

Sample Solicitors Limited

Management Accounts

For the period ending 31 December 2016

Headline Performance

Income

Income for the month was £95,560 against a budgeted figure of £71,206. A favourable variance of £24,354.

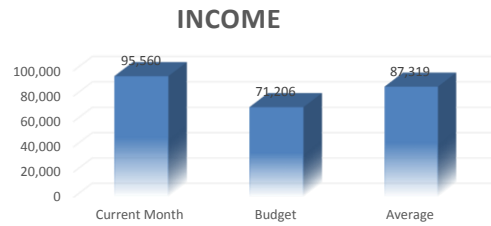
Average income per month for the year to date is £87,319.

Total income for the year was £1,047,831 against a budget of £854,469. The firm has therefore achieved 123% of its annual income budget.

Gross profit for the month is £45,589, representing a 48% margin on income. Gross profit for the year to date is £484,182, representing a 46% margin.

This is in comparison to budgeted gross profit of £26,747, 38% margin for the month and £320,964, 38% margin for the year to date.

Net profit for the month is £24,858, representing a 26% return on income. Net profit for the year to date is £276,489, a 26% profit margin. This is in comparison to budgeted net profit of £12,037, 17% profit margin for the month and £113,940, 13% profit margin for the year to date.



Cost Analysis

Staff Costs

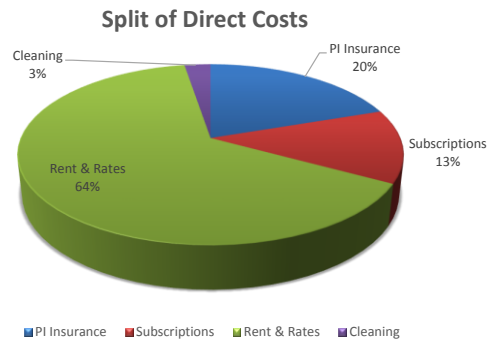
Staff costs for the month are £36,098, which is £5,512 over budget.

The original budget was based on no headcount growth in the year. During the year, due to additional volumes of work, headcount did actually increase.

Direct Costs

Direct costs for the month are £12,873, £368 over budget. This represents 13% of monthly turnover.

All items in direct costs are running relatively in line with budget. Accounting adjustments have been used to spread costs accurately across the months to which they relate.



Overheads

Overhead costs for the month are £20,731, compared to a budget of £14,710. This represents 21.69% of monthly turnover.

Particular areas to note are:

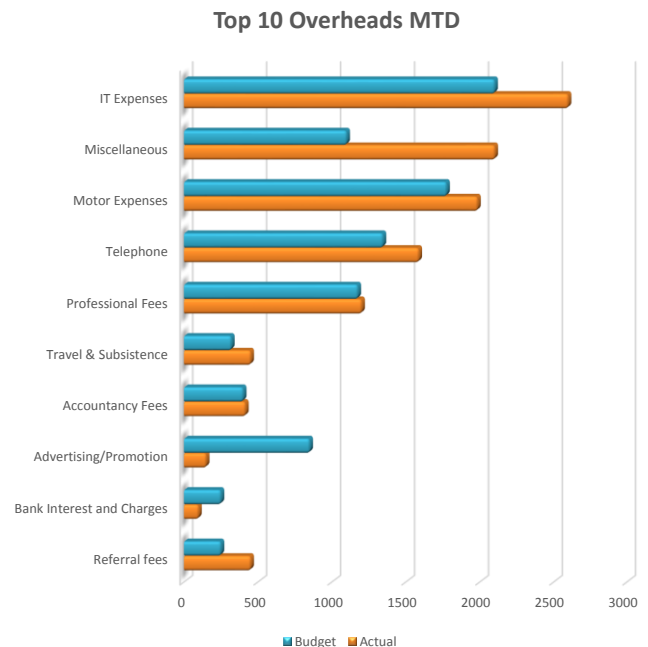
IT Expenses

Costs for the month are £2,598 compared to £2,265 budget. The increase in cost against budget is due to increased headcount within the firm than when the budget was set. Increased headcount has resulted in greater IT Costs to supply new staff with the correct IT.

Miscellaneous

Miscellaneous costs for the month are £2,101 compared to £1,100 budgeted. Miscellaneous costs will fluctuate from month to month and consistently deviate under and over budget. Year to date however, costs are in line with prediction.

Most of the overheads are in line with budget other than a few which tend to fluctuate from month to month. The budget is based on the assumption that each month will incur the same amount of cost throughout the year. Any material variances to the budget, would be commented on.



Year to date

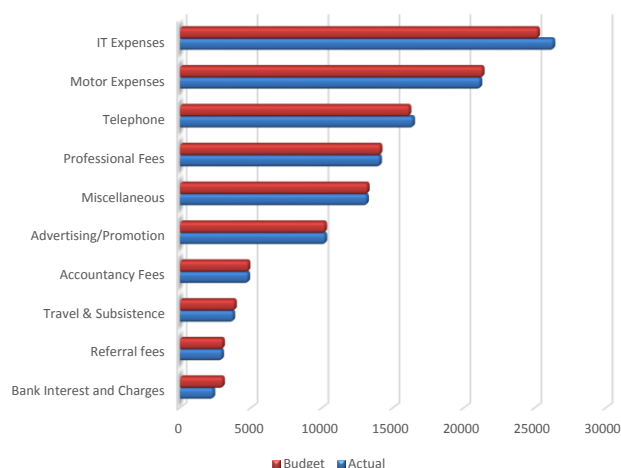
Overhead costs for the year are £207,693, compared to a budget of £207,024

Particular Areas to note are:

IT Expenses

Year to date, costs have exceeded budget due to increased headcount throughout the year. Each month, IT Expenses have been over budget due to there being a greater number of staff now working than when the budget was originally forecast.

Top 10 Overheads YTD



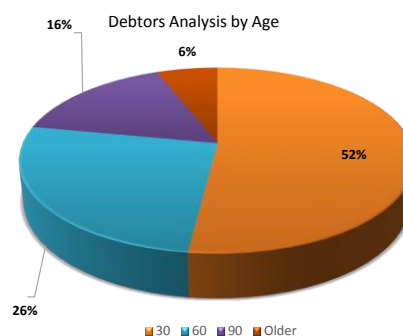
Balance Sheet

The balance sheet For the period ending 31 December 2016 shows a net asset position of £461,644.

The firm's bank balance at the end of the month stands at £112,178

Overall trade debtors have increased this month by £15,543. Analysis of this balance is set out below.

<u>No. of days</u>	<u>Dec-16</u>	<u>Nov-16</u>	<u>Movement</u>
30	64,952	60,151	4,801
60	32,476	26,248	6,228
90	19,985	16,405	3,581
Older	7,494	6,562	933
	<u>124,908</u>	<u>109,365</u>	<u>15,543</u>
30	52%	55%	
60	26%	24%	
90	16%	15%	
Older	6%	6%	
	<u>100%</u>	<u>100%</u>	



Prepaid costs amount to 50,354 as at 31 December 2016. The majority of this balance is the annual PI insurance and practicing certificate costs that have been paid in advance for the year to 31 October 2017.

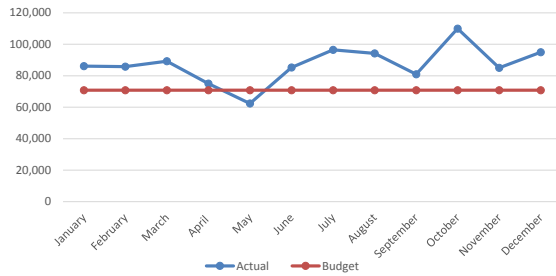
The VAT liability as at 31 December is £67,636 of which £20,023 is the VAT on debtors which is not payable until the fee is collected due to being on the cash VAT scheme. The remaining £47,613 is VAT payable for the quarter ending 31 December 2016 and will be due for payment on the 7th of February.

Other current liabilities include trade creditors of £15,762, accrued costs of £8,223 and loans of £84,505.

PAYE & NIC of £15,284 is due on the salaries paid in December and is payable to HMRC by 22nd of January.

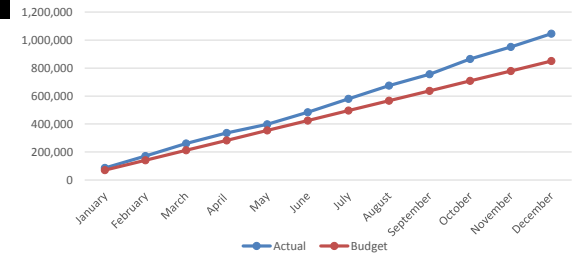
Fees Rendered Per Month

Month	Actual	Budget	Variance
January	86,103	70,833	15,270
February	85,779	70,833	14,945
March	89,236	70,833	18,403
April	75,000	70,833	4,167
May	62,376	70,833	(8,457)
June	85,234	70,833	14,401
July	96,518	70,833	25,685
August	94,235	70,833	23,402
September	81,000	70,833	10,167
October	110,000	70,833	39,167
November	85,000	70,833	14,167
December	95,000	70,833	24,167
Total	1,045,481	850,000	195,481



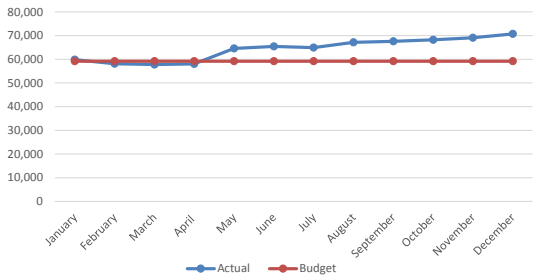
Fees Rendered Year to Date

Month	Actual	Budget	Variance
January	86,103	70,833	15,270
February	171,882	141,667	30,215
March	261,118	212,500	48,618
April	336,118	283,333	52,784
May	398,494	354,167	44,327
June	483,728	425,000	58,728
July	580,246	495,833	84,412
August	674,481	566,667	107,814
September	755,481	637,500	117,981
October	865,481	708,333	157,147
November	950,481	779,167	171,314
December	1,045,481	850,000	195,481



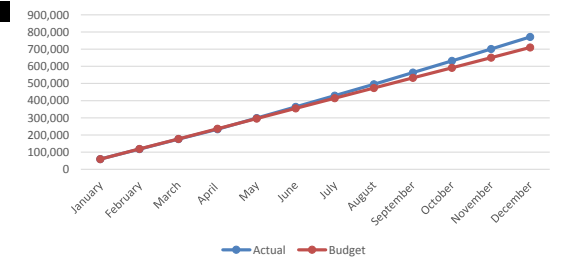
Expenditure - Per Month

Month	Actual	Budget	Variance
January	59,825	59,169	(656)
February	58,148	59,169	1,021
March	57,776	59,169	1,393
April	58,008	59,169	1,160
May	64,543	59,169	(5,374)
June	65,444	59,169	(6,275)
July	64,941	59,169	(5,772)
August	67,116	59,169	(7,947)
September	67,573	59,169	(8,404)
October	68,194	59,169	(9,025)
November	69,073	59,169	(9,904)
December	70,702	59,169	(11,533)
Total	771,342	710,026	(61,316)



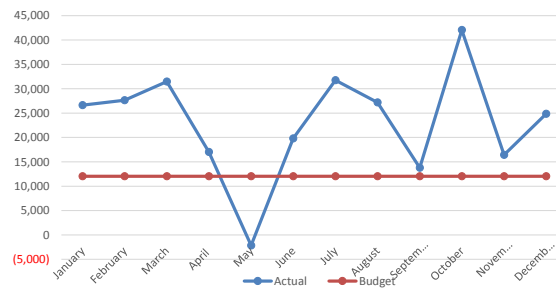
Expenditure Year to Date

Month	Actual	Budget	Variance
January	59,825	59,169	(656)
February	117,972	118,338	365
March	175,748	177,506	1,759
April	233,756	236,675	2,919
May	298,299	295,844	(2,455)
June	363,743	355,013	(8,730)
July	428,684	414,182	(14,502)
August	495,800	473,351	(22,449)
September	563,373	532,519	(30,853)
October	631,567	591,688	(39,878)
November	700,640	650,857	(49,783)
December	771,342	710,026	(61,316)



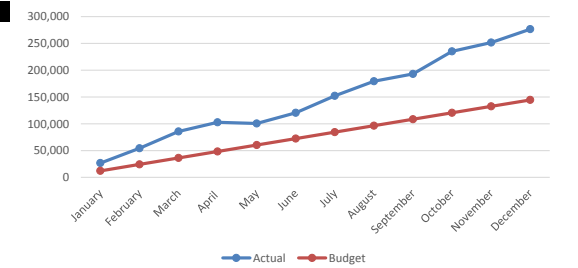
Profit Per Month

Month	Actual	Budget	Variance
January	26,630	12,037	14,594
February	27,648	12,037	15,611
March	31,472	12,037	19,435
April	17,007	12,037	4,970
May	(2,154)	12,037	(14,190)
June	19,808	12,037	7,771
July	31,738	12,037	19,701
August	27,205	12,037	15,168
September	13,794	12,037	1,757
October	42,046	12,037	30,009
November	16,437	12,037	4,400
December	24,858	12,037	12,821
Total	276,489	144,443	132,045



Profit Year to Date

Month	Actual	Budget	Variance
January	26,630	12,037	14,594
February	54,278	24,074	30,204
March	85,750	36,111	49,639
April	102,756	48,148	54,609
May	100,603	60,185	40,418
June	120,411	72,222	48,190
July	152,149	84,259	67,890
August	179,354	96,296	83,058
September	193,148	108,333	84,815
October	235,194	120,370	114,824
November	251,631	132,407	119,224
December	276,489	144,443	132,045



Sample Solicitors Limited
Profit & Loss
For the period ending 31 December 2016

	Current Month			Year to Date		
	Actual £	Budget £	Variance £	Actual £	Budget £	Variance £
Income						
Fees	95,000	70,833	24,167	1,045,481	850,000	195,481
Other Income	480	341	139	2,000	4,095	(2,095)
Interest Received	80	31	49	350	374	(24)
	95,560	71,206	24,354	1,047,831	854,469	193,361
Staff Costs						
Pensions	598	426	(172)	6,986	5,112	(1,874)
Salaries	36,098	30,586	(5,512)	393,540	367,032	(26,508)
Training & Seminars	1,000	1,620	620	11,966	19,440	7,474
	37,098	31,954	(5,144)	412,493	383,445	(29,048)
Direct Costs						
PI Insurance	2,432	2,330	(102)	27,984	27,960	(24)
Subscriptions	1,782	1,500	(282)	18,595	18,000	(595)
Rent & Rates	7,500	7,500	-	91,068	90,000	(1,068)
Heat & Light	859	850	(9)	9,835	10,200	365
Cleaning	300	325	25	3,674	3,900	226
	12,873	12,505	(368)	151,156	150,060	(1,096)
Gross Profit	45,589	26,747	29,866	484,182	320,964	223,505
	48%	38%		46%	38%	
Overheads						
Lease of Office Equipment	805	800	(5)	9,252	9,600	348
General Insurance	563	563	-	6,652	6,756	104
IT Expenses	2,598	2,100	(498)	26,278	25,200	(1,078)
Telephone	1,587	1,345	(242)	16,400	16,140	(260)
Postage & Stationery	1,114	835	(279)	11,012	10,020	(992)
Motor Expenses	1,984	1,775	(209)	21,135	21,300	165
Travel & Subsistence	451	320	(131)	3,725	3,840	115
Law Books	1,014	842	(172)	10,133	10,104	(29)
Advertising/Promotion	150	850	700	10,207	10,200	(7)
Business Development	160	115	(45)	1,350	1,380	30
Client Entertainment	896	355	(541)	4,303	4,260	(43)
Internal Entertaining	841	235	(606)	2,908	2,820	(88)
Miscellaneous	2,101	1,100	(1,001)	13,143	13,200	57
Write offs	981	650	(331)	7,819	7,800	(19)
Accountancy Fees	415	400	(15)	4,778	4,800	23
Law Accountants	478	550	72	6,703	6,600	(103)
Professional Fees	1,201	1,175	(26)	14,067	14,100	33
Referral fees	451	250	(201)	2,937	3,000	63
Bank Interest and Charges	98	250	152	2,318	3,000	682
Loan Facility Fees	48	48	-	576	576	-
Loan Interest	294	294	-	3,528	3,528	(0)
Depreciation	2,501	2,400	(101)	28,468	28,800	332
	20,731	14,710	(6,021)	207,693	207,024	(669)
Profit/Loss	24,858	12,037	12,821	276,489	113,940	162,548
	26%	17%		26%	13%	

Sample Solicitors Limited
Profit & Loss
For the period ending 31 December 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	YTD
Income													
Fees	86,103	85,779	89,236	75,000	62,376	85,234	96,518	94,235	81,000	110,000	85,000	95,000	1,045,481
Other Income	341	-	-	-	-	-	159	80	340	160	440	480	2,000
Interest Received	11	17	11	15	13	18	2	6	27	80	70	80	350
	86,455	85,795	89,247	75,015	62,389	85,252	96,679	94,321	81,367	110,240	85,510	95,560	1,047,831
Staff Costs													
Pensions	557	567	589	570	587	578	587	587	587	578	601	598	6,986
Salaries	28,692	29,449	29,449	29,449	33,000	33,000	33,587	36,087	36,087	36,078	36,101	36,098	397,078
Training & Seminars	1,248	450	500	545	2,321	3,502	350	650	150	450	800	1,000	11,966
	30,498	30,466	30,538	30,564	35,908	37,080	33,937	36,737	36,237	36,528	36,901	37,098	412,493
Direct Costs													
PI Insurance	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,432	2,432	27,984
Subscriptions	1,495	1,323	1,243	1,449	1,086	1,599	1,678	1,782	1,780	1,689	1,689	1,782	18,595
Rent & Rates	8,568	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	91,068
Heat & Light	798	825	802	799	801	803	825	815	801	875	832	859	9,835
Cleaning	374	300	300	300	300	300	300	300	300	300	300	300	3,674
	13,546	12,260	12,157	12,360	11,999	12,514	12,615	12,709	12,693	12,676	12,753	12,873	151,156
Gross Profit	42,411	43,069	46,552	32,091	14,482	35,658	50,127	44,875	32,437	61,036	35,856	45,589	484,182
Overheads													
Lease of Office Equipment	601	748	732	795	802	784	798	802	801	789	795	805	9,252
General Insurance	541	565	543	543	540	543	568	548	543	567	589	563	6,652
IT Expenses	2,280	1,785	1,835	2,015	1,831	1,831	2,423	2,435	2,398	2,389	2,458	2,598	26,278
Telephone	1,100	1,005	1,076	1,100	1,032	1,580	1,578	1,523	1,587	1,621	1,612	1,587	16,400
Postage & Stationery	1,053	1,323	258	583	1,235	524	1,525	285	1,325	1,201	587	1,114	11,012
Motor Expenses	1,823	1,876	1,786	1,645	1,657	1,521	1,621	1,578	1,825	1,925	1,894	1,984	21,135
Travel & Subsistence	650	230	275	879	159	89	201	214	157	189	231	451	3,725
Law Books	687	693	632	871	696	669	921	1,002	894	1,014	1,041	1,014	10,133
Advertising/Promotion	78	508	1,417	234	-	574	865	984	1,487	1,596	2,315	150	10,207
Business Development	-	115	50	50	75	55	55	245	75	299	171	160	1,350
Client Entertainment	958	191	-	126	94	300	350	125	450	400	412	896	4,303
Internal Entertaining	-	290	68	39	10	150	94	235	401	140	641	841	2,908
Miscellaneous	970	736	1,037	57	733	871	1,596	1,321	1,456	1,211	1,054	2,101	13,143
Write offs	210	125	184	325	2,165	1,232	981	751	101	123	641	981	7,819
Accountancy Fees	213	415	415	415	415	415	415	415	415	415	415	415	4,778
Law Accountants	561	501	489	501	523	499	502	531	523	890	705	478	6,703
Professional Fees	1,160	1,561	1,160	1,231	891	1,061	981	1,324	1,256	1,281	960	1,201	14,067
Referral fees	44	-	202	406	981	50	18	541	68	75	102	451	2,937
Bank Interest and Charges	198	99	265	574	111	374	180	98	141	125	56	98	2,318
Loan Facility Fees	48	48	48	48	48	48	48	48	48	48	48	48	576
Loan Interest	294	294	294	294	294	294	294	294	294	294	294	294	3,528
Depreciation	2,314	2,314	2,314	2,354	2,345	2,386	2,375	2,371	2,398	2,398	2,398	2,501	28,468
	15,781	15,421	15,080	15,084	16,636	15,849	18,389	17,670	18,643	18,990	19,419	20,731	207,693
Profit/Loss	26,630	27,648	31,472	17,007	(2,154)	19,808	31,738	27,205	13,794	42,046	16,437	24,858	276,489

Sample Solicitors Limited**Balance Sheet****As at 31 December 2016**

	<u>£</u>
Intangible Assets	
Goodwill	46,000
Fixed Assets	
Improvements to Property	30,308
Office Equipment	35,731
Computer Equipment	27,456
	<u>93,495</u>
Current Assets	
Work in Progress	227,305
Trade Debtors	124,908
Other Debtors	-
Prepayments	50,354
Firm Bank Account	112,178
Petty Cash	1,023
	<u>514,808</u>
Current Liabilities	
VAT	67,636
Trade Creditors	15,762
PAYE/NI	15,284
Pensions Control	1,250
Accruals	8,223
Loans	84,505
	<u>192,659</u>
Net Current Assets	322,149
Net Assets	<u><u>461,644</u></u>
Financed by:	
Reserves	185,156
Current Year P&L	276,489
	<u><u>461,644</u></u>

Sample Solicitors Limited
Fee Earner Data
For the period ending 31 December 2016

Income

Fees

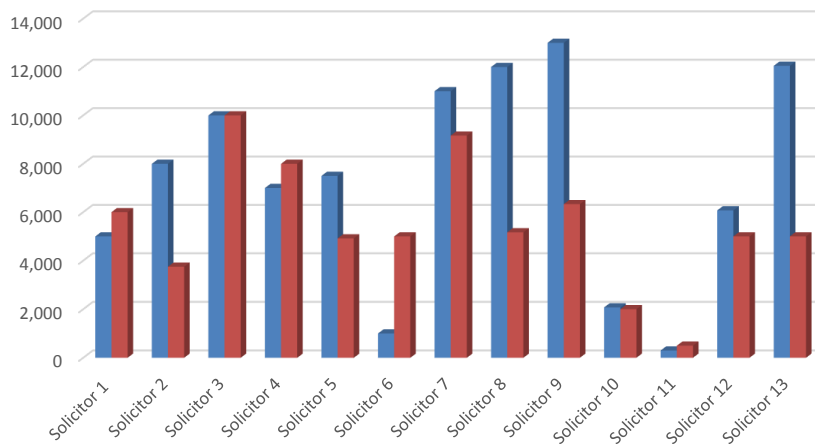
Fee Earner

Solicitor 1
 Solicitor 2
 Solicitor 3
 Solicitor 4
 Solicitor 5
 Solicitor 6
 Solicitor 7
 Solicitor 8
 Solicitor 9
 Solicitor 10
 Solicitor 11
 Solicitor 12
 Solicitor 13

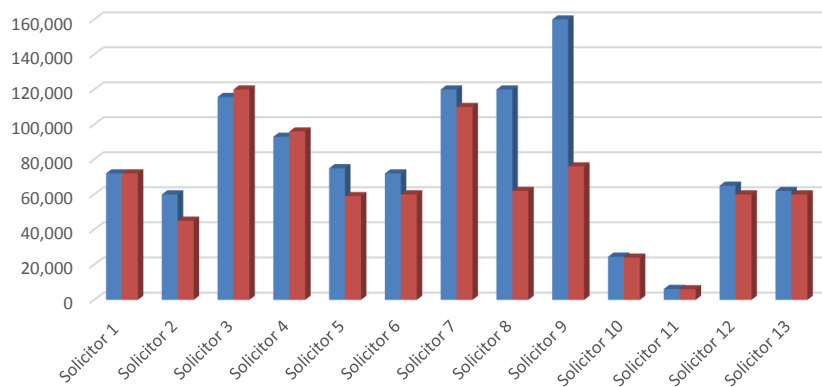
Current Month		
Actual	Budget	Variance
£	£	£
5,000	6,000	(1,000)
8,000	3,750	4,250
10,000	10,000	0
7,000	8,000	(1,000)
7,500	4,917	2,583
1,000	5,000	(4,000)
11,000	9,166	1,834
12,000	5,167	6,833
13,000	6,333	6,667
2,075	2,000	75
300	500	(200)
6,075	5,000	1,075
12,050	5,000	7,050
95,000	70,833	24,167

Year to Date		
Actual	Budget	Variance
£	£	£
72,000	72,000	0
60,000	45,000	15,000
115,721	120,000	(4,279)
93,000	96,000	(3,000)
75,000	59,004	15,996
72,000	60,000	12,000
120,000	109,992	10,008
120,000	62,004	57,996
160,000	76,000	84,000
24,560	24,000	560
6,200	6,000	200
65,000	60,000	5,000
62,000	60,000	2,000
1,045,481	850,000	195,481

Current Month



Year to Date



■ Budget
■ Actual