

Financial training For non financial staff



The financial training specialists

Its accrual world (Budgeting, Profit)

I wanted to interview Father Christmas to see how the pandemic had affected his business. With hindsight, calling him straight after Christmas wasn't the best idea: I was told he was asleep, hung over and exhausted.

In fact the only person on the premises was the financial accountant, so I talked to him instead. I asked him what his priorities were now that Christmas was over and they could all relax. His reply sounded bitter. "Relax? In Santa's Finance department? Santa pretends to be nice, but has a wicked sense of humour. He decided it would be a good idea to have a December year-end for his business. So I'm doing the accounts."

He continued. "But the invoices from all the suppliers haven't come in yet, and won't arrive until January. And the elves are all asleep too, and haven't put in their overtime claims. So I have to do the accounts in the absence of any financial records for the year."

I asked how he managed this, and his answer highlighted some financial jargon that confuses many people. "Accruals. I accrue for all the expenses for the year. The accruals then get carried forward into next year. and when the invoices arrive they cancel out the accruals."

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