**A brief insight into exactly how management accounting is invaluable to business;**

**Costing:** Determining the standard cost of the goods or services you provide. These are variable (change according to volume of goods/services produced, and fixed (remain same regardless of volume).

**Goal setting**: Once standard cost per item has been arrived, a business goal will be needed so that a market friendly mark-up can be applied to arrive at the selling price which will deliver the business goal, provided forecasted Sales and Costs come good.

**Forecasting**: Arriving at expected Sales volume and Costs for a particular review period (month/quarter). Historical data plus forecasting techniques can be used to arrive at forecasted numbers which are used on Profit budget.

**Profit Budget:** Laying out the forecasted Sales and Costs on spreadsheet so that forecasted sales minus forecasted cost results in forecasted profit.

**Variance analysis:** Actual trading Sales and Costs are compared to budget. Favourable and adverse variances are analysed. Reasons for either will inform action to be taken.

**Cash Flow forecast:** Forecast is prepared for the expected inflow and outflow of money in the business as money is received and paid out depending on contractually agreed dates.

**Cash Flow forecast variance analysis**: Actual inflow and outflow of money in the business during period under review is compared to forecast. Favourable and adverse variances are analysed. Reasons for either will inform action to be taken.

**If you can see the value of management accounting as explained (key words, ‘goal’ and ‘action to be taken’), please get in touch, and let’s get to work to deliver your business goals.**

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