



Finance

Financial Review Document 2

Document Control

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1.0 Introduction

This document briefly outlines how well our company is doing so far financially, since the last Financial Review. It gives a breakdown of the predicted and actual costs in running the business and some explanation on the variances and what action plan we will follow. Four other documents will be submitted with this one. These are:

- Financial Review Document 2
- Financial Review document Excel spreadsheet
- Latest Financial Plan
- Revised Financial Plan Excel Document

2.0 Overview

A new financial plan has been produced, to better predict the cost of labour. This new plan appears to avoid the biggest issue that the initial plan had, which was to underestimate the cost of labour.

3.0 Financial Statement Spreadsheet

3.1 Explanation of discrepancies in Financial Statement

This document is based on the Revised Financial Plan, which has a starting predicted bank balance based on the actual bank balance from week 6. We have included some data in the second Financial Statement for clarity, eg. labour rate. We have also modified the layout slightly.

In the Financial Statement red cells indicate items that cost significantly different than was expected. The red cells highlight that Labour cost is difficult to predict; labour predictions will almost certainly be slightly off regardless of how we predict them. However, contracts were predicted accurately: we bought two media handlers, and sold two, each at a price of £3000.

3.2 Explanation of discrepancies in Labour Breakdown

In week 7, we overestimated the labour cost by £256.25. In particular, we significantly overestimated the number of hours people would spend on User Experience (UX design).

In week 8, we overestimated the labour cost by £481.25. In particular, we significantly overestimated the number of hours people would spend on Finance, Administration and Software implementation.

4.0 Action Plan

4.1 Review of previous Action Plan

The Action Plan in the previous Financial Review seems to have worked at least partially. In particular, suggesting to employees to be stricter on themselves when

claiming working hours, and having to justify claimed working hours on the timesheets, seems to have reduced overestimating labour hours.

4.2 New Action Plan

- Submitted new Financial Plan.

5.0 Conclusion

Justifications in timesheet and new financial plan have stopped the trend of underestimation the cost of labour. The new Financial Plan seems to slightly overestimate labour hours, but this is much more preferable to underestimating labour costs.