

CASE STUDY

WASTE RECYCLING

Background

- £4m turnover, waste recycling plant
- Profitable company wasn't generating cash
- Strong relationship with bank manager but transferred into Business Support when additional borrowing was requested

Phase 1 gaining an understanding

- FDYL provide Interim FD 2 days a week
- Initial focus areas
 - Provide support for 'in house' accounts assistant
 - Produce reconciled monthly management accounts
 - Produce weekly P&L, balance sheet and cash flow forecasting model to include "make up" of sales and cost of sales that could be amended by clients' staff
 - Identified less profitable activities
 - Identified monthly turnover, GP & net profit requirements to repay borrowings and capital commitments

Phase 2 control and facility renewal

- Discuss less profitable activities and plans to either increase profitability or reduce activity in those areas
- Update forecast model to include weekly actual compared with forecast
- Support Managing Director in discussions and meetings the bank & other funding providers (asset finance & CID)
- Negotiate TTP arrangement with HMRC

Phase 3 return to profitability

- Using forecast model, client MD identified a reduction in turnover produces a greater net profit as a percentage sufficient to generate cash surpluses
- Identified specific trade creditor payments and implemented tighter control against detailed weekly cash flow forecasts
- Reduced FDYL FD to 1 day per week