

A GUIDE FOR BUSINESS OWNERS



The *Four* Numbers

What running a business on information actually looks like.
Four numbers on one page can make a big difference



A Year and Nine Months

Your accounts for the year to 31 March land in December. By the time you read them, the first day of that year was a year and nine months ago.

Think about what changed in between. You put your prices up. You took on three people. Your biggest customer started paying every forty-five days, not thirty. None of that is in the accounts, and every one of those decisions was made without a number in front of you.

That isn't a criticism of the accounts. Statutory accounts are a legal filing, built for Companies House and HMRC, and they do that job well. They were never built to run a business. The problem is that for most owners they are the only financial information they ever see. Management accounts are not smaller annual accounts. Different document, different job. And most owners who say they don't need them have simply never seen a good set.

TRY THIS TODAY

Go and look at the date on the last financial information you were sent. If the period it covers has already finished, that's the problem. And it's a fixable one.

What are the Four Numbers?

Here's what a business turning over £500,000 to £5,000,000 actually needs every month. Not forty pages. Four numbers, on one page, by the tenth of the following month.

01

Gross margin, as a percentage

Is the work worth doing?

PAGE 04

02

Cash, 90 days out

Can I afford what I'm about to decide?

PAGE 05

03

Revenue and margin by line

Where is the profit actually made?

PAGE 06

04

Who owes you, and for how long

Which customers are holding my cash?

PAGE 07

WHY THE TENTH?

Numbers that arrive on the twenty-fifth describe a month you've already half lived through. By the tenth, you can still act on them.

Meet the two businesses*

WORKED EXAMPLE A

Ardmore Facilities Ltd

B2B maintenance and fit-out contractor. £2,000,000 turnover across three service lines: planned maintenance contracts, reactive repairs and fit-out projects. Invoices on 30-day terms. Year end 31 December.

WORKED EXAMPLE B

Tallyline Software Ltd

B2B software sold on subscription. £2,000,000 turnover, mostly annual subscriptions billed upfront, plus implementation and professional services.

*Both businesses are fictional. The numbers are illustrative but typical of what we see.

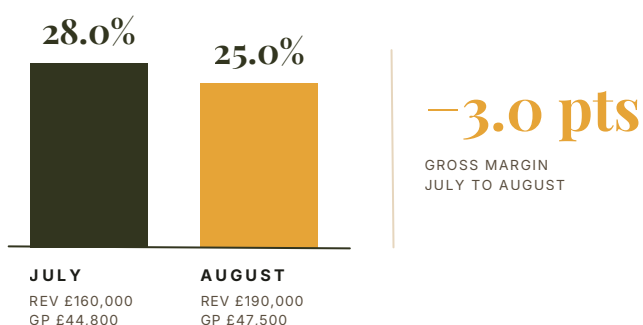
The Percentage, not the Pounds

01

Gross margin is what's left from each pound of sales after the direct cost of delivering it: materials, subcontractors, the people doing the work, hosting. Show it as a percentage, next to last month and the same month last year. Why the percentage? Pounds of gross profit go up when you're busy, whether or not the work was worth doing. The percentage tells you whether it was.

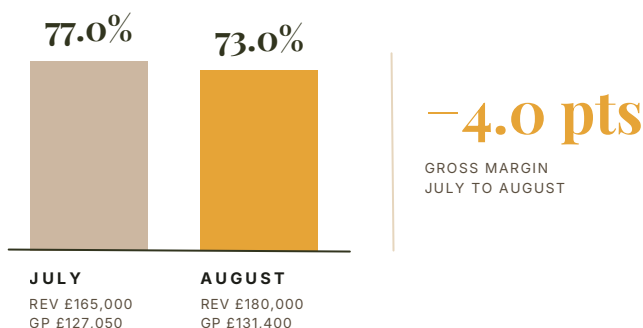
ARDMORE FACILITIES

August was the best sales month of the year: £190,000 against £160,000 in July. Gross profit rose by £2,700. Every sign said good month. Gross margin fell from 28% to 25%, because two fit-out jobs ran on agency labour at premium rates. Three points across a £2,000,000 year is £60,000 of profit.



TALLYLINE SOFTWARE

Revenue rose from £165,000 to £180,000 as a large new customer went live. Gross profit rose by £4,350. Gross margin fell from 77% to 73%. The new customer was on a discounted tier and pushed hosting into the next pricing band, while the onboarding team worked overtime to hit the go-live date. Four points on £2,000,000 is £80,000.



WHAT TO WATCH

A move of more than one point in a month needs an explanation. Two months moving the same way needs a decision.

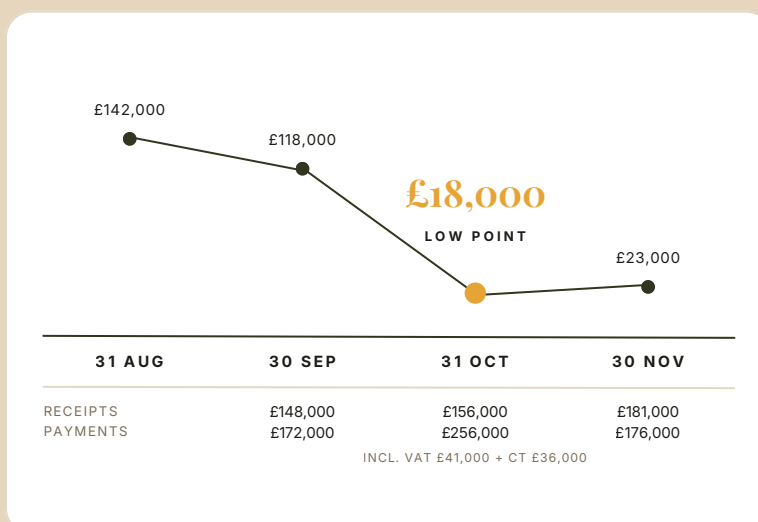
Not Today's Balance

02

Today's balance tells you what has happened. The forecast tells you what's about to. Start with the bank. Add what you'll collect, assuming half your customers pay late, because half of them will. Take off everything going out on the date it actually goes: wages, PAYE, VAT, corporation tax, loan repayments, suppliers, dividends. Then read the lowest point, not the end.

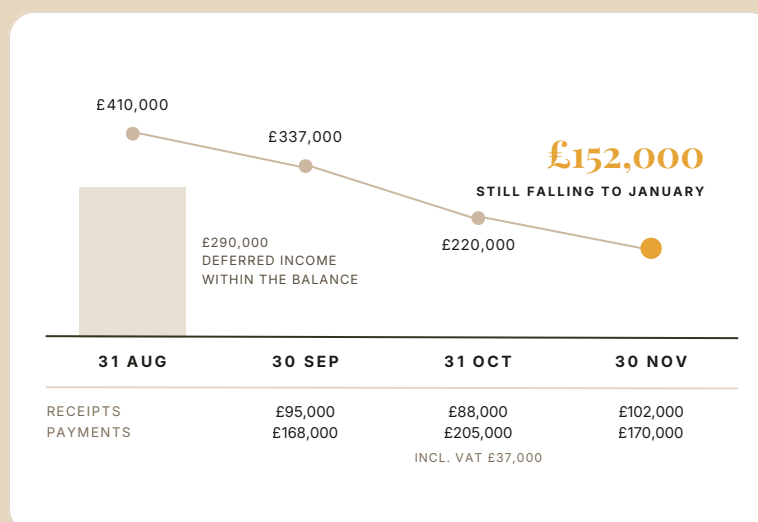
ARDMORE FACILITIES

£142,000 in the bank at 31 August. Comfortable. But October carries the VAT quarter of £41,000 and corporation tax of £36,000 in the same month. The low point is £18,000, in October. That's the number that should decide whether the new van, the new hire or the dividend happens this quarter.



TALLYLINE SOFTWARE

£410,000 in the bank looks like a business with money to spare. £290,000 of it is deferred income: customers who paid a year upfront for a service still to be delivered. Most renewals land in January, so September to November bring in far less than goes out. Cash falls to £152,000 by the end of November and keeps falling until the renewals arrive. That's £258,000 lower than the balance suggests, and it matters before you commit to two more developers.



WHAT TO WATCH

The low point and its date. If it's below one month's wage bill, you want to know now, not in the week it happens.

One line for the whole company is useless

03

Split revenue and gross margin by whatever your business actually divides into: service, product, site, contract, customer type. This is usually where the uncomfortable number lives, because the biggest and most visible line is rarely the most profitable one.

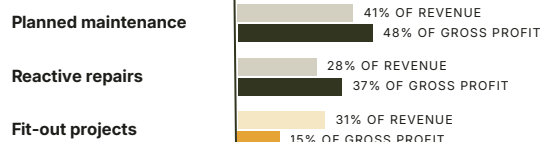
ARDMORE FACILITIES

Fit-out is 31% of sales and 15% of gross profit. It's the work the owner enjoys most and talks about most, and it's the line that dragged August down.

That doesn't mean stop doing fit-out. It means pricing it on its real margin, not its turnover.

12 MONTHS TO 31 AUGUST

LINE	REVENUE	MARGIN	GROSS PROFIT
Planned maintenance	£820,000	34%	£278,800
Reactive repairs	£560,000	38%	£212,800
Fit-out projects	£620,000	14%	£86,800
Total	£2,000,000	28.9%	£578,400

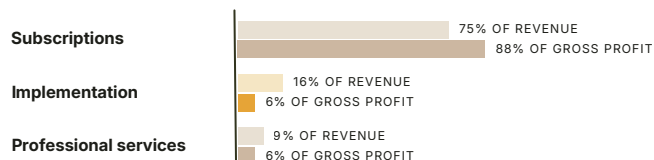


TALLYLINE SOFTWARE

Implementation is 16% of revenue and 6% of gross profit. It's discounted to win subscriptions, which is a fair strategy if it's deliberate. Here it had been priced the same way for three years while the cost of the team delivering it rose every year.

12 MONTHS TO 31 AUGUST

LINE	REVENUE	MARGIN	GROSS PROFIT
Subscriptions	£1,500,000	88%	£1,320,000
Implementation	£320,000	30%	£96,000
Professional services	£180,000	50%	£90,000
Total	£2,000,000	75.3%	£1,506,000



WHAT TO WATCH

Any line whose share of revenue is much bigger than its share of gross profit. That's where the pricing conversation starts.

Read the 60 plus column first

04

What you're owed, and how old it is. Three brackets: nought to thirty days, thirty-one to sixty, and sixty plus. Read the sixty plus column first. It's the one that ruins Christmases.

ARDMORE FACILITIES

£228,000 owed. £37,000 is over sixty days, and £29,000 of that is one fit-out customer disputing a variation.

The cash forecast assumes it's collected in October. If it isn't, October's low point goes from £18,000 to minus £19,000. One customer and one conversation are the difference between a tight month and an overdraft.

WHAT YOU'RE OWED, BY AGE

£228,000 TOTAL OWED



TALLYLINE SOFTWARE

£146,000 owed. £27,000 is over sixty days: two annual renewals, and both customers are still using the software every day.

In a subscription business the sixty plus column is often people using a service you haven't been paid for. That needs a policy, not another reminder email.

WHAT YOU'RE OWED, BY AGE

£146,000 TOTAL OWED



WHAT TO WATCH

Every customer in the sixty plus column named, every month, with an owner and a next action against each.

What it looks like on one page

Every pack should end with a decision. If a month's numbers don't change anything you do, either the business is on autopilot or the numbers are the wrong ones.

Ardmore Facilities Ltd

AUGUST 2026 · ISSUED 08/09/2026

01 Gross margin **25.0%**

July 28.0% · down 3.0 points

02 Cash low point **£18,000**

in October · bank today £142,000

03 By line

Fit-out is 31% of sales, 15% of gross profit

04 Owed **£228,000**

over 60 days £37,000

THIS MONTH'S DECISIONS

1. Reprice fit-out labour on the next two quotes.
2. Settle the £29,000 variation before October.
3. Hold the dividend until November.

Tallyline Software Ltd

AUGUST 2026 · ISSUED 08/09/2026

01 Gross margin **73.0%**

July 77.0% · down 4.0 points

02 Cash low point **£152,000**

end of November, still falling · bank today £410,000, of which £290,000 is deferred income

03 By line

Implementation is 16% of revenue, 6% of gross profit

04 Owed **£146,000**

over 60 days £27,000

THIS MONTH'S DECISIONS

1. Renegotiate the new customer's hosting tier.
2. Reprice implementation from 1 October.
3. Hold the second developer hire until January renewals land.

What your monthly pack should contain

Ten lines. Tick the ones that are true of the financial information you get today.

- ☐ 01 It arrives by the tenth of the following month.
- ☐ 02 Gross margin is shown as a percentage, next to last month and the same month last year.
- ☐ 03 There's a cash forecast at least ninety days forward, showing the lowest point and its date.
- ☐ 04 The forecast includes VAT, PAYE, corporation tax and loan repayments on the dates they're actually paid.
- ☐ 05 Revenue and gross margin are split by service, product, site or contract.
- ☐ 06 What you're owed is shown in 0 to 30, 31 to 60 and 60 plus day brackets.
- ☐ 07 Customers in the 60 plus column are named.
- ☐ 08 The numbers are compared with a budget or target, not just last month.
- ☐ 09 The headline fits on one page before any appendix.
- ☐ 10 Someone explains what changed and why, and at least one decision comes out of it.

YOUR SCORE

8 to 10

You're running the business on information. Keep it that way.

5 to 7

The numbers exist, but they aren't doing their job yet.

0 to 4

You're running on annual accounts. That's a year and nine months behind.

Five questions to put to your accountant

- 1 When will I see last month's numbers?
- 2 What was my gross margin percentage last month, and why did it move?
- 3 What's my lowest cash point in the next ninety days, and when is it?
- 4 Which part of my business makes the most profit for each pound of sales?
- 5 Who owes me money over sixty days, and what's being done about it?

If they can answer all five without going away to check, you're in good hands. If not, it's worth a conversation.

Let's talk about your numbers

Book a discovery call with Toast. Bring your last set of management accounts, or tell us you don't have any. We'll talk through what your numbers should be telling you each month, and whether we're the right people to help you get there.



[Book a discovery call →](#)

We don't just celebrate success, we help build it.