



Case Study – Crunch



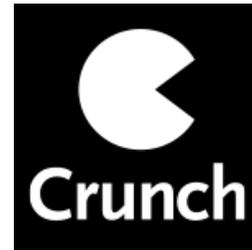
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Company Information:

Type: Sports PR

Size: Small to medium

Date Period: March 2017 - ongoing



The Initial Prognosis:

- ✚ When I started in March 2017, the finance department was in crisis. The Financial Controller had just walked out in December 2017, and the day started, it was the finance assistant's last day,
- ✚ The Financial Controller had been brought in two years previously when the company had won a huge new contract, involving multiple entities, multiple currencies and a huge volume of transactions. It was his job to manage this project and he was given resources (finance assistants) to help him with this,
- ✚ From the start of year two; it was evident that he was under pressure and falling behind; however he maintained he 'was fine'. He refused help when the directors and the HR manager suggested it,
- ✚ Apart from losing track of the individual transactions on the accounting system, he fixed the euro exchange rate at the beginning of 2016, but of course when the UK voted to leave the EU, the exchange rate fluctuated. This meant that he radically miscalculated the exchange difference for that year, and this was a very costly mistake,
- ✚ The Profit and Loss generated by the Financial Controller before he left was completely inaccurate and gave the directors a false impression of where the business was financially,
- ✚ The list of issues was long (my Finance Health Check for Crunch was 23 pages).
- ✚ The company was in a crisis.

Remedial Actions:

- ✚ Firstly, we all worked together to clean up and get clarity on the big project which had to be reconciled and handed over to the client,
- ✚ Then we started the process of getting financial clarity and control back into the business. This took 18 months and included the following (this is not everything):
 - Bank accounts were reconciled. Aged creditors and debtors were checked and analyzed for missing invoices and unallocated cash payments,
 - 2016 numbers were sorted out so that the year-end could be done,
 - The WIP and deferred income was sorted out for 2016 job profitability,
 - All figures for 2016 and 2017 were reviewed and proven. This entailed going through every job,
 - Implemented a system whereby currencies are now reviewed on a monthly basis and the average rates updated in Paprika every month,
 - Various, basic finance controls and systems have been introduced and tighter controls put in place,
 - I implemented a management accounting process so that they could see what their costs were and how they were performing on a monthly basis.
- ✚ Considering the situation they had been in, it was vital that they were able to regain trust in the figures, so I monitored what the accountants were doing, I refused to 'adjust' figures as they wanted and flagged all issues to the director so he was fully aware of what was going on.
- ✚ I implemented a back-up system so that they now have complete transparency on the numbers and how they were obtained.
- ✚ Tighter controls have been implemented for finance and work has been done to spread a financial minded mentality throughout the company. The Account Managers are taking control and responsibility for the numbers on their jobs.
- ✚ There is now a regular dialogue about job profitability and analysis.

The Final Result:

- ✚ After the initial shock from the financial clear up, the directors took action very quickly and worked hard to rectify the problems,
- ✚ With clarity and trust in the figures, they worked very hard and were able get their costs under control,
- ✚ They were able to make changes that literally saved the business; they reduced costs and got themselves to a position where they could grow again;
- ✚ From January 2018, the company started operating in a smaller office, and kept their focus on delivering great work and controlling their costs. The results are seen in the profit and loss month on month,
- ✚ The directors now keep a close eye on their financial position and ensure that the controls set in place are being followed.



Head 1

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Bike Type	Benefits
Racing bikes	<ul style="list-style-type: none">• Exercise• Competition• Excitement
Mountain bikes	<ul style="list-style-type: none">• Recreation• Enjoyment• Excitement
Touring bikes	<ul style="list-style-type: none">• Relaxation• Recreation• Social
Utility bikes	<ul style="list-style-type: none">• Practicality• Value• Environment

Add a caption here

