

# Business reporting – are you making the right decisions?

Ho hum, yawn yawn – boring business reports... If that is what you are thinking as a small-business owner, then you definitely need to read this article.

Accurate business reporting gives you, the business owner, the ability to make informed decisions as to the operation of your business.

You need to ensure that the underlying data that make up the reports are complete and accurate. That is why it is essential that a **bank reconciliation** is performed on the major bank accounts on a regular basis, to ensure that all transactions are entered accurately. A **review of the general ledger** should also be performed to ensure transactions are allocated to the correct account.

The next aspect is to ensure the person who is generating the reports understands the **source of the data**, so that correct data are used to generate reports. A business may have, for example, a separate billings/sales system where data are transferred into its accounting software. In this example, by understanding the data captured in each system, the decision can be made as to which system should be used to track debtors. In addition, as most systems allow different report parameters to be chosen, it is important to run reports consistently in the same manner.

Another aspect of business reporting is for time to be allocated by the business owner

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to **review the business reports**. At this stage, decisions can be made that affect not only the current day-to-day operation of the business, but also the future direction of the business.

As a bookkeeper, I have seen a vast variety of business reports implemented to assist in the running of businesses. The standard business reports generated include:

- Profit and loss statement – shows income, COGS and expense items and whether a profit or loss has been made
- Balance sheet – shows assets, liabilities and equity of the business reflecting the value of the business

- Accounts Receivable / Debtors – shows invoices unpaid
- Accounts Payable / Creditors – shows bills unpaid to suppliers
- GST reports to complete a BAS statement for the ATO

However, there are many other types of reports to consider such as:

- Analysis of profitability by project or stock item
- Cashflow statement to ensure there is adequate cash to continue to operate
- Budget v actual report to see whether business expectations are reached
- Analysis of source of income such as by location, customer type or services offered
- Important customers ranked by dollar value of sales and by most profitable line of items sold
- Sales plotted per month to identify fluctuations and the need to undertake proactive measures to increase sales where applicable
- Important suppliers ranked by dollar value spent per year so you can negotiate more favourable prices and terms of payment.

The end result of effective business reports is that it gives you a financially accurate view of how the business is currently operating and can reveal opportunities to increase the profitability of the business.

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