

EMAIL

From: Tian Haines

To: Mason Tyler

Subject: WWL: Draft management accounts and business issues

Date: 9 November 2022

We have just received the latest management accounts from Dilanee Acharya. She would like us to carry out a review of WWL's performance. We also need to address some business issues facing WWL. I am attaching the following:

- A note from Dilanee Acharya on WWL's management accounts and a request for advice (**Exhibit 16**)
- WWL's draft management accounts for the year ended 30 September 2022 (**Exhibit 17**)
- An email from Thilo Keogh to me relating to a bespoke design project (**Exhibit 18a**), together with media coverage (**Exhibit 18b**)
- An email from Felicity Darchon to me about PP carpet manufacturing (**Exhibit 19a**), a confidential email from Thilo Keogh to me (**Exhibit 19b**) and media coverage (**Exhibit 19c**)

Please draft for my review a report addressed to the board. The report should comprise the following.

1. A review of WWL's performance for the year ended 30 September 2022 in comparison with the year ended 30 September 2021. Your review should be based on the management accounts as set out in **Exhibit 17**. It should incorporate the additional information in **Exhibit 16** and include appropriate recommendations for improving the business. It should cover:
 - revenue for each client type individually; for each product type individually; and in total
 - gross profit for each client type individually and in total
 - operating profit in total.

You should also respond to WWL's request for advice (**Exhibit 16**).

2. An evaluation of the proposed bespoke design project for Schubert Yachts (**Exhibit 18a**).
 - Calculate the fixed price for the contract using the assumptions in **Exhibit 18a**.
 - Evaluate the appropriateness of the assumptions provided and the implications of a delay in the fitting of the carpets.
 - Assess the commercial and operational issues for WWL, including those arising from the media coverage (**Exhibit 18b**).
 - Advise WWL, with reasons, on how to proceed.

3. An [REDACTED]

REQUIREMENT 1 – Review of WWL’s financial performance and request for advice

ASSIMILATING & USING INFORMATION						STRUCTURING PROBLEMS & SOLUTIONS					
Appendix 1						Financial analysis: Revenue (report)					
(A) Analysis by client type						(A) Retail: up £562k / 5.7% / share 57.2% v 59.0%					
(B) Mix calculations by client/product						(B) Commercial: up £183k / 7.3% / share 14.8% v 15.0%					
(C) Analysis of bespoke product revenue						(C) Bespoke: up £755k / 17.3% / share 28.0% v 26.0%					
(D) Analysis of COS AND distribution/admin						(D) 80:20: up £103k / 0.8% / share 74.9% v 81.0%					
						(E) 100% wool: up £107k / 5.8% / share 10.6% v 10.9%					
						(F) Rugs: up £497k / 42.3% / share 9.1% v 7.0%					
NA	ID	IC	SC	CC		NA	ID	IC	SC	CC	
AI/CS Exam info (report/appendix)						Financial analysis: GP/OP (report)					
(A) Overall revenue: up £1,500k / 8.9%						(A) Materials: up £642k / 9.8%					
(B) COS: up £734k / 6.4%						(B) Labour: up £37k / 1.8% / Overheads: up 55k / 1.9%					
(C) GP: £766k / 14.6% OR GP%: 32.8% v 31.2%						(C) Retail: GP up £118k/4.6% / GP% down 25.7% v 26.0%					
(D) OP: up £554 / 54.4% / OP% 8.6% v 6.1%						(D) Commercial: GP up £50k/8.4% / GP% up 23.8% v 23.5%					
						(E) Bespoke: GP up £598k/28.9% / GP% up 52.1% v 47.4%					
						(F) Admin: up £49k / 2.9% S&D: up £163k / 6.4%					
						OR					
NA	ID	IC	SC	CC		NA	ID	IC	SC	CC	
Business issues / wider context						Request for advice (report)					
(A) Impact of COVID-19 on business / economic downturn / housing market / cost of living crisis						(A) Cash: down £520k / £405k overdrawn >					
(B) Industry estimate: 2% growth						(B) Inventories: up £499k/11.8% / 140 days v 134 >					
(C) Seasonal business / importance of Q1 sales						(C) Receivables: up £1,124k/26.9% / 93 days v 83 accrued income up £263k/73.7% >					
(D) Overdraft limit: £650k						(D) Payables: down £203k/4.6% / 113 days v 127 >					
						(E) Investing: capex low / investment will be needed in future OR Financing: dividend impact eg increases overdraft					
						(F) Accounting profits on accruals basis not cash					
NA	ID	IC	SC	CC		NA	ID	IC	SC	CC	

