

Exhibit 4 and 5: Management accounts

Use in exam: primarily requirement 1 / context requirement 2 and 3

Please note that calculations have been prepared in a spreadsheet and rounded to 1dp.

REVENUE	2022 (£k)	2021 (£k)	Change (£k)	%	Reasons	Trends/Significance/ Further Analysis
Major	2,068	1,824	244	13.4%	Typical: £80k-210k (avg. £150k); Sublime; client loss; low switching costs	Target 2023: £2,792k
Large	2,068	1,757	311	17.7%	Typical: £36k-79k (avg. £50k)	Target 2023: £2,792k
Medium	1,985	1,689	296	17.5%	Typical: £16k-35k (avg. £25k); Compere	Target 2023: £2,680k
Small	2,151	1,489	665	44.8%	Typical: £4k-15k (avg. £10k); HSG Accepted increase in charge-out rates	Target 2023: £2,903k
Total	8,272	6,756	1,516	22.4%	Businesses shift towards digital model Expansion in capacity (headcount) SEO: 20%; lower margin; clients stay for longer as results take time Paid search mgt: 40%; growing; increase in performance fee billing; higher margin; clients want rapid results; programmatic ad tech automates buying of ad space Other: 40%; generally higher margin; content creation lower margin 25% target missed due to lower AMFIH and client loss (higher charge-out rates)	Target 2023: 35% / £11,167k 2022: 25% / £8,445k 2019-22: CAGR 24.1% 2021: £6,756k / 19.4% 2020: £5,660k / 30.7% 2019: £4,331k Market 2013-23: CAGR >10%
Mix:					A range of client sizes helps staff retention via career progression	Target: 25% each
Major	25.0%	27.0%	(2.0%)		Lower margin (more complex and demanding but helps FDM brand)	2020: 24.0%
Large	25.0%	26.0%	(1.0%)		Lower margin (more complex and demanding but helps FDM brand)	2020: 23.0%
Medium	24.0%	25.0%	(1.0%)		Higher margin	2020: 26.0%
Small	26.0%	22.0%	4.0%		Higher margin	2020: 27.0%
Headcount	85	68	17	25.0%	Higher than revenue growth Recruitment carried out early in year Recruiting for growth Risk of understaffing and overstaffing but better to be overstaffed	Target 2023: 115 2022: 85 2020: 53
Billable	72	57	15	26.3%		2020: 45
Support	13	11	2	18.2%	Operations director (Ron Ashton) recruited Needs to be sufficient to support billable	2020: 8
AMFIH	£8.1	£8.3	(£0.2)	(2.0%)	Revenue / Headcount at end / 12 Headcount increase > revenue increase due to recruiting ahead of revenue	Target 2023: £8.1k 2020: £8.9k (peak) 2019: £8.8k Well placed for future growth
Attrition rate	11.8%	15.1%	(3.3%)		Leavers in headcount at start / Headcount at start Aggressive staff poaching Early responsibility to reduce attrition	Doesn't include leavers who joined in year Sector average: 30% 2019: 9.8%
Leavers: in headcount at start	8	8	0		Attrition rate * Headcount at start	
Attrition rate: revised	26.5%	26.4%	0.1%		Total leavers / Headcount at start Lower for those who stay longer	Includes leavers who joined in year Sector average: 30% 2019: 17.1%

Exhibit 7: Client case studies

Use in exam: requirement 2/3 proposal

Key Narrative Points	Key Numerical Points
<p>Compere</p> <ul style="list-style-type: none"> ○ Comparison app for ticket prices. ○ Insufficient digital marketing skills, SEO ranking decline. ○ FDM presented solutions Compere had not considered. ○ Took over all SEO work. ○ SEO work by leaders and members. ○ Client interaction by manager and director. ○ Time estimates for SEO are straightforward and accurate but unexpected events can cause a change in tactics. ○ Monthly variations but average monthly hours accurate. ○ FDM was under workload pressure so proposed payment in advance to demonstrate commitment and cover initial research costs. ○ Work started October 2021. ○ Initial 12-month engagement; continued on 3-month rolling basis (3 months' notice at any time). <p>Sublime</p> <ul style="list-style-type: none"> ○ Online UK bed retailer. ○ Client since 2016. ○ FDM persuaded Sublime that they could improve SEO, increase revenue and differentiate. ○ Within a year, SEO improved and brand repositioned. ○ FDM proposed paid search management work (cross-sell). ○ Sublime shared highly sensitive confidential operational data which has been vital to success. ○ FDM optimised ad spend using data analysis programs. ○ Increased revenue within Sublime budgeted spend. ○ Short-term campaigns. ○ Technical and commercial knowledge acquired used on other clients. 	<p>Pricing: billable hours and charge-out rates</p> <p>Forecast:</p> <p>Hours per month</p> <p>Director: 0.5</p> <p>Manager: 1</p> <p>Team leader: 5</p> <p>Team member: 25</p> <p>Revenue pm: £2,110</p> <p>Revenue pa: £25,320 (Medium)</p> <p>GPM: 30% (2022 average: 43%; lower as SEO)</p> <p>4 months paid in advance (£8,440)</p> <p>Monthly fee in advance</p> <p>Advanced payment initially deferred income</p> <p>Attractive margin as minimal senior staff involvement</p> <p>Pricing:</p> <p>SEO: billable hours and discounted charge-out rates</p> <p>Paid search management:</p> <p>performance-based pricing</p> <p>fee based on pre-agreed metric</p> <p>invoice at end of each campaign</p> <p>Example: 30-day Facebook ad campaign</p> <p>Metric: increase in revenue</p> <p>Reach: 400k; Visitors 40k (10%)</p> <p>Bounce rate:</p> <p>60% probability: 50% (sector average; actual)</p> <p>30% probability: 45%</p> <p>10% probability: 52.5%</p> <p>Leads: 20%</p> <p>Conversions: 10%</p> <p>Sublime revenue per customer: £600</p> <p>Revenue: 5% of attributable revenue increase</p> <p>Staff costs estimate: £8k (actual)</p> <p>GPM: 33.3% (based on 50% bounce rate)</p> <p>Revenue pa average: £150k (Major)</p> <p>GPM 2022: 29% (Major average: 28.5%)</p> <p>SEO: low margin as charge-out rates heavily discounted</p> <p>Paid search management: high margin but volatile as performance-based pricing</p>

ACA MASTERS

Case Study Proforma Report: November 2023

TITLE PAGE

A report on FDM

TO: Directors of FDM

FROM: Newell Mast

DATE: 8 November 2023

This report is for the Board of FDM only and should not be distributed to third parties.
No liability can be accepted in this event.

SAMPLE NOT FOR USE

Review of Financial Performance for Year Ended 30 September 2023

REVENUE (per requirement)

Overall revenue increased (decreased) impressively (disappointingly) by £k (x%) to £2023k which is above (below) the target of 35%/£11,167k and/but above (below) the market CAGR which is around 10%. AMFIH was £2023k (x% increase/decrease) which is above (below) the target of £8.1k and/but not the previous peak of £8.9k, whereas headcount of X (x% increase/decrease) is above (below) the target of 115 which shows that the revenue target (not) being achieved was due to AMFIH/headcount/both. Staff capacity is an enabler of revenue growth, therefore the higher headcount leaves FDM well placed for future growth. The fragile economy may have had a negative impact, so the fact that the rate of growth is increasing (decreasing) (2022: 22.4%) is excellent (expected). *Revenue from all client sizes has increased/decreased.* Many businesses have shifted towards a digital model due to the impact of COVID-19 and this has increased demand for digital marketing. Churn has increased (decreased) to x% from 15.2% due to (reason from exam scenario/performance-based pricing reduces churn/team members).

Major account revenue increased (decreased) impressively (disappointingly) by £k (x%) and is above (below) the target of £2,792k due to **reason** (reason from exam scenario). Trend/significance/further analysis (e.g. compare size of new clients to typical distribution). Churn has increased (decreased) to x% from 8.3% due to **reason** (reason from exam scenario/churn can be erratic because MNCs have low switching costs and there are a small number of clients in this category).

[Redacted]

[Redacted]

[Redacted]

[Redacted]

COS AND GROSS PROFIT (if required)

[Redacted]

[Redacted]

[Redacted]

[Redacted]