



Finance board packs
*How to bring numbers
 alive using Excel*

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Currently: Honorary Treasurer The Air Ambulance Service, London Marathon Foundation and Medicalert, on the Charity Committee of ICAEW

Formerly: Honorary Treasurer of Samaritans, Helen & Douglas House and PACT. Finance Committee RSPCA

Day Job: Director of Corporate Edge – Provide strategy and finance development to organisations

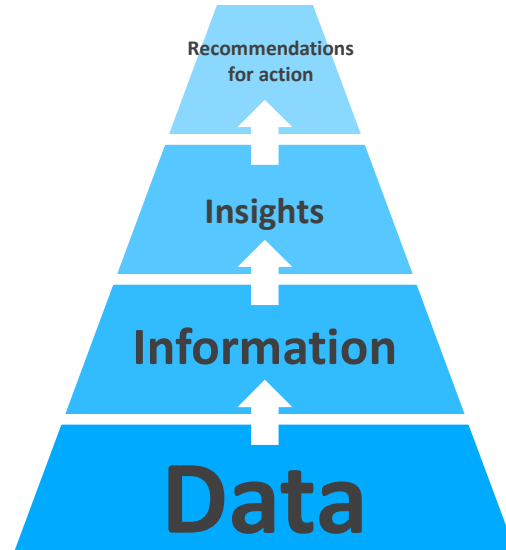
Author of 3 books for The Economist



What should a board pack contain?

Is a Trail Balance sufficient?

Mail Balance Sheet?



What should a finance board report include?

Naziar Hashemi



**How to present
numbers to non-
financial trustees?**
John Tennent

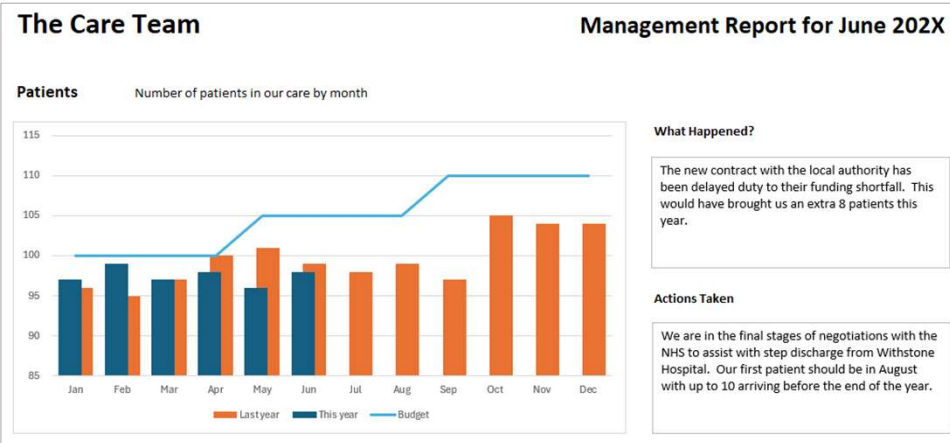
The report – Provide the numbers, add the value

The Care Team													
Management Accounts for April 202X													
	April					Year to Date					Full Year		
	Budget	Actual	Last Year	Variance Plan	Variance Last Year	Budget	Actual	Last Year	Variance Plan	Variance Last Year	Budget	Forecast *	Last Year
Income Statement													
Income	125,000	91,576	140,167	(33,424)	(48,591)	420,000	440,723	426,995	20,723	13,728	1,405,000	1,425,723	1,469,879
Care Staff	(50,000)	(27,581)	(56,487)	22,415	28,906	(168,000)	(182,323)	(172,666)	(14,323)	(9,657)	(562,000)	(576,323)	(598,145)
Gross Contribution	75,000	63,995	83,680	(11,005)	(19,685)	252,000	258,400	254,329	6,400	4,071	843,000	849,400	871,734
Office Staff	(44,000)	(31,942)	(49,740)	12,058	17,798	(148,000)	(131,827)	(159,052)	16,173	27,225	(488,000)	(471,827)	(543,680)
Rent	(3,438)	(3,438)	(3,438)	0	0	(13,750)	(13,750)	(13,750)	0	0	(41,250)	(41,250)	(41,250)
Utilities	(3,000)	(3,239)	(4,268)	(239)	1,029	(12,000)	(12,486)	(17,665)	(486)	5,179	(36,000)	(36,486)	(47,852)
Other	(2,500)	(2,206)	(2,473)	294	267	(10,000)	(11,817)	(9,805)	(1,817)	(2,012)	(30,000)	(31,817)	(27,417)
Depreciation	(4,125)	(4,404)	(4,225)	(279)	(179)	(16,500)	(18,014)	(16,700)	(1,514)	(1,314)	(49,500)	(51,014)	(49,270)
Net Surplus	17,938	18,767	19,537	829	(770)	51,750	70,506	37,357	18,756	33,149	198,250	217,006	162,265
KPIs													
Contribution Margin	60%	70%	60%			60%	59%	60%			60%	60%	59%
Net Surplus	14%	20%	14%			12%	16%	9%			14%	15%	11%
Variances													
Top 5 adverse % variances - Actual v Budget					Top 5 adverse % variances - Actual v Budget					Legend			
1 Revenue				-27%	1 Other				-18%	More than 10% better than budget			
2 Gross Profit				-15%	2 Depreciation				-9%	Within 10% of budget both +/-			
3 Utilities				-8%	3 Cost of sales				-9%	More than 10% worse than budget			
4 Depreciation				-7%	4 Utilities				-4%				
5 Rent				0%	5 Rent				0%				

Excel:

- Traffic lights to guide focus
- Top 5 variances

The report – Provide commentary



Excel:

- Quick Charts
- Two chart types (line and column)
- Overlapping columns
- Axis Bounds to focus on area of interest
- Text boxes for commentary

The report – Understand what changed



Excel:

- Waterfall chart options
- Setting the three types and selecting colours

The report – Add clarity and interest



Excel:

- Drawing a doughnut chart
- A speech bubble for a speed needle

ASC Ehrenberg's Theory of Data Reduction

1 2 significant digits

Compare 18.86% and 38.12% - difficult and unmemorable

How about 19% and 38% - one is half the other and as two digits it is more memorable.

You can hold around 12 two digit numbers in your head compared to around five four digit numbers.

ASC Ehrenberg's Theory of Data Reduction

- 2 For tables of data it can be much easier to read them if they are sorted into ascending or descending order of the most critical item such that the top few items of data convey the critical information

	2020	2021	2022	2023
Canada	578.1	553.2	654.2	765.4
France	177.9	241.4	472.9	632.8
Germany	384.1	429.4	556.1	642.9
India	185.4	278.3	335.6	432.8
Japan	165.4	145.2	185.4	176.4
Spain	0.0	0.0	25.2	64.1
UK	153.2	171.6	183.6	234.6
USA	1473.2	1321.5	1659.0	1854.3

	2020	2021	2022	2023
USA	1,500	1,300	1,700	1,900
Canada	580	550	650	770
Germany	380	430	560	640
France	180	240	470	630
India	190	280	340	430
UK	150	170	180	230
Japan	170	150	190	180
Spain	0	0	25	60

ASC Ehrenberg's Theory of Data Reduction

- 3 Columns are better than rows

It is usually easier to read down a column of numbers than across a row. This is because the leading digits in each number are then close to each other for direct comparison:

	Under 15	15 - 30	30 - 50	Over 50
Buyers	8%	23%	48%	21%

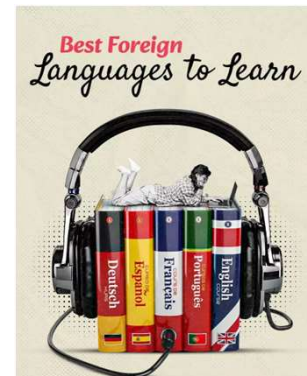
The superfluous percentage sign has been removed and added to the heading making the numbers clearer

	% Buyers
Under 15	8
15 - 30	23
30 - 50	48
Over 50	21

Monthly budget report

Variances because.....

- "Reversal of accrual"
- "Prior period adjustment"
- "Phasing difference"
- "Write-off"
- "Balance sheet release"
- "Coding error on system"
- "Posted the wrong way around and reversed with double impact this month"



What does any of this mean?

How about the language of finance?

Financial report - Rear view mirror or SatNav?



Or



- What we did
- Why we did it
- What happened
- What we gained or lost getting to now

FACT

- Where are we going?
- What is our best option?
- What needs to be done along the way?
- What are the estimates for the finishing point?

JUDGEMENT

Questions



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