

## Using Numbers to Build Your Business

# ABBY PRACTICE



A business's financial statements are generally seen as closing the door on one financial year, however their real value lies in the window they provide into the *health* of a business.

Financial statements allow the business owner to make sound judgements on the future of their business.

Successful business owners achieve real value from their financial reports by using those reports as the raw data to conduct a business health check.

### What is a Business Health Check?

A business health check, conducted by a qualified and experienced accountant, uses the data in financial reports to

diagnose the business's health by converting the data into a number of ratios relating to profitability, cash flow and growth.

A properly conducted health check selects those aspects that need attention and which will generate the most improvement. An important part of the process in the use of "what if" scenarios to identify these areas, for example, what is the overall impact on business profitability and cash flow if average outstanding on debtors is reduced from 60 days to 30 days.

Successful businesses use their business health check to select one or two areas that may require attention and focus on those areas over a defined period. For businesses that prepare quarterly or monthly financial reports, business health checks are even more valuable because they can be undertaken at regular short term intervals to monitor progress on changes initiated.



**Should you wish to take advantage of a business health check and use it as a tool to grow your business, contact Sid Edwards, Senior Partner, at Abby Practice on 9476 0399 for a free initial discussion**