margin is above the required target of 25%.

Operating Profit Margin = Operating Profit / Revenue \* 100

✓ **Profitability Ratio 46.38%**

A measure of the proportion of revenue that is left after deducting all expenses. This excludes finance costs and tax expenses. The business makes \$46.38 of EBIT for every \$100 it generates of revenue. The profitability ratio can be further improved by improving price, volume, cost and expense management. For this period, the Profitability ratio is above the required target of 15%.

Profitability Ratio = Earnings Before Interest & Tax / Revenue \* 100

✓ **Quick Ratio 1.94:1**

The Quick Ratio measures the availability of assets which can quickly be converted into cash to cover current liabilities. Inventory and other less liquid current assets are excluded from this calculation. The Quick Ratio is a measure of the ability to pay short-term creditors immediately from liquid assets. A quick ratio of 1:1 or more is considered 'safe'. For this period, the quick ratio was 1.94:1, up from 1.79:1 last period and above the minimum target of 1.00:1.

Quick Ratio = (Cash & Equivalents + Accounts Receivable) / Total Current Liabilities

✓ **Return on Capital Employed 47.41%**

A measure of the efficiency and profitability of capital investment (ie. funds provided by shareholders & lenders). ROCE monitors the relationship between the capital ('inputs') used by the business and the earnings ('outputs') generated by the business. ROCE is arguably one of the most important performance measures. The higher the result the greater the return to providers of capital. For this period, the business has generated a ROCE of 47.41%. This return exceeds the target of 12.5%.

Return on Capital Employed = Annualised Earnings Before Interest & Tax / Total Invested Capital \* 100

✓ **Return on Equity 56.3%**

A measure of how effectively the business has used the resources provided by its owners to generate profits. The higher the ratio the greater the rate of return for shareholders. For this period, the business has generated a Return on Equity of 56.3%. This return exceeds the target of 15%.

Return on Equity = Annualised Net Income / Opening Total Equity \* 100

(Aug 20)

**✘ Revenue - Digital \$13,672**

A measure of the 'Revenue - Digital' account from your general ledger. This is an account watch KPI. For this period, the account Revenue - Digital is below the required target of \$200,000

**✘ Revenue - DVD \$43,067**

A measure of the 'Revenue - DVD' account from your general ledger. This is an account watch KPI. For this period, the account Revenue - DVD is below the required target of \$50,000

**✔ Revenue - Temporary \$192,342**

A measure of the 'Revenue - Temporary' account from your general ledger. This is an account watch KPI. For this period, the account Revenue - Temporary is above the required target of \$0

**✔ Revenue Growth 5.44%**

A measure of the percentage change in revenue for the period. Management should ensure that revenues increase at rates higher than general economic growth rates (ie. inflation). For this period, revenue growth of 5.44% exceeded the target growth of 0.41%.

Revenue Growth = (Revenue - Prior Revenue) / Prior Revenue \* 100

**✘ Total Revenue \$265,888**

A measure of the total amount of money received by the company for goods sold or services provided. The business has earned total revenues of \$265,888. Strategies to improve revenue may include increasing prices, increasing the volume of sales through marketing initiatives or finding alternative sources of income. For this period, the revenue earned is below the required target of \$350,000.

Total Revenue = Revenue

**✔ Working Capital Absorption 22.82%**

A measure of the adequacy of working capital to support sales activity. This measure indicates the investment made in working capital for each unit of revenue. The trend of this ratio is particularly useful for growing businesses. If sales increase rapidly but working capital levels remain constant, the business may be at risk that insufficient working capital is available to support this growth. Moreover, if the result for this metric is greater than the Gross Profit Margin %, then for every additional unit of Revenue generated, additional cash will be required. For this period, Working Capital Absorption is less than the target of 25%.

Working Capital Absorption = Operating Working Capital / (Annualised Revenue) \* 100