ZAZEN TAX

The Numbers a Board Actually Wants

What to report, what to leave out, and how to write the commentary that goes round them.

Eight chapters and a six-page pack you can download and adopt this month.

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Contents

The worked example throughout is Meridian Studio Ltd, the same company behind every tool on zazentax.com. Its board pack template is free there, built to these chapters.

1 What a board meeting is for

A board meeting is for decisions. Everything in the pack either sets up a decision or it is decoration, however handsome the chart.

The failure mode of board reporting is theatre: forty slides, read aloud, to people who received them the night before. The alternative is six pages, sent three days early, built so the meeting starts where the pack stops. This book is the six pages.

The structure: a summary page of five numbers, profit against plan with a bridge, cash and runway, twelve KPIs, risks that move, and the asks. Every page carries commentary in the same three-line shape, and nothing is typed twice.

2 The five numbers that open every pack

Page one answers the question every director brings into the room: are we OK? Five numbers answer it.

Number	Meridian, this month	Why it leads
Revenue	£268,000	Are we selling
EBITDA	£27,400	Does selling pay
Against budget	£0	Did we mean it
Cash	£190,000	Can we breathe
Cash build	£8,000	Which way is it going

Five, not fifteen. The other ten live on the KPI page where they belong. A director who wants more detail asks, and the ask tells you what the board actually watches, which is worth knowing.

> **THE RULE THAT KEEPS PAGE ONE HONEST**
>
> Every number on page one is pulled by reference from the numbers sheet. The moment a figure is typed onto a page, the pack can disagree with itself, and a pack that disagrees with itself once is never quite trusted again.

3 Commentary: what happened, why, what next

Numbers without commentary are a quiz. The commentary shape that works is three lines, in order: what happened, why it happened, what we are doing about it.

What happened is a fact: revenue came in £12,000 under budget. Why is a cause, not a restatement: two client starts slipped a month. What we are doing is an action with an owner and a date: both signed, invoicing resumes March, pipeline cover raised to two times.

Write it the night the numbers close, while the month is warm. Commentary written the night before the board reads like a defence. Commentary written at close reads like management.

- One block per page, three lines each. Green pages get one line: on plan, nothing to raise.
- Never explain a number the board did not ask about at the last meeting. The pack answers standing questions; the meeting handles new ones.
- If the same why appears twice in a quarter, it stops being commentary and becomes a risk, and it moves to page five.

4 KPIs without decoration

Twelve numbers, each answering a different question, each with the same four columns: now, before, target, status.

Meridian's twelve: revenue, contribution margin, EBITDA, EBITDA margin, cash, cash build, debtor days, creditor days, the cash conversion cycle, largest client share, revenue per head, interest cover. No two move together by construction; when two KPIs always agree, one of them is decoration and gets cut.

Status must know its own direction. Debtor days rising is bad; margin rising is good. On the demo book, 52 debtor days against a 45-day target reads WATCH, and WATCH earns exactly one line of commentary. Statuses that are all green every month are not KPIs, they are wallpaper: a target you never miss is a target set after the fact.

5 The variance bridge

A variance column says you missed. A bridge says why, in pounds, with a name on each part.

Meridian misses budget by £3,980 in the demo month. The column stops there. The bridge keeps going:

Movement	Effect
Two more clients than budget	+£7,370
Won £200 under the rate card	-£4,620
Delivery a point more expensive	-£2,730
Cost base heavier	-£4,000
The gap, exactly	**-£3,980**

Now the conversation has owners: sales won volume, pricing gave most of it back, delivery drifted, and someone approved the extra fixed cost. The bridge sums to the gap exactly - it is arithmetic, not narrative - and the order of the movements is stated, because an unstated order is how two people bring two bridges to one meeting.

6 Cash on one page

Boards forgive a missed month of profit. They do not forgive a cash surprise, because cash surprises are governance failures, not trading ones.

The cash page holds four things: the balance, the build or burn, the headroom including the undrawn facility, and the low week from the 13 week forecast. Meridian shows £190,000 in the bank, £70,000 undrawn, and a low week of £213,000 in week eight - the week eight dip is payroll, interest and capex landing together, known months out.

- Always the low WEEK, not the month-end balance. Month ends are the calmest days in the cash cycle, which is why bad packs report them.
- Runway in months when burning, headroom in pounds when not. Never both blank.
- If the low week is inside the buffer, the ask is on page six of the same pack. Cash pages and ask pages that disagree are how facilities get arranged late.

7 Risks and asks

Page five is risks that move; page six is decisions. Together they are why the meeting exists.

Three to five risks, never ten, each with likelihood, impact, an owner, and the only column that earns the page: what changed since last time. A risk register nothing moves on is a museum. Meridian's live three: the March renewal of the largest client, debtor days above 50, and key-person cover.

The asks page is written as decisions, not updates: approve the three-hire plan at £172,562, approve the facility extension, note the concentration plan. Under it, last meeting's decisions and what happened to them. If page six is empty two boards running, the board is a book club.

8 Running the meeting the pack deserves

The pack goes out three days before. The meeting assumes it was read, opens on page one for ten minutes, and spends the rest on pages five and six.

- Never present the pack. Presenting a pack teaches directors not to read it.
- Minute the decisions and the owners, not the discussion. Next month's page six starts from these minutes.
- When a director asks for a new number monthly, it goes to the KPI page and something comes OFF. Twelve in, twelve out.

A board served like this gets better, because the questions get better: away from what happened, which the pack already answered, and onto what should happen next, which is the only question a board can add value to.

Where to go next

Download the Board Pack Template and the KPI Dashboard, adopt the five-number summary this month, and let the Budget vs Actual workbook write the bridge.

Every calculator and workbook mentioned in this book is free on zazentax.com, with no email form. They use the same figures, the same conventions and the same worked company as the chapters here.

Zazen Tax

Accountants and fractional CFO support for growing companies. If you would rather someone built this machine with you, that is what we are for.

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