

Business Performance Report

Metrics Guide

Understanding the 10 Financial Metrics

The Business Performance Report analyses up to six years of historical nominal ledger data held within BrightAccountsProduction. The report is built around 10 predefined financial metrics, each designed to highlight a different aspect of business performance. This guide explains what each metric shows, why it matters, and what to look for when reviewing the results with your clients.

There are 5 metrics pre-populated in the report by default, and an additional 5 metrics available from the sidebar. Each metric includes a chart, a data table, and an AI generated commentary.

The AI commentary automatically interprets the data for each metric, writing a narrative analysis that highlights year-on-year movements, flags anomalies, and draws connections across related metrics.

Metric | Revenue

Chart Type	Data Used	Formula / Basis
Line chart	Total revenue per year	Revenue is obtained directly from financial data. Total Sales (Turnover)

What it shows

A six-year view of the business's top-line revenue, showing whether the business is growing, plateauing, or in decline. This is the foundational performance indicator and provides the baseline against which all other metrics are contextualised.

Why it matters

Revenue trend is the first thing any accountant or business owner looks at. It immediately frames the conversation — is this a growth story, a turnaround, or a business under pressure? Year-on-year percentage changes and turning points are highlighted in the commentary.

What to look for

Consistent upward or downward trends, sudden changes between years that may indicate market shifts, new contracts won or lost, or the impact of external events. A flat line over multiple years may indicate a business that has stagnated.

Metric | Gross Profit Margin

Chart Type	Data Used	Formula / Basis
Line chart (% axis)	Gross profit, gross profit margin	Gross profit and revenue are obtained directly from financial data. Gross profit margin is calculated as (gross profit / revenue) x 100%

What it shows

The percentage of revenue retained after direct costs (cost of sales) are deducted. This metric tracks how efficiently the business converts revenue into gross profit over a six-year period.

Why it matters

A declining gross profit margin could signal rising input costs, pricing pressure, inaccurate stock valuations, or a shift in the mix of products or services sold. Even where revenue is growing, a shrinking margin means less profit is being retained.

What to look for

Margin reductions or increases year on year, and the percentage change. Where a reduction occurs, possible causes include inaccurate stock counts or valuations, increased cost of raw materials, pricing pressure from competitors, theft of stock, or a change in sales mix towards lower-margin products or services.

Metric | Operating Profit Margin

Chart Type	Data Used	Formula / Basis
Line chart (% axis)	Operating profit, operating profit margin	Operating profit and revenue are obtained directly from financial data. Operating profit margin is calculated as (operating profit / revenue) x 100%

What it shows

The percentage of revenue that remains as operating profit after both cost of sales and operating expenses are deducted. This is the truest measure of operational profitability from the core business activities.

Why it matters

Operating profit margin strips out financing and tax effects to show how well the business is being run day to day. A declining operating margin, even alongside revenue growth, indicates that costs are growing faster than income — a situation that requires prompt attention.

What to look for

The direction of travel over the six years. Where profit margin has declined significantly, the commentary will refer to notable line items that could be contributing to this trend. A widening gap between gross profit margin and operating profit margin indicates overhead creeping.

Metric | Revenue vs Cost of Sales

Chart Type	Data Used	Formula / Basis
Bar chart	Revenue, Cost of Sales (CoS), CoS as a percentage of revenue	Revenue and CoS are obtained directly from the financial data. CoS as a percentage of revenue = $(\text{CoS} / \text{revenue}) \times 100\%$

What it shows

A year-by-year comparison of revenue and cost of sales, showing whether the gap between them is widening, narrowing, or remaining stable.

Why it matters

If cost of sales is rising faster than revenue, gross margin is being eroded — something that is often invisible in summary P&L views. This metric makes that relationship immediately visible.

What to look for

Whether the gap between Revenue and Cost of Sales (CoS) is widening (improving margin) or narrowing (margin pressure). Where CoS movements are significant, the commentary will highlight these trends and discuss potentially relevant line items.

Metric | Revenue vs Operating Expenses

Chart Type	Data Used	Formula / Basis
Bar chart	Revenue, operating expenses (opex), opex as a percentage of revenue	Revenue and operating expenses are obtained directly from financial data. Operating expenses = revenue – CoS – operating profit Operating expenses as a percentage of revenue = $(\text{opex} / \text{revenue}) \times 100\%$

What it shows

A side-by-side comparison of revenue and total operating expenses over six years, illustrating the operating leverage of the business — i.e. whether the business is scaling efficiently.

Why it matters

A business with strong operating leverage will see revenue grow faster than operating expenses. Conversely, if operating expenses are tracking closely with or outpacing revenue, the business may struggle to generate increasing profit as it grows.

What to look for

Bars that get progressively closer together year-on-year signal that operating expenses are growing too quickly relative to revenue. The relationship between fixed and variable costs plays a role here — businesses with high fixed costs are more vulnerable to revenue downturns.

Metric | Common Size Analysis

Chart Type	Data Used	Formula / Basis
Bar chart	CoS, operating expenses (opex) and operating profit relative to £10/€10 of revenue.	Revenue, CoS and operating profit are obtained directly from financial data. $\text{Opex} = \text{revenue} - \text{CoS} - \text{operating profit}$ Ratios calculated like so: $(\text{value} / \text{revenue}) \times 10$

What it shows

The most comprehensive single-chart view of the P&L structure. This shows how revenue is being consumed across the two main cost layers (cost of sales and operating expenses), and how this impacts operating profit, for every £10/€10 of revenue.

Why it matters

This metric gives the complete cost picture in one view. Where some metrics examine cost layers individually and others combine them — making it easier to see at a glance whether cost pressure is coming from cost of sales, operating expenses, or both at once. It is particularly useful for framing an overall conversation about the business's financial trajectory.

What to look for

Changes in the proportions over the six years. If the cost layers are consuming an increasing share of revenue, profitability is under pressure. If one layer is growing while the other is stable, that pinpoints where the issue lies.

Metric | Cash at Bank

Chart Type	Data Used	Formula / Basis
Line chart	Cash, bank balances and cash equivalents	Total Cash and Bank Balances obtained directly from financial data.

What it shows

The cash position of the business over six years. Cash is often the metric business owners understand most intuitively and is a direct indicator of the business's ability to meet its short-term obligations.

Why it matters

A declining cash trend alongside growing revenue is a classic warning sign of overtrading or working capital pressure. The commentary will discuss the business's financial cushion — i.e. how long the business could sustain its current spending rate based on the cash available.

What to look for

Whether the cash trend correlates with profitability. A profitable business with declining cash may have working capital issues (e.g. slow-paying debtors) or large capital expenditure. A loss-making business with stable cash may be funded by borrowings or asset disposals.

Metric | Debtor & Creditor Balances

Chart Type	Data Used	Formula / Basis
Dual-line chart	Trade debtors, Trade creditors	Trade Debtors and Trade Creditors obtained directly from financial data.

What it shows

The raw balance of trade debtors (money owed to the business) and trade creditors (money the business owes) over six years. Tracking both together reveals the working capital dynamics of the business.

Why it matters

Growing debtors alongside shrinking creditors can indicate a cash flow squeeze. The relationship between the two balances shows whether the business is effectively managing its trading cycle — collecting from customers quickly enough to meet its own payment obligations.

What to look for

The relative gap between debtors and creditors each year. If debtors are consistently higher than creditors and the gap is growing, more cash is tied up in debtors. If creditors are being paid faster than debtors are being collected, the business may face liquidity pressure.

Metric | Debtor Days & Creditor Days

Chart Type	Data Used	Formula / Basis
Dual-bar chart	Debtors, Creditors, Revenue, Cost of Sales	$\text{Debtor Days} = (\text{Debtors} / \text{Revenue}) \times 365$ $\text{Creditor Days} = (\text{Creditors} / \text{Cost of Sales}) \times 365$ All metrics used in these calculations are obtained directly from the financial data.

What it shows

How many days, on average, it takes the business to collect payment from its customers (debtor days) and how many days it takes to pay its suppliers (creditor days). Expressing these as days normalises for business size and reveals whether collection and payment behaviour is improving or deteriorating.

Why it matters

This is one of the most powerful advisory metrics. High debtor days mean cash is locked up in debtors; low creditor days mean the business is paying suppliers quickly — potentially too quickly. The difference between the two is a key component of the cash conversion cycle.

What to look for

Whether debtor days are increasing (slower collection) or decreasing (faster collection) over the period. Whether creditor days are consistent with agreed payment terms. Paying creditors faster than agreed terms may mean the business is foregoing the benefit of extended payment periods; paying later than terms may put supplier relationships at risk.

Metric | Working Capital

Chart Type	Data Used	Formula / Basis
Bar chart	Current assets, Current liabilities	Current Assets – Current Liabilities. Both metrics are obtained directly from financial data.

What it shows

The net working capital position of the business over six years — i.e. the difference between what the business owns in the short term and what it owes in the short term. This is a direct measure of the business's ability to fund its day-to-day operations.

Why it matters

Positive working capital means the business can cover its short-term obligations. Negative working capital is a red flag that requires immediate attention. A declining trend, even if still positive, is an early warning signal that liquidity is tightening.

What to look for

The direction of travel — is working capital growing, stable, or declining? Where figures are consistently negative, the business has no liquidity buffer. Where there is a significant change between years, investigate whether it is driven by changes in debtors, creditors, stock, or other current items.