N1091 Using Accounting Information for Planning and Decision-making

Using Cash Budgets

- Is our plan for next month/next year a good plan?
- How can we improve the plan?
- Will we have enough cash to keep going over the next year?
- If we are likely to run out of cash, how can we avoid this?

Using Long-term Cash Budgets

- Which of our investment plans is least risky?
- Which of our investment plans is most rewarding?

Using Statements of Cashflows

- Does the business have less cash than a year ago?
- How much is left (if any)?
- What caused the problems (if any)?
- What are we doing well?
- Can we predict any future problems?

Using Income Statements (budget and actual)

- Is our plan for next month/next year a good plan?
- How well is the business performing?
- Which part of the business (if any) is hindering our performance?
- Are our suppliers making too much profit out of us?

Using Costing information

- How much will we spend next month/next year?
- Which of our options will maximise profit?
- What is the risk of the business not being profitable?
- How much profit do we make on a product?

Using Budgetary Control Reports

- Did we make more or less profit than we should have done?
- What could we have done to make more profit?

Using Standard Costing information

- Did a single product cost us more or less than it should have done?
- What could we have done to reduce the cost?

Using Statements of Financial Position

- What happens if we run out of cash?
- Will we be able to pay the people we owe money to?
- What is "depreciation"?

Using Financial Ratios

Compared with last year/other companies:

- Are we more likely to survive the next year?
- Are we more likely to survive in the longer term?
- Do we manage our operations more effectively?

Financing Alternatives

- If we temporarily need more cash, where might we get it?
- If we need more cash for a long period of time, where might we get it?
- How can we convince finance providers to support us?
- What would our financing choices cost us?