

APPENDIX 1

GUIDANCE NOTE

To support NCC oversight and enable it to be positioned to support its group companies, the group companies report on a regular basis (weekly and monthly) on key financial indicators which will provide NCC with information on the financial position of the companies and an early warning indication for future funding requirements.

REQUIREMENTS

Each of the group companies to submit on a weekly and monthly basis this completed reporting template to Bipon Bhakri (NCC Finance) by the stated dates - any variance will need to be agreed, as consequential impact on meeting other deadlines.

The submitted report needs to be agreed by NCC Finance and companies senior management representative as complete and accurate.

The report pack is split into weekly and monthly/cumulative reporting.

WEEKLY REPORTING REQUIREMENTS

The weekly report is comprised of 4 performance indicators which need to be populated by the company, using their financial data.

The weekly indicators are populated via the WEEKLY Financial Data INPUT tab by the company staff.

For each indicator, there needs to be supporting commentary to explain the movements from plan and corrective action, where adverse movement to get back on track. Where positive variance, if this is likely to continue to year end results.

The 4th week commentary report can also act as the monthly summary position for the company.

An Executive summary will help to contextualise weekly performance to aid oversight/better understanding of performance

MONTHLY/CUMULATIVE REPORTING REQUIREMENTS

The monthly/cumulative report is comprised of 9 performance indicators which need to be populated by the company, using their financial data.

The monthly/cumulative indicators are populated via the Monthly Financial Data INPUT tab by the company staff.

For each indicator, there needs to be supporting commentary to explain the movements from plan and corrective action, where adverse movement to get back on track. Where positive variance, if this is likely to continue to year end results.

Commentary needs to be a monthly summary of the previous weeks commentary and also a year to date position.

An Executive summary will help to contextualise monthly/cumulative performance to aid oversight/better understanding of performance

DEBT/DIVIDEND REPORTING

Each company will need to provide information on its debt and dividend payment to NCC position to inform the NCC Financial out turn position and what the corrective action is, in the event of slippage.

RISKS/OPPORTUNITIES LOG

Each company will need to provide information about its risks and opportunities that will impact significantly on its financial position and what the response will look like from the company to manage this.

APPENDIX 1

Reporting Timetable 2020/21	May	June	July	August	September	October	November	December	January	February	March	April	May
Report Circulated to Company	w/c 18/5/20												
Companies Governance Executive Sub Committee Relevant Comments/Further Actions -circulation to company (ies)	26/05/2020	30/06/2020	28/07/2020			29/09/2020	24/11/2020			26/01/2021	23/03/2021		25/05/2021
Weekly Report submitted to BB		Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly	Friday Weekly
Mid Month Review of Reports/Looking Ahead		w/c 15/6/20	w/c 13/7/20	w/c 17/8/20	w/c 14/9/20	w/c 12/10/20	w/c 9/11/20	w/c 14/12/20	w/c 11/1/21	w/c 15/2/21	w/c 8/3/21	w/c 12/4/21	w/c 10/5/21
Monthly Draft Report submitted to BB		10/06/2020	08/07/2020	12/08/2020	09/09/2020	14/10/2020	04/11/2020	09/12/2020	06/01/2021	10/02/2021	03/03/2021	14/04/2021	05/05/2021
Final Monthly Report agreed with Company		12/06/2020	10/07/2020	12/08/2020	09/09/2020	14/10/2020	04/11/2020	09/12/2020	06/01/2021	10/02/2021	03/03/2021	14/04/2021	05/05/2021
Monthly Report Submission to Companies Governance Executive Sub Committee		15/06/2020	13/07/2020		14/09/2020		09/11/2020		11/01/2021		08/03/2021		10/05/2021
Companies Governance Executive Sub Committee		23/06/2020	21/07/2020		22/09/2020		17/11/2020		19/01/2021		16/03/2021		18/05/2021

NOTTINGHAM CITY COUNCIL COMMERCIAL COMPANIES FINANCIAL REVIEW



insert company name
PERFORMANCE REPORT
W/E XXXX MAY 2020

Distribution List :

Laura Pattman
insert councillor rep
insert management/shareholder rep
insert CEO



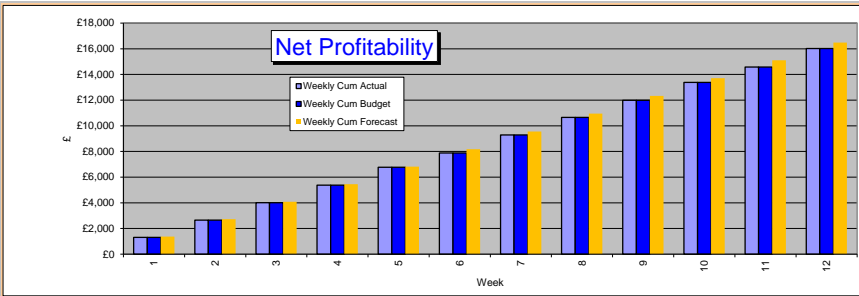
insert company name here - PERFORMANCE REPORT

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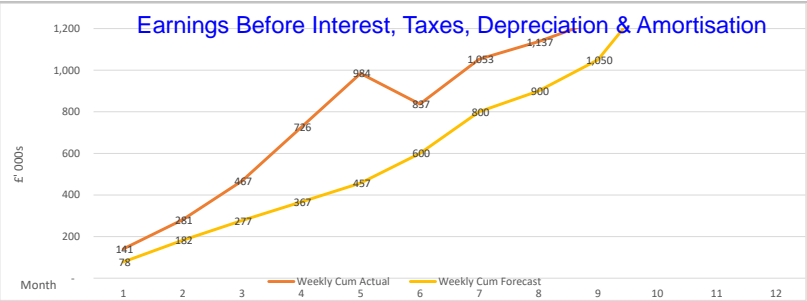
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WEEKLY FINANCIAL PERFORMANCE REPORTING - MAY 2020

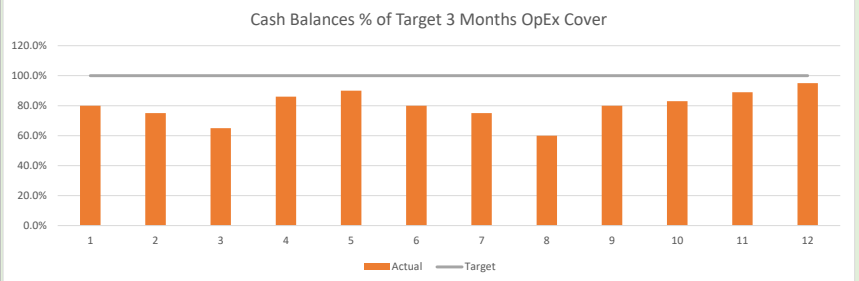
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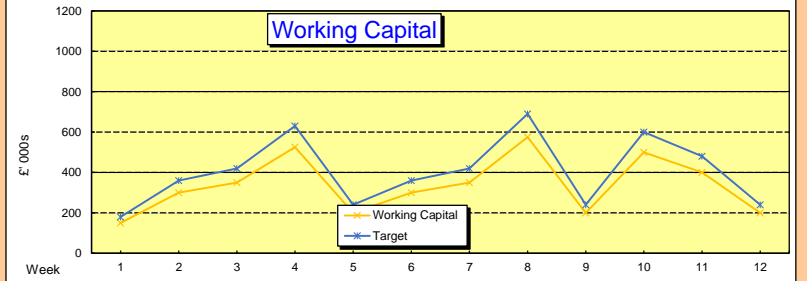
Weekly Commentary



Weekly Commentary



Weekly Commentary



Weekly Commentary

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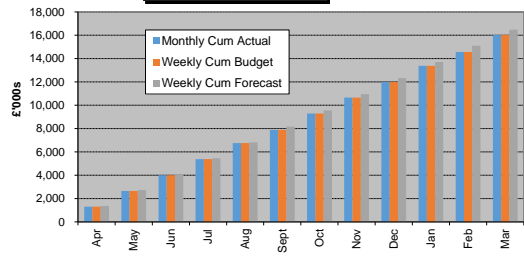
Favourable	£k	Adverse	£k
1 NET PROFITABILITY		1 NET PROFITABILITY	
2 EBITDA		2 EBITDA	
3 CASH RESERVES/LIQUIDITY		3 CASH RESERVES/LIQUIDITY	
4 WORKING CAPITAL		4 WORKING CAPITAL	
TOTAL	0.0	TOTAL	0.0

EXECUTIVE SUMMARY

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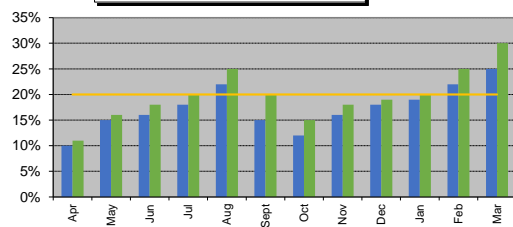
PROFITABILITY

Net Profitability



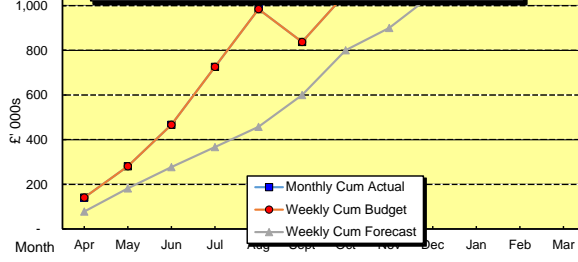
Comments

NET PROFIT MARGIN



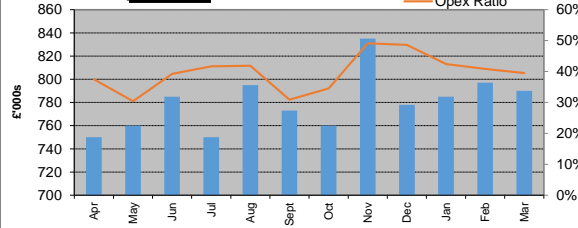
Comments

Earnings Before Interest, Taxes, Depreciation & Amortisation



Comments

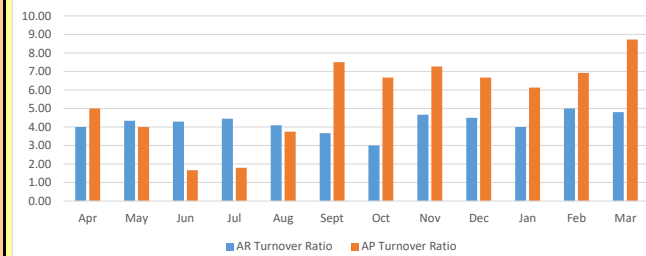
OPEX



Comments

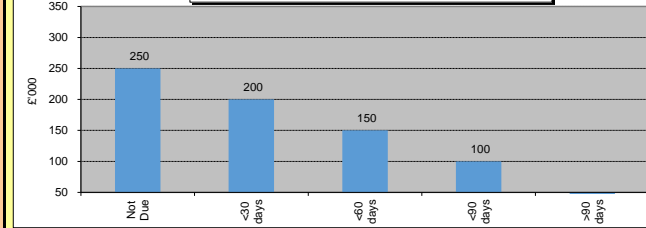
CASH CONVERSION

AR Turnover vs AP Turnover



Comments

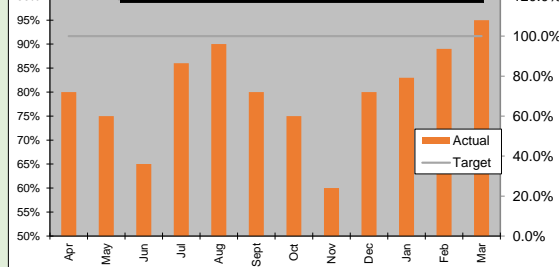
DAYS SALES OUTSTANDING



Comments

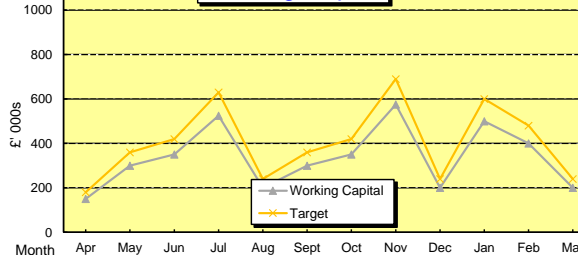
FINANCIAL HEALTH

Cash Balances as % of Target 3 month OpEx Cover



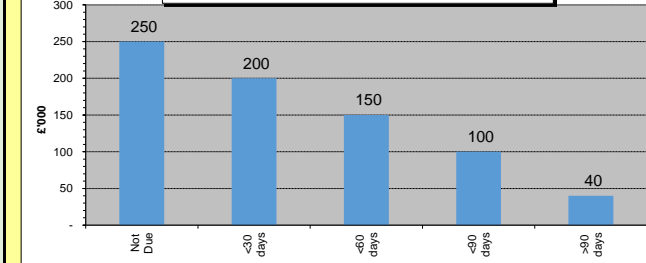
Comments

Working Capital



Comments

DAYS PAYABLE OUTSTANDING



Comments

Favourable	£k	Adverse	£k
1 NET PROFITABILITY		1 NET PROFITABILITY	
2 NET PROFIT MARGIN		2 NET PROFIT MARGIN	
3 EBITDA		3 EBITDA	
4 OPEX		4 OPEX	
5 CASH RESERVES/LIQUIDITY		5 CASH RESERVES/LIQUIDITY	
6 AR TURNOVER VS AP TURNOVER		6 AR TURNOVER VS AP TURNOVER	
7 DAYS SALES OUTSTANDING		7 DAYS SALES OUTSTANDING	
8 DAYS PAYABLE OUTSTANDING		8 DAYS PAYABLE OUTSTANDING	
9 WORKING CAPITAL		9 WORKING CAPITAL	
TOTAL	0	TOTAL	0

EXECUTIVE SUMMARY

The below are considered the key risks to the latest forecast outturn position of Exxx

Area Impacted	Nature of Change/Descriptive text	Comments on Likelihood (High/Medium/Low) and Why	Financial Effect on forecast bottom line (£m)	Funding Required from NCC to support (£m)
Income (or specific type of income)				
Costs of Sales Expenditure (or specific type of expenditure)				
Customer Profile (impact on operations)				
Operating Exp (or state specific type of op exp if needed)				

Debt Date	Debt Issued	Debt b/f	Debt Description	BUDGET/ACT	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL	FORECAST	
				Budget					400,000								400,000	500,000	
				Actual													0		
				Budget			5,000										5,000	5,500	
				Actual							2,500				2,260		4,760		
				Budget									23,000				23,000	26,000	
				Actual													0		
				Budget									1,250				1,250	1,500	
				Actual													0		
				Budget			300										300	500	
				Actual													0		
				Budget						600							600	800	
				Actual													0		
				Budget							19,000						19,000	18,500	
				Actual													0		
				Budget							4,500						4,500	5,000	
				Actual								0					0		
				MONTHLY TOTAL	Budget	0	0	5,300	0	400,000	600	23,500	0	24,250	0	0	0	453,650	
				MONTHLY TOTAL	Actual	0	0	0	0	0	2,500	0	0	0	2,260	0	4,760		
				VARIANCE		0	0	5,300	0	400,000	600	21,000	0	24,250	0	(2,260)	0	448,890	
				FORECAST TOTAL														557,800	
				YTD TOTAL	Budget	0	0	5,300	5,300	405,300	405,900	429,400	429,400	453,650	453,650	453,650	453,650		
				YTD TOTAL	Actual	0	0	0	0	0	2,500	2,500	2,500	2,500	4,760	4,760			
				VARIANCE		0	0	5,300	5,300	405,300	405,900	426,900	426,900	451,150	451,150	448,890	448,890		
Dividend Date	Dividend Issue	Divid b/f	Description																
				Budget			114									94	208	300	
				Actual		397											397		
				Budget				15,680									15,680	8,000	
				Actual									385				385		
				Budget				560									560	600	
				Actual		145											145		
				Budget			1,995										1,995	2,500	
				Actual											2,149		2,149		
				Budget										12,224			12,224	12,224	
				Actual												12,912	12,912		
				MONTHLY TOTAL	Budget	0	1,995	114	16,240	0	0	0	0	0	12,224	0	94	453,650	
				MONTHLY TOTAL	Actual	145	397	0	0	0	0	0	0	385	2,149	12,912	15,987		
				VARIANCE		(145)	1,598	114	16,240	0	0	0	0	11,839	(2,149)	(12,818)	437,663		
				FORECAST TOTAL														1,139,224	
				YTD TOTAL	Budget	0	1,995	2,109	18,349	18,349	18,349	18,349	18,349	18,349	30,573	30,667	30,667		
				YTD TOTAL	Actual	145	542	542	542	542	542	542	542	542	927	3,076	15,987	15,987	
				VARIANCE		(145)	1,453	1,567	17,807	17,807	17,807	17,807	17,807	17,807	29,646	27,497	14,680	(15,987)	

Debt Repayment Commentary
 Debt payments due to NCC split by the different tranches, agreed to the NCC MTFP/Budget/Forecasts

Dividend Commentary
 Dividends due to NCC based on agreed profiles/amounts, agreed to NCC MTFP/Budget/Forecasts

Net Profitability

Week 20/21	Weekly Cum Actul	Weekly Cum Budget	Weekly Cum Forecast
1	1,308	1,308	1,365
2	2,654	2,654	2,731
3	4,002	4,002	4,078
4	5,383	5,383	5,450
5	6,764	6,764	6,822
6	7,885	7,885	8,169
7	9,285	9,285	9,560
8	10,652	10,652	10,952
9	11,992	11,992	12,333
10	13,376	13,376	13,710
11	14,572	14,572	15,101
12	16,023	16,023	16,484

INPUT NOTES: net profitability/loss refers to the bottom line value of a company's income statement. The value represents the company's financial health for the reporting period (week/month/quarter/year). It represents a measure for a company's success or weakness and enables further questions on the reasons for the results including sales volumes and prices, expenditure and overhead costs which all impact on the bottom line. Net Profit is not to be used to compare companies, as each company has its own particular circumstances and operating environments.

Earnings before Interest & Taxes, Depreciation & Amortization (£'000s)

Week 20/21	Weekly Cum Actul	Weekly Cum Budget	Weekly Cum Forecast
1	141	141	78
2	281	281	182
3	467	467	277
4	726	726	367
5	984	984	457
6	837	837	600
7	1,053	1,053	800
8	1,137	1,137	900
9	1,241	1,241	1,050
10	1,514	1,514	1,400
11	1,376	1,376	1,440
12	1,547	1,547	1,453

INPUT NOTES: EBITDA refers to net profit, with add back of interest, taxes, depreciation, and amortisation. This indicator is good measure for analysis of the true operating cash flows of a business. It is useful for informed analysis of companies that have significant amounts of debt or large investments in fixed assets because this indicator excludes the accounting effects of non operating expense like interest and non cash expenses like depreciation. Adding these expenses back into net income allows for better review of the true operating cash flows

Cash Balances actuals vs target level - 3 months op exp as risk cover indicator for company liquidity

Week 20/21	Actual	Target
1	80.0%	100.0%
2	75.0%	100.0%
3	65.0%	100.0%
4	86.0%	100.0%
5	80.0%	100.0%
6	80.0%	100.0%
7	75.0%	100.0%
8	60.0%	100.0%
9	80.0%	100.0%
10	83.0%	100.0%
11	89.0%	100.0%
12	95.0%	100.0%

INPUT NOTES: cash balance refers to available cash reserves, not restricted to specific expenditure. Target is set as 3 months coverage for opex expenditure in the event of wind down.

Working Capital Level , Target at 1.2 times higher than actual £'000

Week 20/21	Current Assets	Current Liabilities	Working Capital	Target
1	1000	850	150	180
2	1200	900	300	360
3	1300	950	350	420
4	1500	975	525	630
5	1200	1000	200	240
6	1350	1050	300	360
7	1450	1100	350	420
8	1650	1075	575	690
9	1700	1500	200	240
10	1900	1400	500	600
11	2000	1600	400	480
12	2000	1800	200	240

Working capital is vital as it will help you accurately gauge your business's operational efficiency and short-term financial health. The working capital ratio is commonly used to assess a company's financial performance. Low working capital ratio values, near one or lower, can indicate serious financial problems with a company. The working capital ratio reveals whether the company has enough short-term assets to pay off its short-term debt.

INPUT NOTES:
 current assets refer to assets - tangible and intangible - that can be turned into cash within 1 year or one business cycle, which ever is less. Categories include liquid market securities - stocks and bonds, inventory, cash and cash equivalents, accounts receivable
 current liabilities refer to all debts and expenses the company expects to pay within one year or one business cycle, which ever is less. Categories include rent, utilities, materials and supplies, interest or principal payments on debt, accounts payable, accrued liabilities and accrued income, taxes, dividend payable, capital leases due within one year and long term debt that is now coming due.

Net Profitability

2020/21	Monthly Cum Act.	Weekly Cum Budget	Weekly Cum Forecast
Apr	1,308	1,308	1,308
May	2,654	2,654	2,731
Jun	4,002	4,002	4,078
Jul	5,363	5,363	5,449
Aug	6,764	6,764	6,822
Sept	7,885	7,885	8,169
Oct	9,285	9,285	9,569
Nov	10,652	10,652	10,952
Dec	11,962	11,962	12,333
Jan	13,276	13,276	13,710
Feb	14,572	14,572	15,101
Mar	15,023	15,023	16,484

INPUT NOTES:
 Net profitability refers to the bottom line value of a company's income statement. The value represents the company's financial health for the reporting period (week/monthly/quarter/year). It represents a measure for a company's success or weakness and enables further questions on the reasons for the results including sales volumes and prices, expenditure and overhead costs which all impact on the bottom line. Net Profit is not to be used to compare companies, as each company has its own particular circumstances and operating environments.

Earnings before Interest & Taxes, Depreciation & Amortization (E'000s)

2020/21	Monthly Cum Act.	Weekly Cum Budget	Weekly Cum Forecast
Apr	141	141	18
May	281	281	182
Jun	467	467	277
Jul	726	726	367
Aug	984	984	457
Sept	1,053	1,053	600
Oct	1,137	1,137	800
Nov	1,241	1,241	980
Dec	1,514	1,514	1,060
Jan	1,578	1,578	1,440
Feb	1,647	1,647	1,440
Mar	1,647	1,647	1,453

INPUT NOTES:
 EBITDA refers to net profit, with add back of interest, taxes, depreciation, and amortisation. This indicator is good measure for analysis of the true operating cash flows of a business. It is useful for informal analysis of companies that have significant amounts of debt or large investments in fixed assets because this indicator excludes the accounting effects of non operating expenditure like interest and non cash expenses like depreciation. Adding these expenses back into net income allows for better review of the true operating cash flows

Cash Balances actuals vs target level - 3 months op exp as risk cover indicator for company liquidity

2020/21	Actual	Target
Apr	80.0%	100.0%
May	75.0%	100.0%
Jun	65.0%	100.0%
Jul	60.0%	100.0%
Aug	90.0%	100.0%
Sept	80.0%	100.0%
Oct	60.0%	100.0%
Nov	80.0%	100.0%
Dec	83.0%	100.0%
Jan	89.0%	100.0%
Feb	89.0%	100.0%
Mar	89.0%	100.0%

INPUT NOTES:
 Cash balance refers to available cash reserves, not restricted to specific expenditure. Target is set as 3 months coverage for opex expenditure in the event of wind down.

Working Capital Level, Target at 1.2 times higher than actual

2020/21	Current Assets	Current Liabilities	Working Capital	Target
Apr	1000	800	200	180
May	1200	900	300	360
Jun	1300	950	350	420
Jul	1500	975	525	630
Aug	1200	1000	200	240
Sept	1350	1050	300	360
Oct	1450	1100	350	420
Nov	1650	1075	575	690
Dec	1700	1500	200	240
Jan	1900	1400	500	600
Feb	2000	1600	400	480
Mar	2000	1600	400	240

Working capital is vital as it will help you accurately gauge your business's operational efficiency and short-term financial health. The working capital ratio is commonly used to assess a company's financial performance. Low working capital ratio values, near one or lower, can indicate serious financial problems with a company. The working capital ratio reveals whether the company has enough short-term assets to pay off its short-term debt.

INPUT NOTES:
 Current assets refer to assets - tangible and intangible - that can be turned into cash within 1 year or one business cycle, which ever is less. Categories include liquid market securities - stocks and bonds, inventory, cash and cash equivalent s, accounts receivable
 Current liabilities refer to all debts and expenses the company expects to pay within one year or one business cycle, which ever is less. Categories include rent, utilities, materials and supplies, interest or principal payments on debt, accounts payable, accrued liabilities and accrued income, taxes, dividend payable, capital leases due within one year and long term debt that is now coming due.

Net Profit Margin

2020/21	Monthly Cum Actual	Monthly Cum Budget	Target
Apr	10.00%	11.00%	20.00%
May	15.00%	16.00%	20.00%
Jun	18.00%	18.00%	20.00%
Jul	18.00%	20.00%	20.00%
Aug	22.00%	25.00%	20.00%
Sept	15.00%	20.00%	20.00%
Oct	12.00%	15.00%	20.00%
Nov	18.00%	18.00%	20.00%
Dec	18.00%	19.00%	20.00%
Jan	19.00%	20.00%	20.00%
Feb	22.00%	20.00%	20.00%
Mar	25.00%	30.00%	20.00%

INPUT NOTES:
 Net profit represents the financial success or Weakness (net loss) for a company in the reporting period. To enable comparison between companies, then an appropriate measure would be to use Net Profit as % of Sales (Net profit margin). It is one of the most important indicators of a company's financial health.

This measure is useful as it tells us how much of the company's revenue translates into profit (or loss) after expenses are paid. A low percentage indicates that the company's expenditure is relatively high, wh
 It helps in assessing if a company's management is generating enough profit from its sales and whether operating costs and overhead costs are being managed.

Accounts Receivable by target

Not Due	<30 days	<60 days	<90 days	>90 days
250	200	150	100	40

INPUT NOTES:
 Accounts Receivable by Age analysis provides an important gauge to determine the company's customer's financial health, as well as possibly the company's efficiency and effectiveness in collecting monies owed to it
 If the accounts receivable aging shows increasing value of monies owed to it in the 60 days or longer, then this is an indication of increasing doubtfulness of the customer being able to settle their account. It will also help in determining if the allowance for bad debt is reasonable

Accounts Payable by target

Not Due	<30 days	<60 days	<90 days	>90 days
250	200	150	100	40

INPUT NOTES:
 Accounts Payable by Age analysis provides an important gauge to determine the company's financial health, as well as possibly the company's efficiency and effectiveness in paying monies owed by it.
 If the accounts payable aging shows increasing value of monies owed by it in the 60 days or longer, then this is an indication of decreasing financial health and needs to be investigated and resolved, as suppliers will be affected and impact on wider operational activities

AR Turnover vs AP Turnover

2020/21	AR Turnover Ratio	AP Turnover Ratio	AR Balance	Supplier Pay	AR Balance	Net Revenue
Apr	4.00	5.00	1000	500	500	2000
May	4.29	4.00	500	2000	600	2500
Jun	4.29	1.67	900	1500	700	3000
Jul	4.44	1.80	1000	1800	900	4000
Aug	4.00	3.75	800	3000	1100	4500
Sept	3.67	7.50	600	4500	1500	5500
Oct	3.00	6.67	450	3000	2000	6000
Nov	4.67	7.27	550	4000	1500	7000
Dec	4.50	6.67	750	5000	2000	9000
Jan	4.00	6.13	800	4800	2500	10000
Feb	5.00	6.92	650	4500	2200	11000
Mar	4.80	8.73	550	4800	2500	12000

INPUT NOTES:
 Accounts Payable Turnover Ratio:
 This shows how quickly your business pays off suppliers and other bills. It also shows the number of times your business can pay off average accounts payable balance during a certain time period.
 For example, if your company purchases 10 million of goods in a year, and holds of an average account payable of 2 million, the ratio is 5.
 A higher ratio shows suppliers and creditors that your company is on top of paying its bills.

Accounts Receivable Turnover Ratio:
 Measures the number of times that your business is able to collect average accounts receivable, and indicates your effectiveness on extending credits.

2020/21	Open Ratio	Op Expenditures	Revenue	Sales	Marketing	Net Profit
Apr	38%	750	2000	350	250	150
May	30%	760	2500	380	280	120
Jun	39%	780	2000	385	270	130
Jul	42%	750	1800	375	290	125
Aug	42%	755	1900	385	285	140
Sept	31%	773	2500	388	295	130
Oct	35%	760	2200	370	270	120
Nov	49%	630	1700	375	280	160
Dec	49%	778	1800	378	285	138
Jan	42%	785	1850	385	275	125
Feb	41%	797	1950	382	280	135
Mar	40%	790	2000	375	275	140

INPUT NOTES:
 Operating Expense Ratio:
 This monthly financial report example indicates the operational efficiency of your business through the comparison of operating expenses and your total revenue.
 Essentially the lower your operating expenses the more profitable your business. It can be useful to breakdown the op expenditure by functions eg sales, marketing, general and admin - to see where op exp is being driven by
 These KPIs are particularly helpful to benchmark your company against other businesses.