

# Financial Management Reporting

Overall financial management for the organisation is completed in Head Office. Each site is given a quarterly budget with recommendations for expenditure which they must complete

| Frequency and Mode                    | Requirements                        | Type   |
|---------------------------------------|-------------------------------------|--------|
| Daily reporting                       | Daily financial reporting sheet     | Report |
| Weekly reporting to HO and reverse    | Weekly financial reporting sheet    | Report |
| Monthly reporting to HO and revers    | Monthly financial reporting sheet   | Report |
| Quarterly reporting to HO and reverse | Quarterly financial reporting sheet | Report |
| Bi-annual reporting to HO and revers  | Bi-annual financial reporting sheet | Report |
| Annual reporting to HO and reverse    | Annual financial reporting sheet    | Report |

- **Bi-Annual conferences for Site Manager and Project Manager**
- **Quarterly conferences for Site Manager and Project Manager**
- **Weekly management team meetings via Zoom**
- **Monthly Zoom for all management staff from all Sites**
- **Annual General Meeting - Management**
- **Annual Team Building Day- All staff, Site by Site**

When reporting on budget and expenditure, financial report must contain the following

▪ **Profit and Loss Statement**

**When preparing a profit and loss statement the following must be considered:**

- Indicate sales for each period covered by your profit and loss statement.  
*You can break down the income into sub-sections to show income from different sources if you wish.*
- Indicate total sales for the period
- Indicate the total cost of direct expenses:  
*Direct expenses would include, but is not limited to the following:*
  - Equipment directly required to perform work tasks
  - Raw materials to produce products
- Itemise operating expenses for each quarter. This includes all expenses other than direct cost of sales
- Compute for the following:
  - Total operating expense
  - Profit before tax and interest  
***Profit before tax and interest = Total Sales – (Total cost of Sales + Total Operating Expense)***
  - Corporate taxes  
*Corporate taxes is 27% of Profit before Interest and taxes*
  - Net Profit

▪ **Variance Report**

When preparing a variance report the following information must be considered:

- **Period covered by variance report** – Dates covered must be in line with the types of reports outlined in the table above.
- **Types of expenses** – report must include ALL expenses recorded throughout the indicated period.
- **Proposed Expenses** – proposed expenses must be in line with budget plan or financial plan set out of the indicated period.
- **Actual expenses** – actual expenses (paid and incurred) must be recorded for each type of expense identified in the budget or financial plan.
- **Variance-** variance must be expressed in both dollars and in percentage
- **Favourability of variance** -. The acceptable variance is -10% or above. All other variance beyond this will be considered unfavourable.
- **Explanation** – Each variance over -10% must be accompanied by a brief explanation that outlines the following:
  - Explanation of why variance went overbudget
  - Summary of action items to address variance.