

Management of an Accounting Practice Survey (Map)

2018

An analysis of small and medium-sized accounting firms



Prepared by: Enterprises University of Pretoria (Pty) Ltd -
Research Solutions Prepared for: SA Accounting Academy
Date: November 2018





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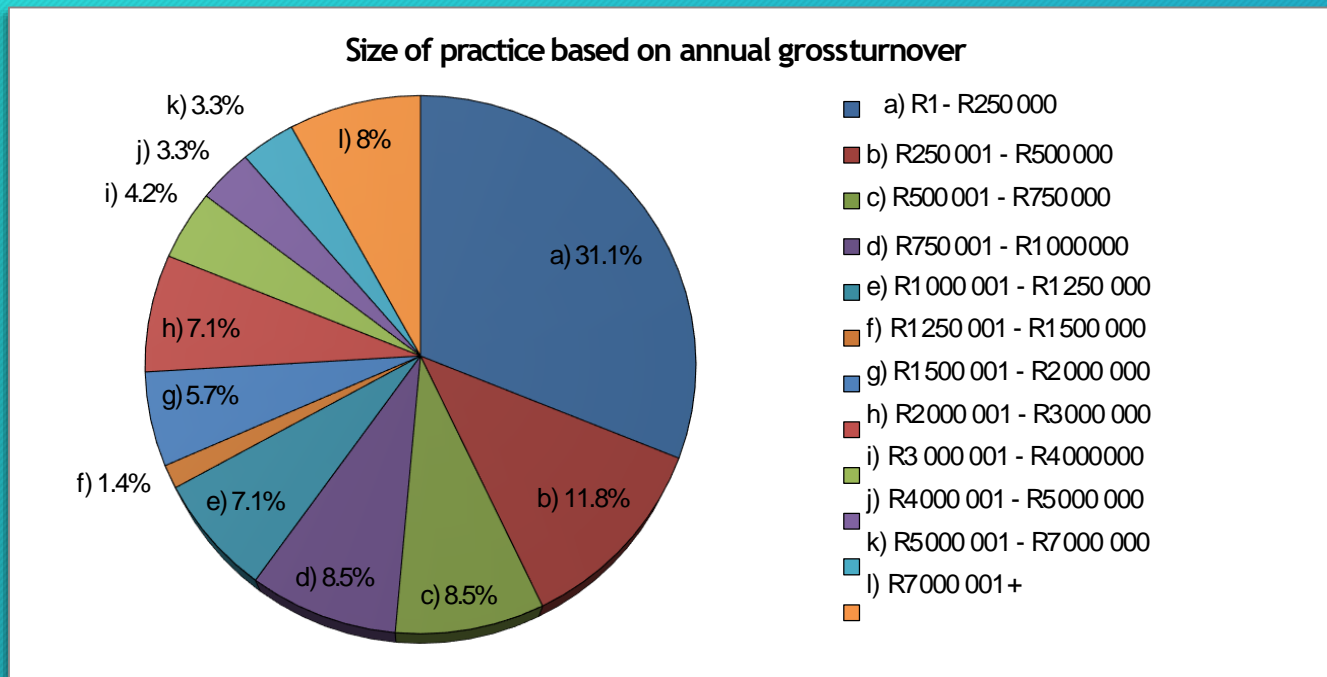
Key Results

- The best method to attract new clients.
- The two most common billing methods.
- Services : Contribution to Revenue
- Staff bonuses.
- Technology used.

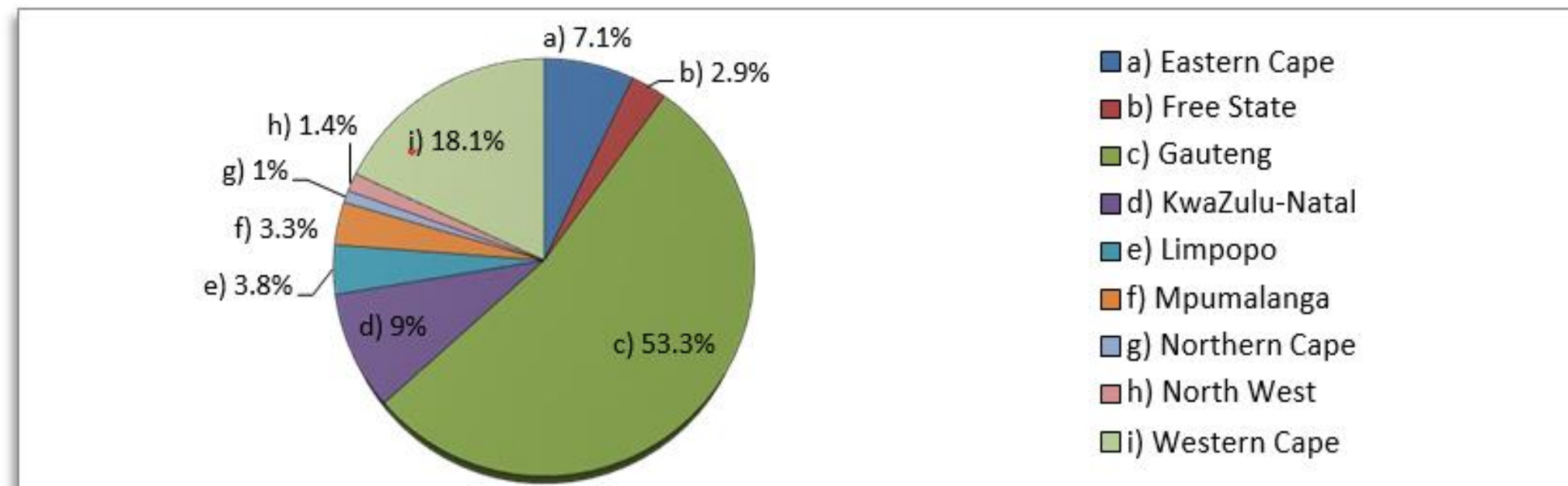
OVERVIEW OF RESPONDENTS

MAP Survey
2018

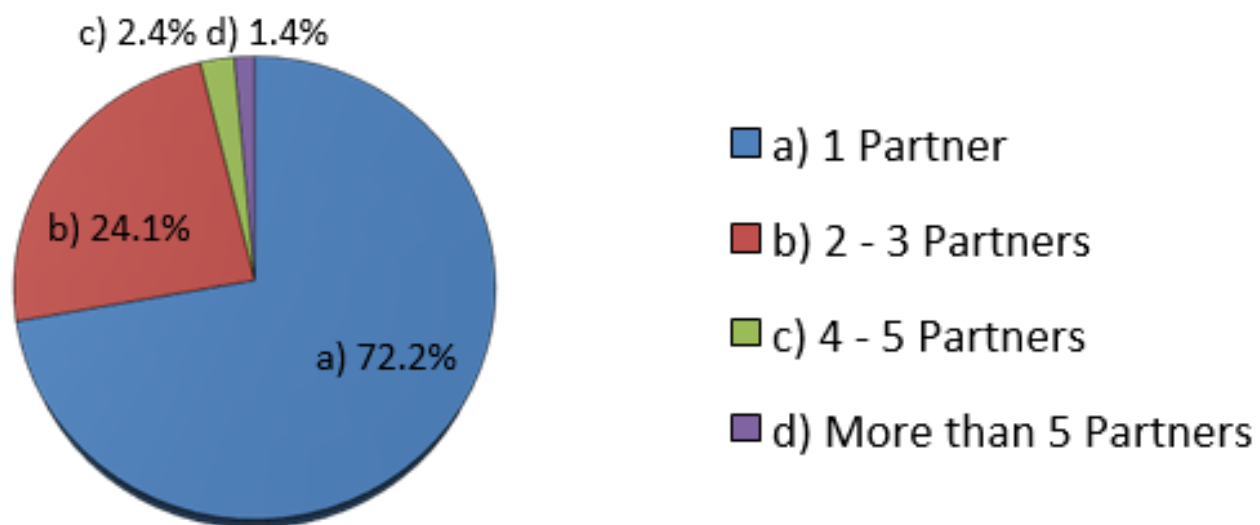
Size of practice based on annual gross turnover



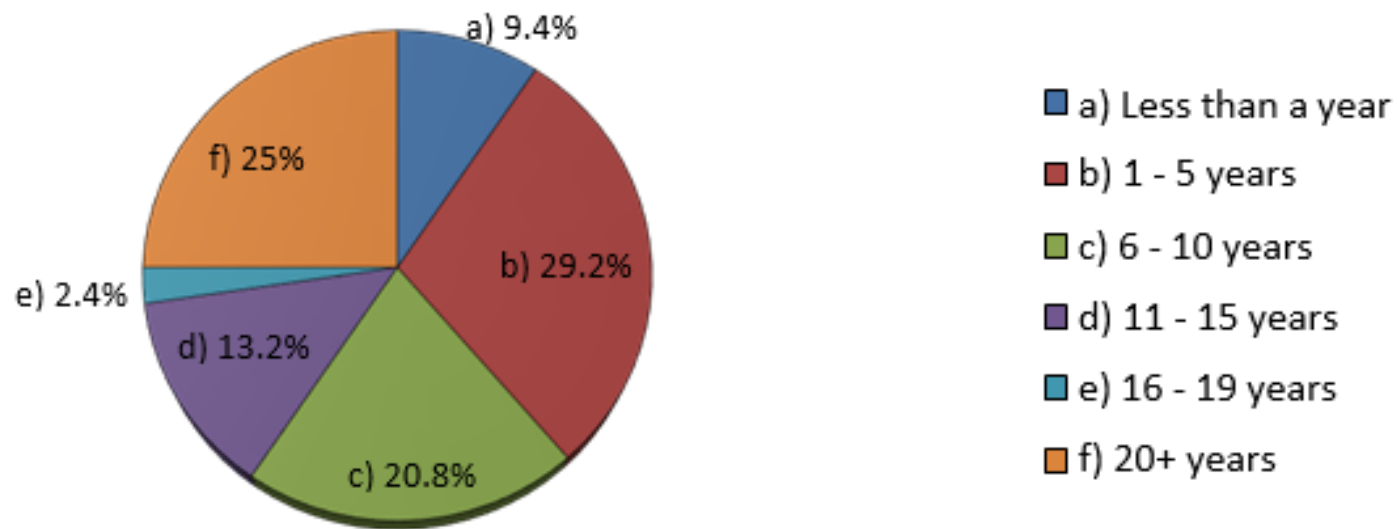
Regional Distribution



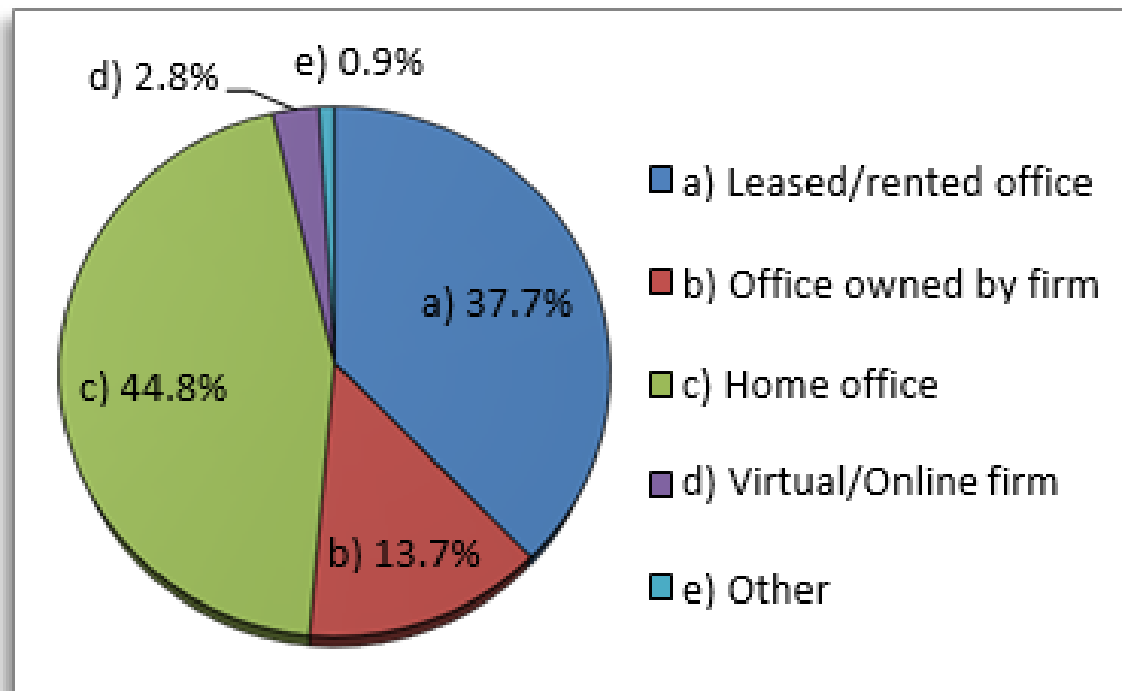
Number of Partners



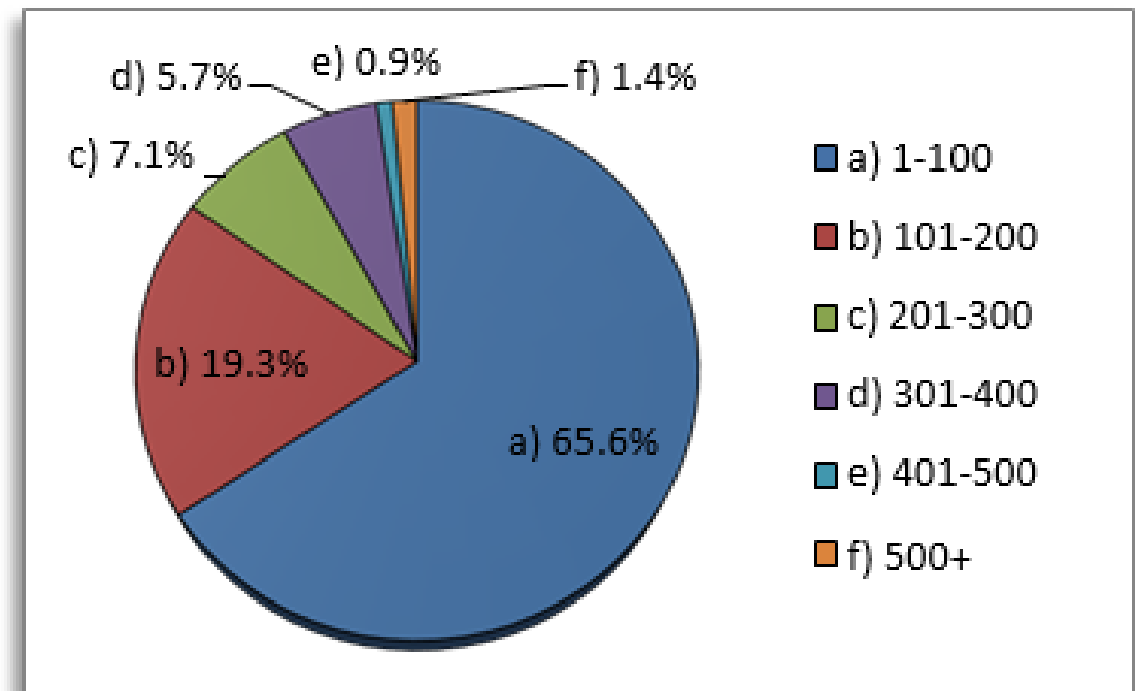
Years in Business



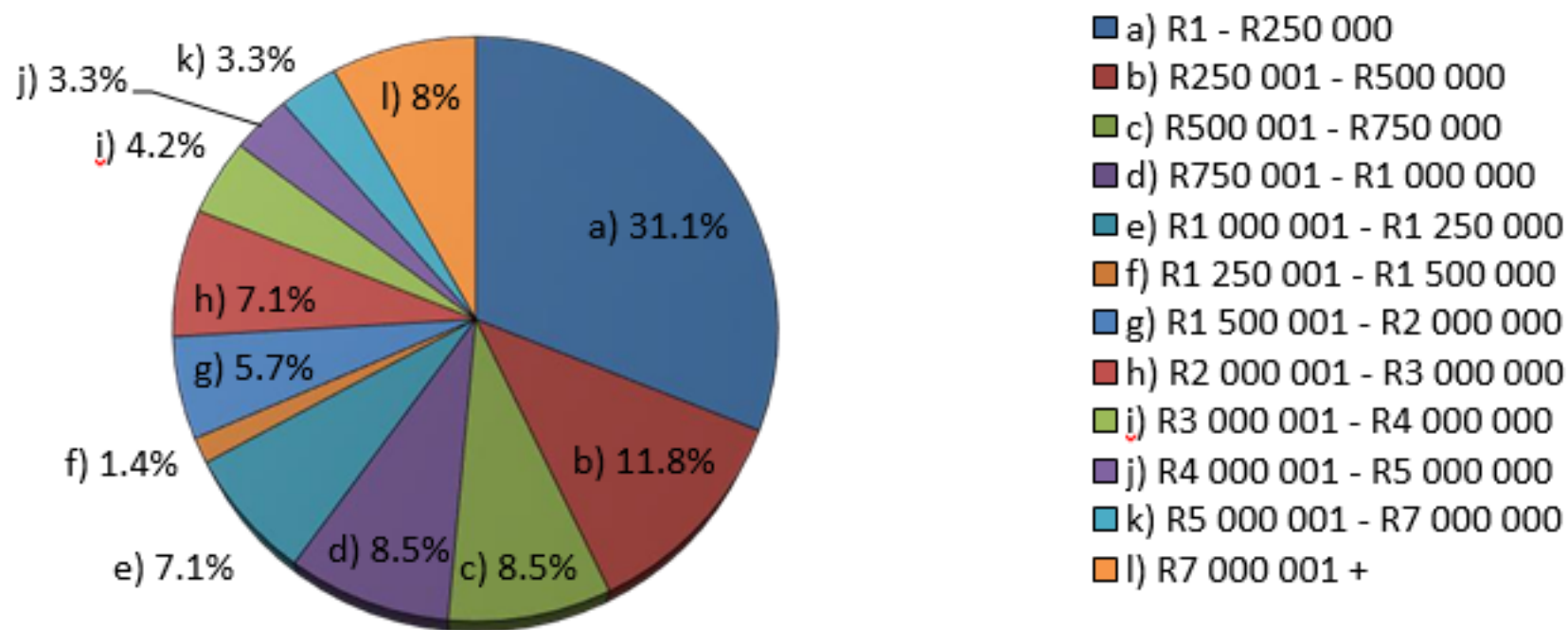
Type of office



Size of office floor area in m²



Size of practice based on annual gross turnover



Turnover vs number of partners

Annual Gross Turnover	Sole practice	2 - 3 Partners	4 - 5 Partners	More than 5 Partners
R0 - R1 000 000	68.6%	39.2%	40.0%	-
R1 000 001 - R3 000 000	22.2%	21.6%	-	-
R3 000 001 - R5 000 000	6.5%	9.8%	-	33.3%
R5 000 001 - R7 000 000	1.3%	9.8%	-	-
R7 000 001 +	1.3%	19.6%	60.0%	66.7%
Total	100%	100%	100%	100%

N.B. Numbers may not total 100% due to rounding.

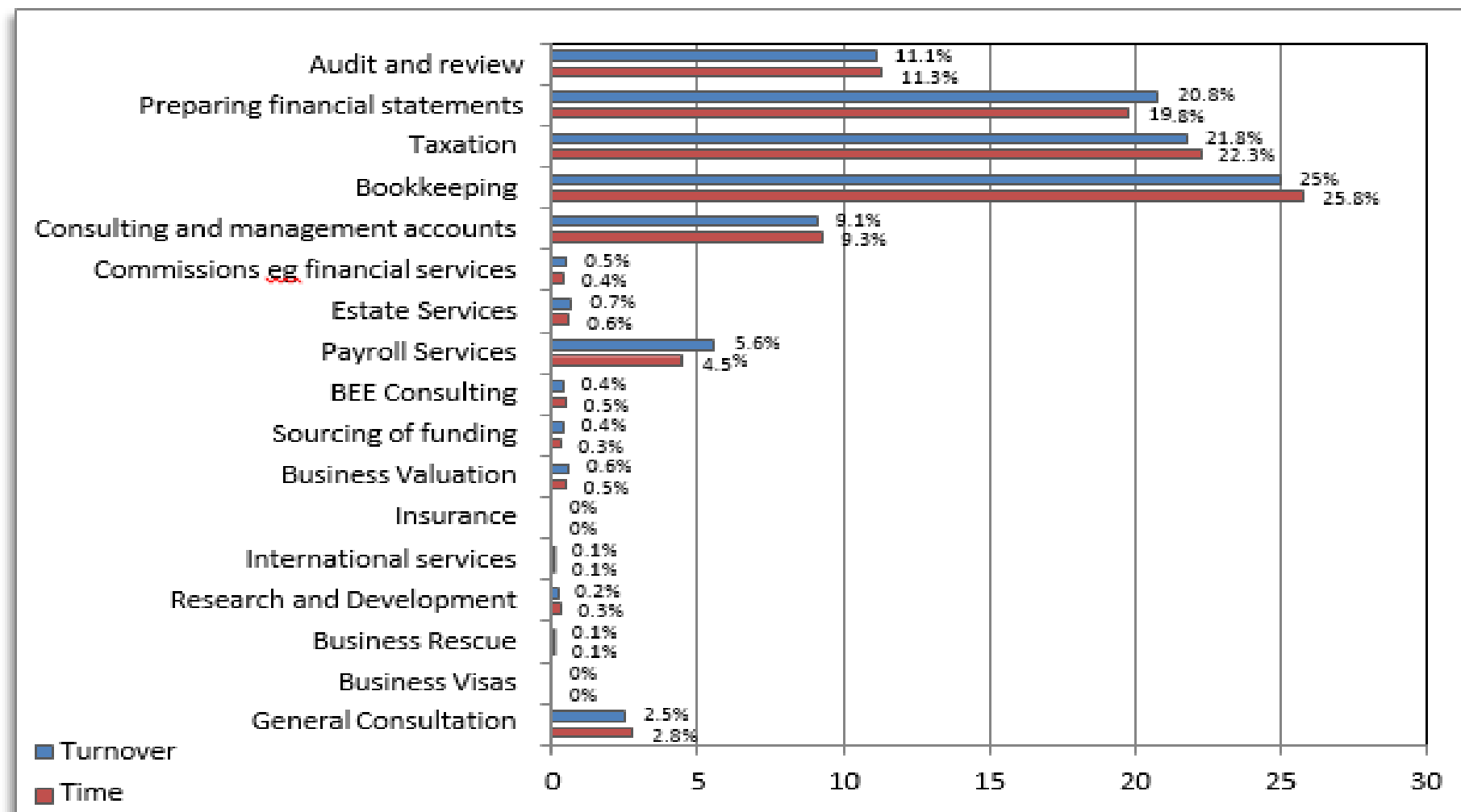
Turnover vs location

Location	R1 – R1 000 000	R1 000 001 – R3 000 000	R3 000 001 –R5 000 000	R5 000 001 – R7 000 000	R7 000 001+	Total
Eastern Cape	46.7%	40.0%	-	-	13.3%	100%
Free State	50.0%	50.0%	-	-	-	100%
Gauteng	64.3%	17.0%	8.0%	1.8%	8.9%	100%
KwaZulu-Natal	57.9%	21.1%	10.5%	5.3%	5.3%	100%
Limpopo	50.0%	25.0%	12.5%	-	12.5%	100%
Mpumalanga	57.1%	14.3%	14.3%	14.3%	-	100%
Northern Cape	100%	-	-	-	-	100%
North West	66.7%	33.3%	-	-	-	100%
Western Cape	52.6%	23.7%	7.9%	7.9%	7.9%	100%

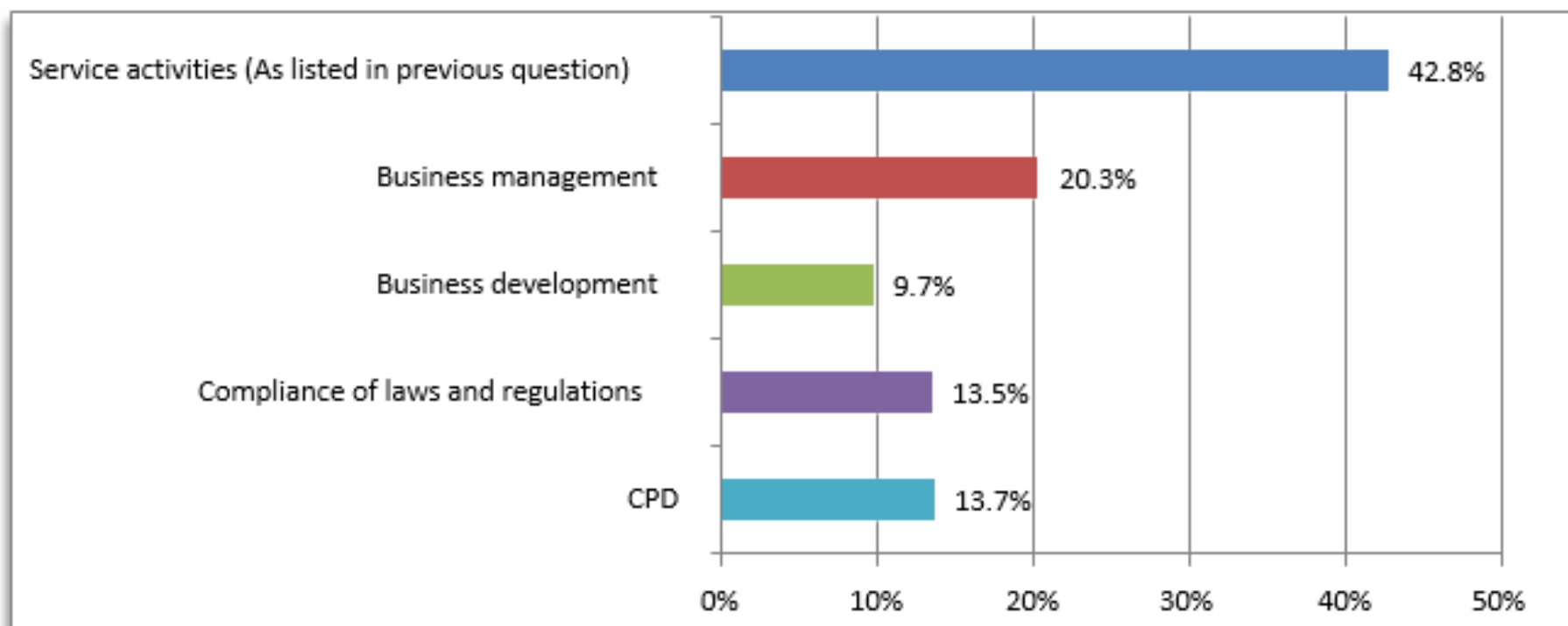
N.B. Numbers may not total 100% due to rounding.

TURNOVER

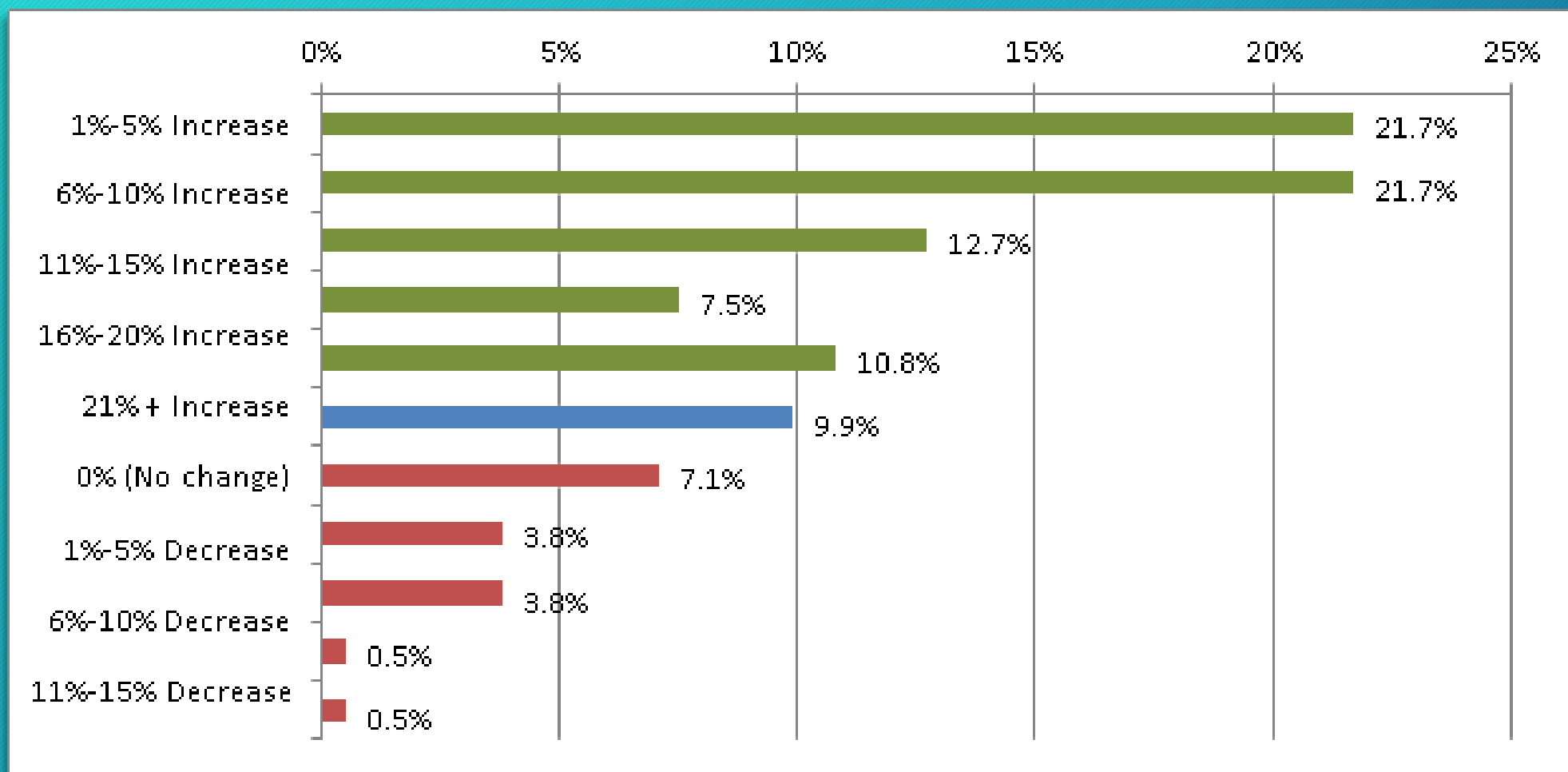
Breakdown of turnover from and time spent on services



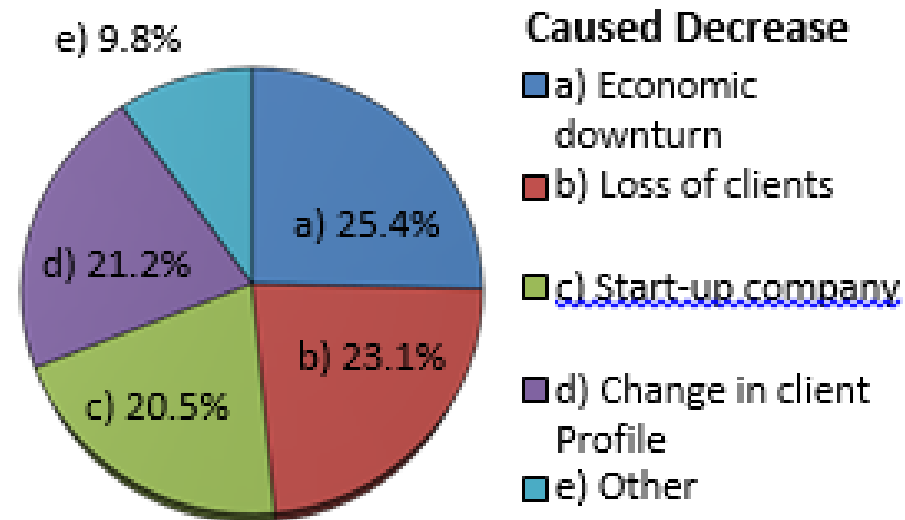
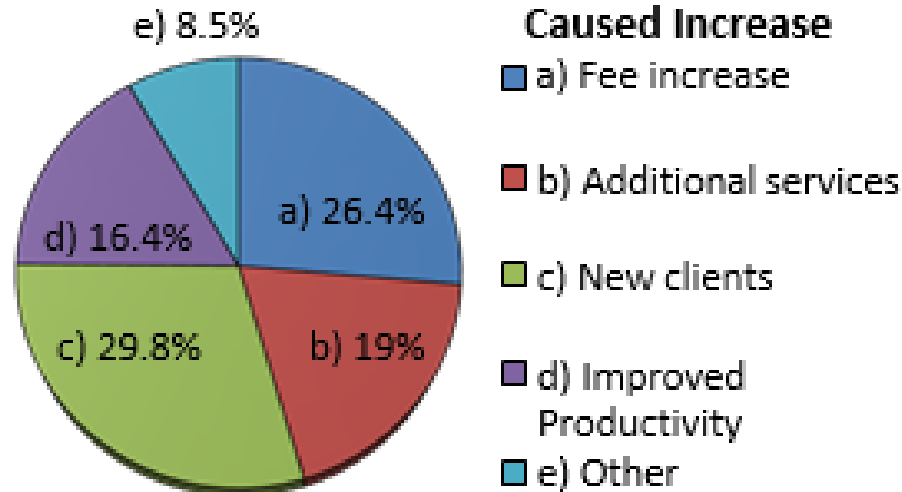
Breakdown of time spent on all tasks in an accounting practice



Turnover change



Causes / Reasons for Turnover Change

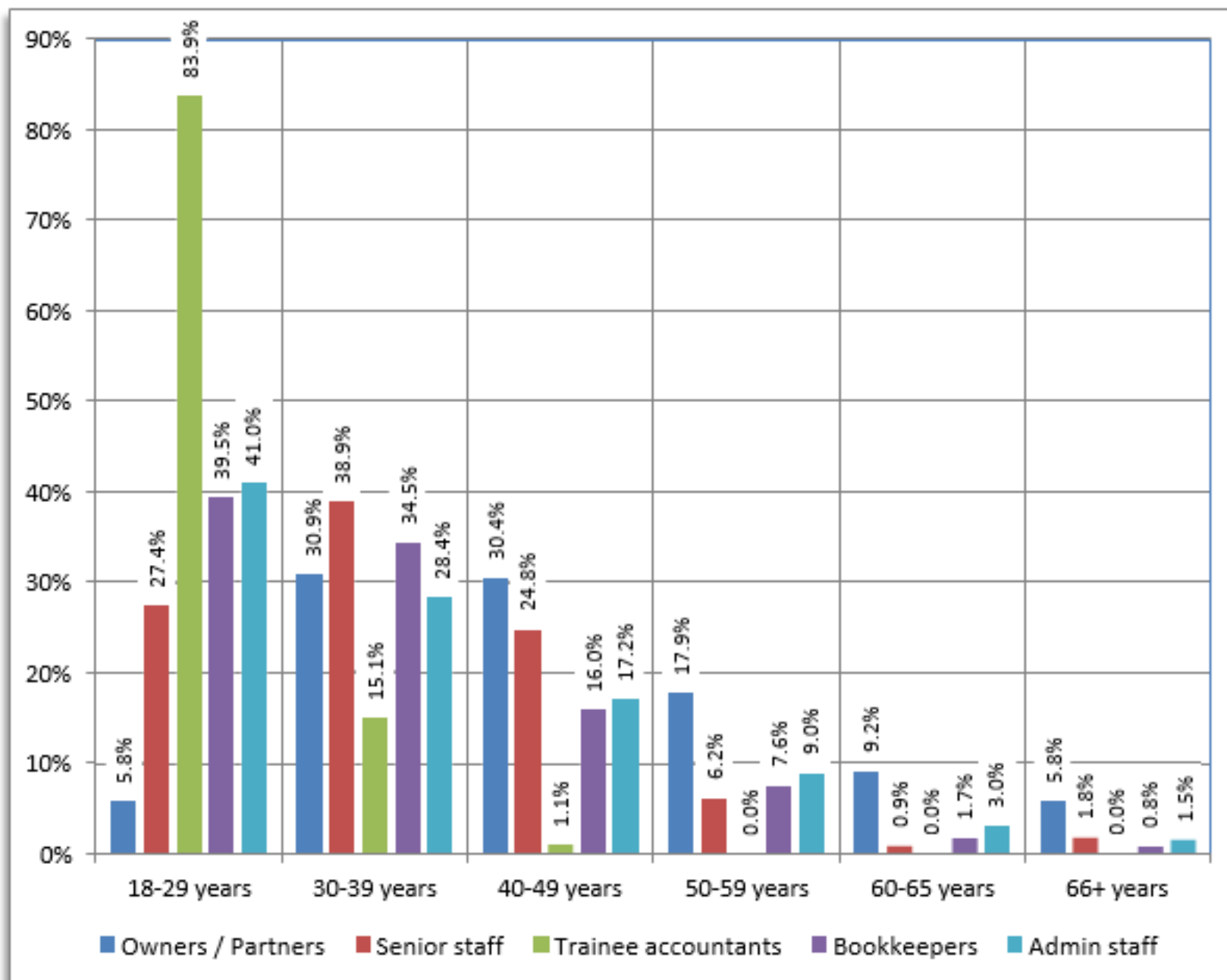


STAFF AND STAFF COMPENSATION

Current number of staff

	Males			Females			Total		
Staff Category	Average	Min	Max	Average	Min	Max	Average	Min	Max
1. Owners / Partners	1.05	0	9	0.50	0	9	1.55	1	18
2. Professional staff	0.67	0	20	0.74	0	10	1.41	0	20
3. Trainee accountants	0.62	0	25	0.77	0	27	1.40	0	52
4. Bookkeepers	0.37	0	9	0.84	0	17	1.20	0	26
5. Admin staff	0.21	0	3	0.86	0	18	1.07	0	18
6. Contract workers	0.18	0	5	0.20	0	4	0.38	0	6
Total	3.09	0	42	3.91	0	76	7.00	1	118

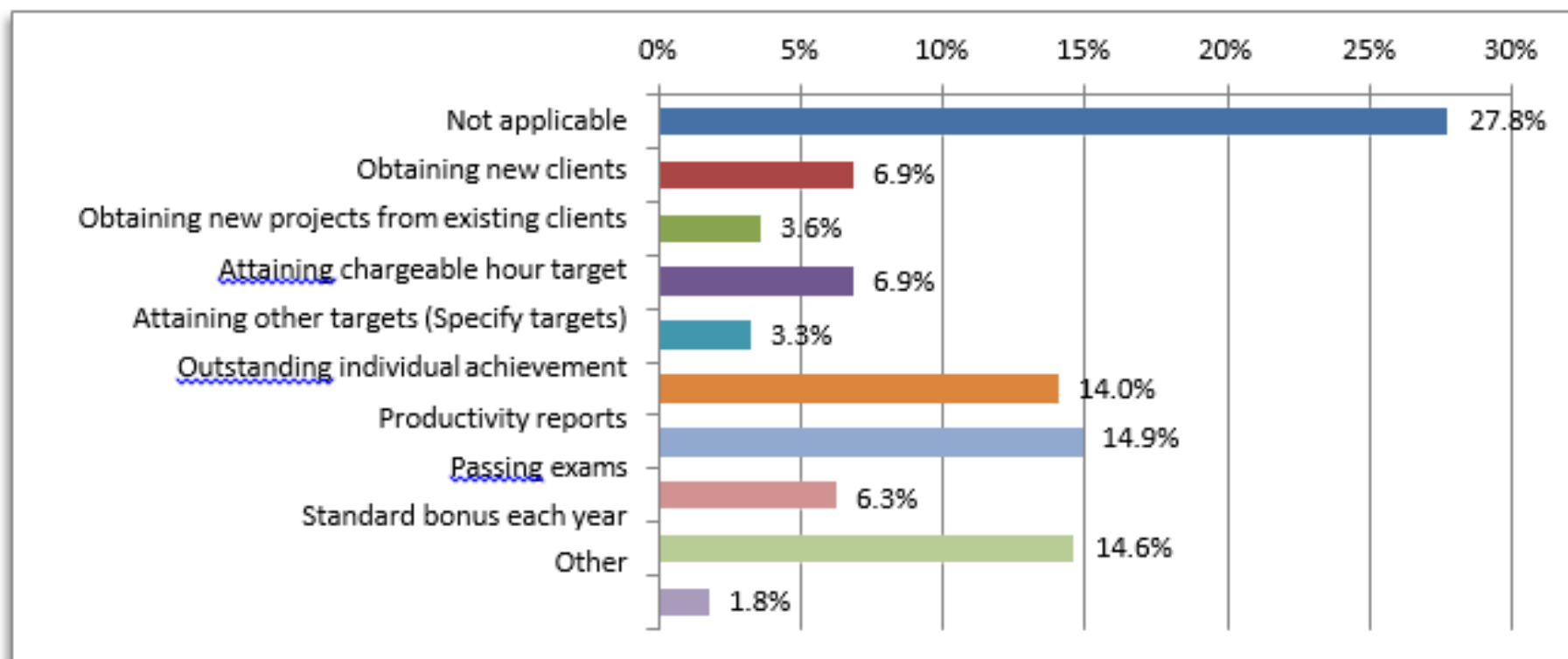
Figure 11: Age of Staff



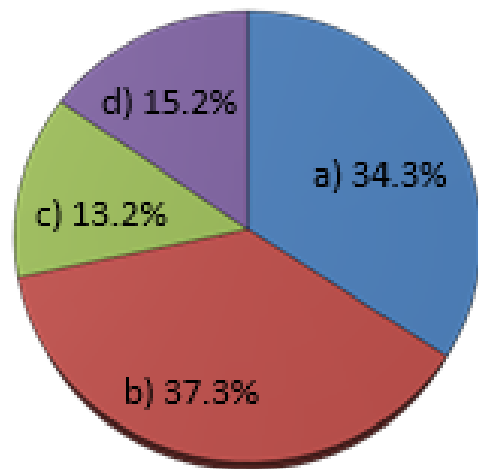
Annual salaries

	Owners / Partners	Professional staff	Trainee accountants	Bookkeepers	Admin staff
Average	R483 106 (R40 000p/m)	R266 623 (R22 200 p/m)	R142 583 (R11 800 p/m)	R152 786 (R10 000 p/m)	R117 758 (9800 p/m)
Maximum	R2 500 000	R1 866 000	R872 000	R702 000	R1 620 000
Common	R360 000	R240 000	R120 000	R120 000	R120 000

Factors used to determine bonuses



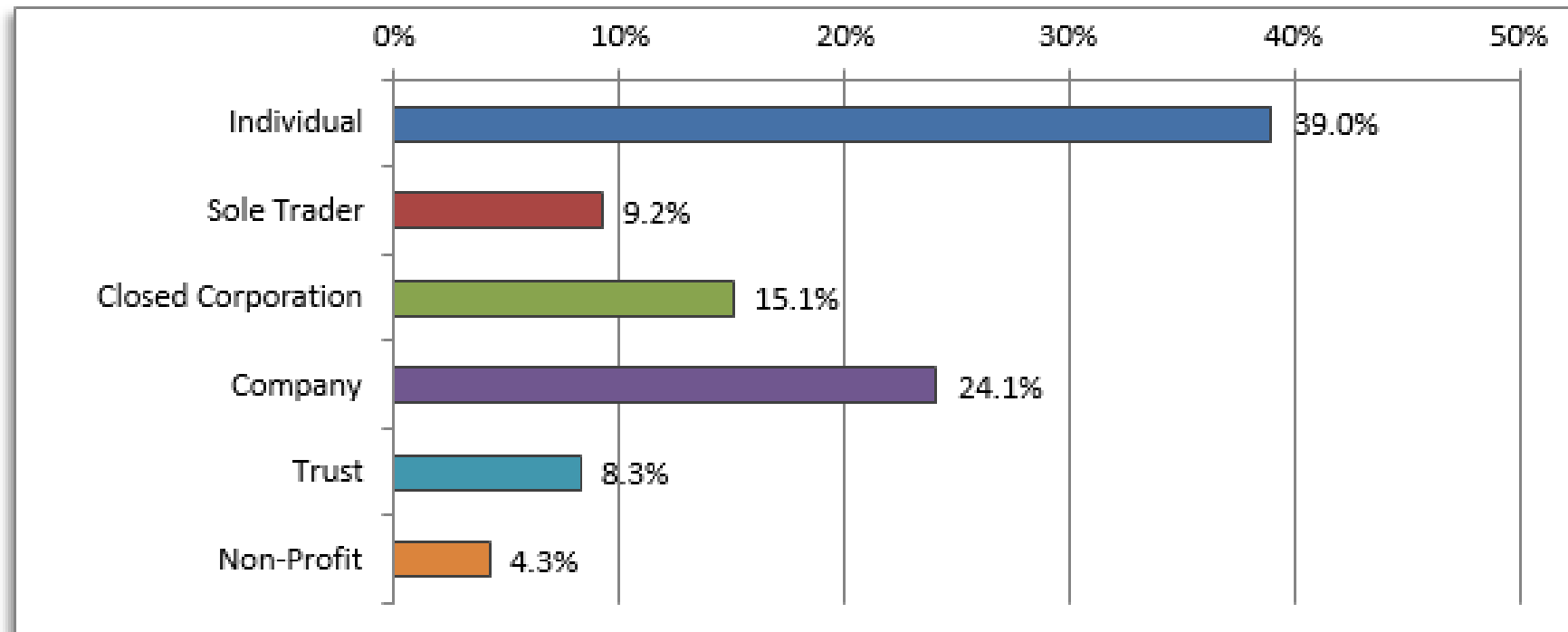
Management of payroll and cash flow



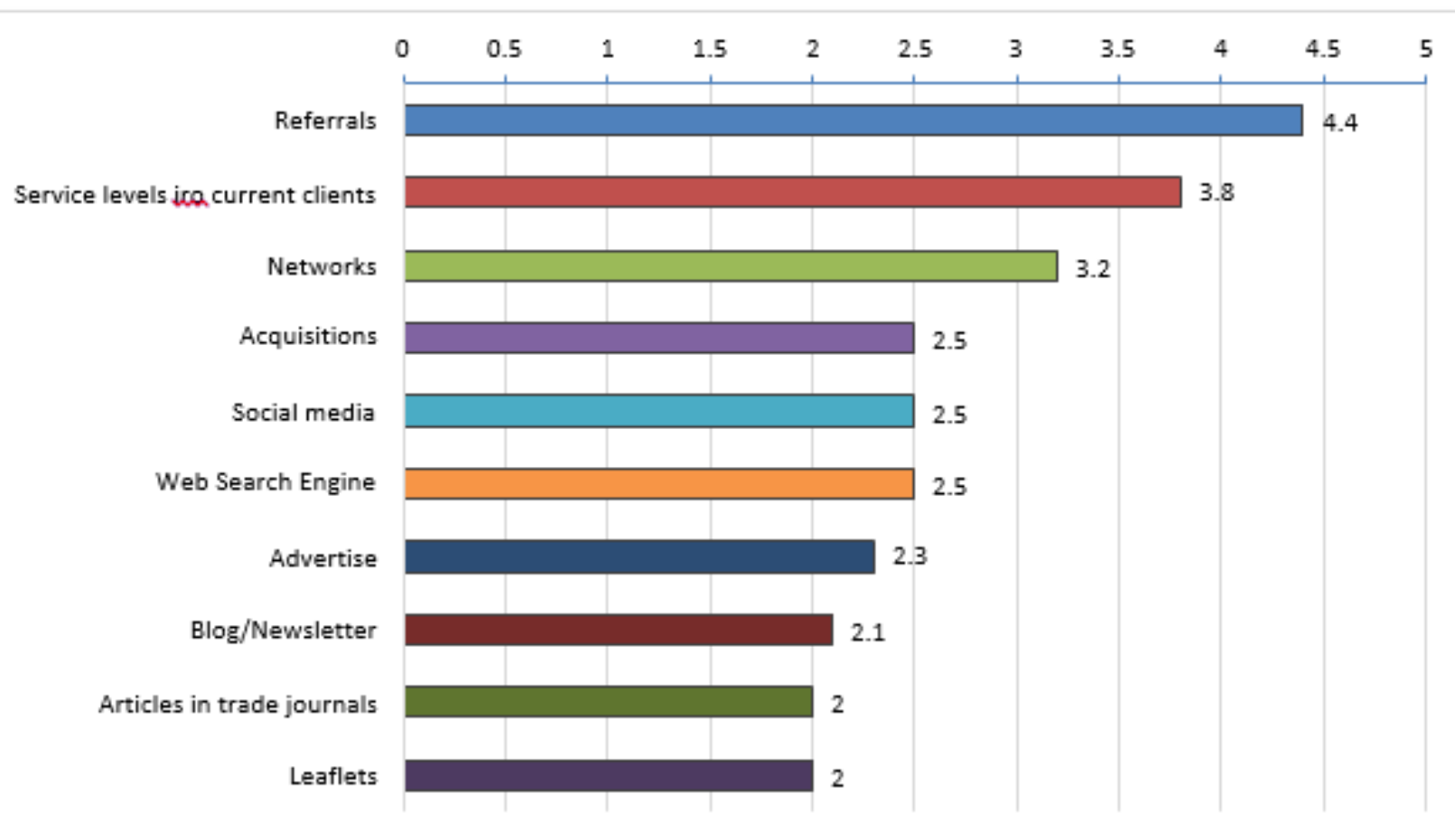
- a) Pay all employees before paying owner/partner salary
- b) Only pay owner/partner salary of what is left at end of the month after all obligations have been honoured
- c) Owner/partner take salary at same time as paid to employees, but less than market related salary
- d) Owner/partner take salary at same time as paid to employees, at market related level

CLIENTS

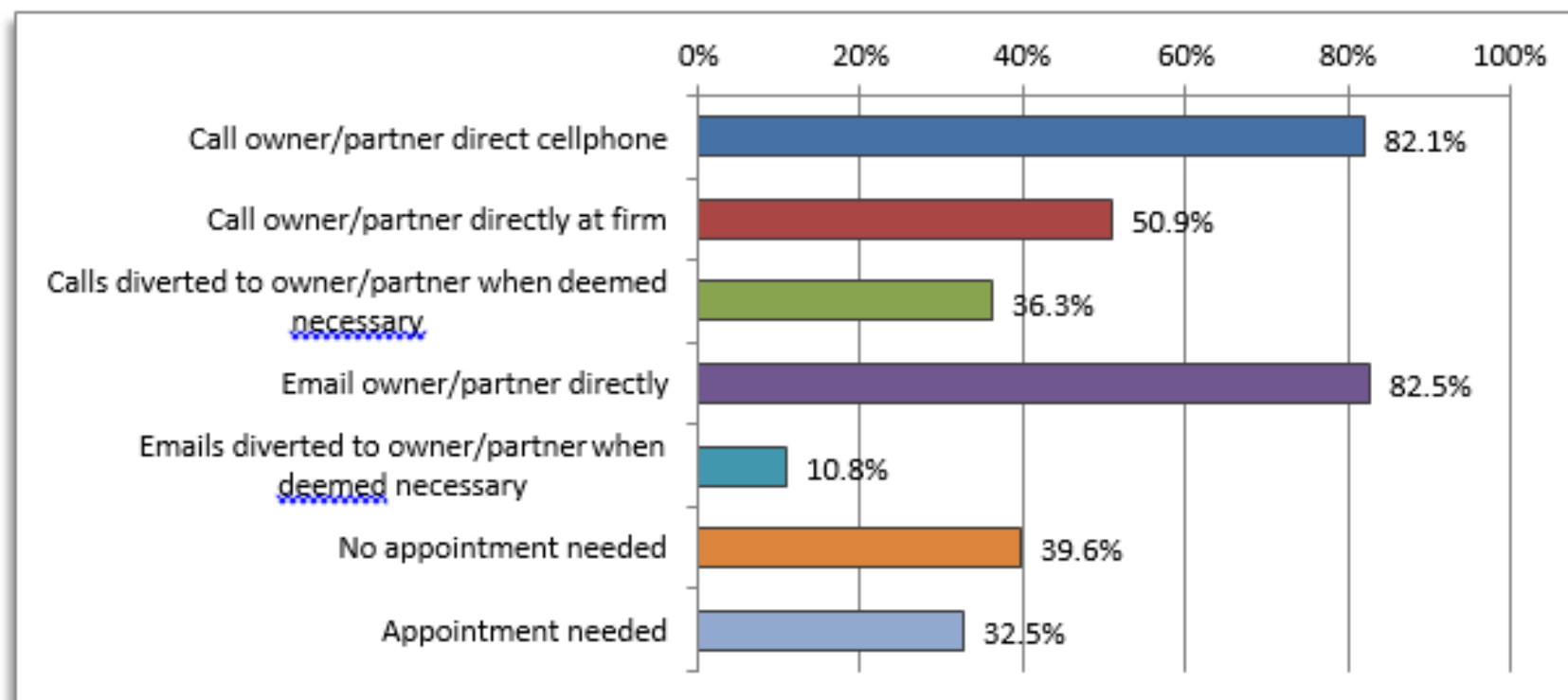
Average client profile



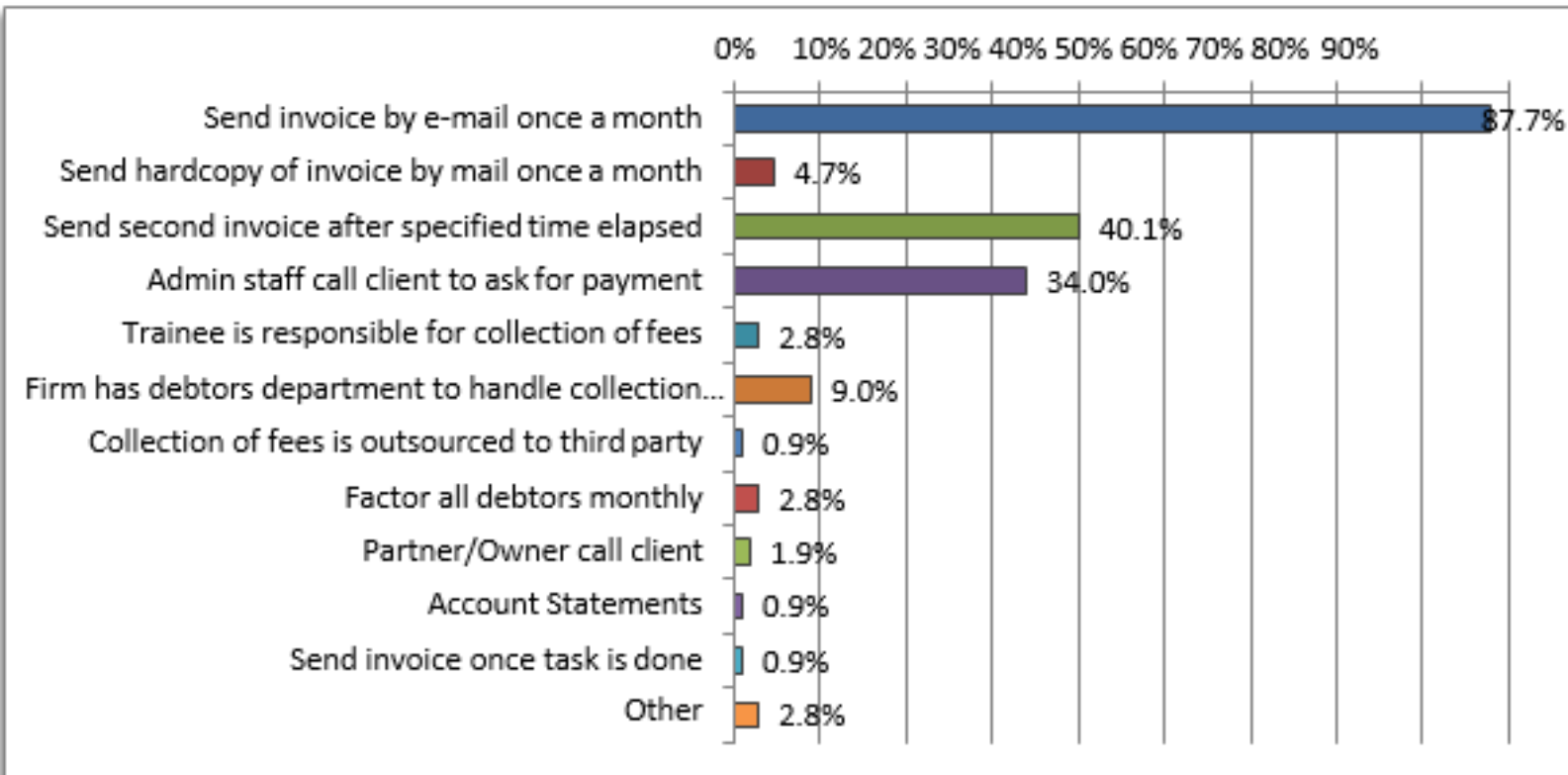
Best methods to attract new clients



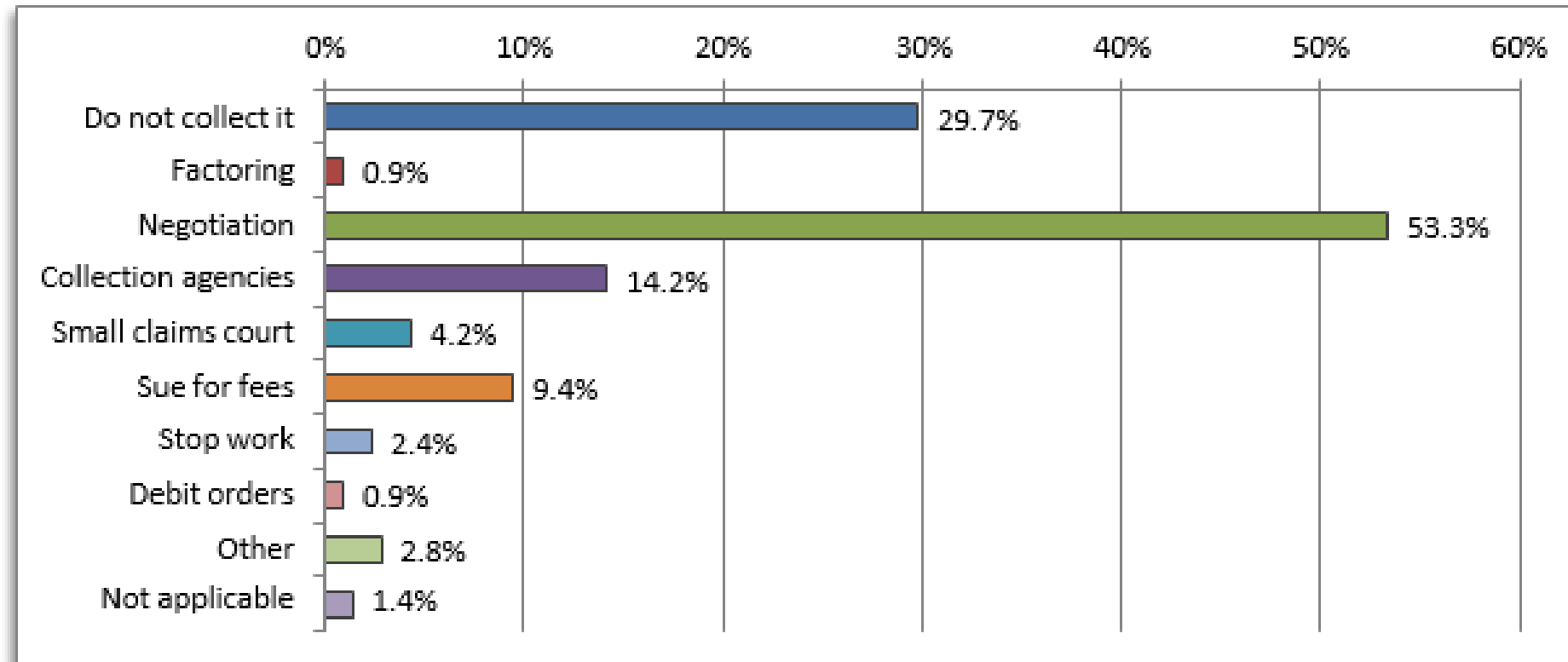
Availability to clients



Day-to-day collection of fees

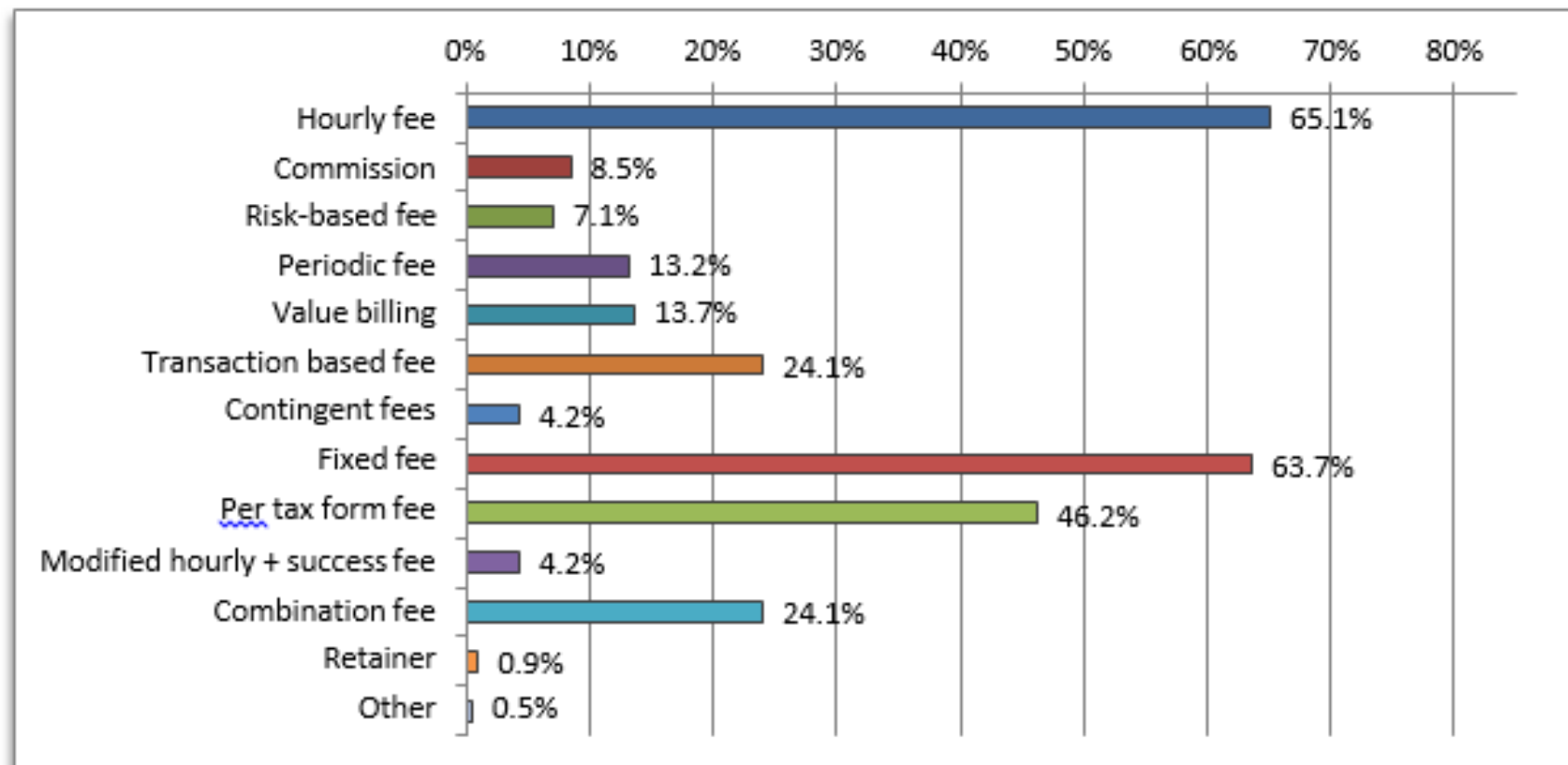


Collection of delinquent fees



SERVICES AND FEES

Billing methods:



Pricing: Hourly/per item fees charged

Service	Average	Most Common	Minimum	Maximum
IT 12 - Simple	600.86	650	100	2 600
IT 12 - Complex	731.71	250	150	2 600
IT 14 - Simple	701.23	350	70	2 600
IT 14 - Complex	856.86	650	100	3 000
Registration of new company	707.72	650	150	2 400
Registration of trust	1 298.00	250	150	5 000
Registration of tax payers	477.12	250	150	1 200
Registration for VAT	772.93	500	140	3 500
Registration for PAYE and SDL	542.91	450	150	1 200
Registration for provisional tax	435.50	250	150	1 000
Registration for UIF	511.60	250	150	1 200
Registration for workmen's compensation	531.22	250	150	1 500
IRP6 returns - Simple	459.35	150	75	1 000
IRP6 - complex	598.38	600	125	1 500
IRP5 returns	554.03	500	50	3 500
EMP 201 recon	491.67	500	100	1 000
Tax clearance certificate	503.23	250	150	1 000
Monthly payroll services	404.82	250	25	2 500

Pricing: Hourly/per item fees charged cont.

Financial statements Sole trader	755.74	600	150	4 000
Financial statements Close corporations	1 780.74	600	150	50 000
Financial statements Companies No Audit	1 000.69	600	150	6 000
Financial statements Companies Small Audit	875.00	500	100	5 000
Financial statements Companies Large Audit	2 217.50	500	150	25 000
Financial statements Trust	863.37	600	150	5 000
Financial statements Non-Profits	1 470.15	600	150	20 000
Annual Returns CIPC	491.32	350	110	1 500
CIPC Services	579.51	350	150	5 000
Amendment of Company Details	559.00	350	150	2 500
Bookkeeping of a simple business	772.92	350	100	15 000
Bookkeeping of a complex business	1 208.06	350	150	30 000
Monthly management accounts	934.76	350	150	10 000
Monthly management consultation	851.64	350	150	3 000
Estate Planning	1 048.95	750	150	2 800
BEE Consulting	813.44	500	150	2 200

Pricing: Total fees charged

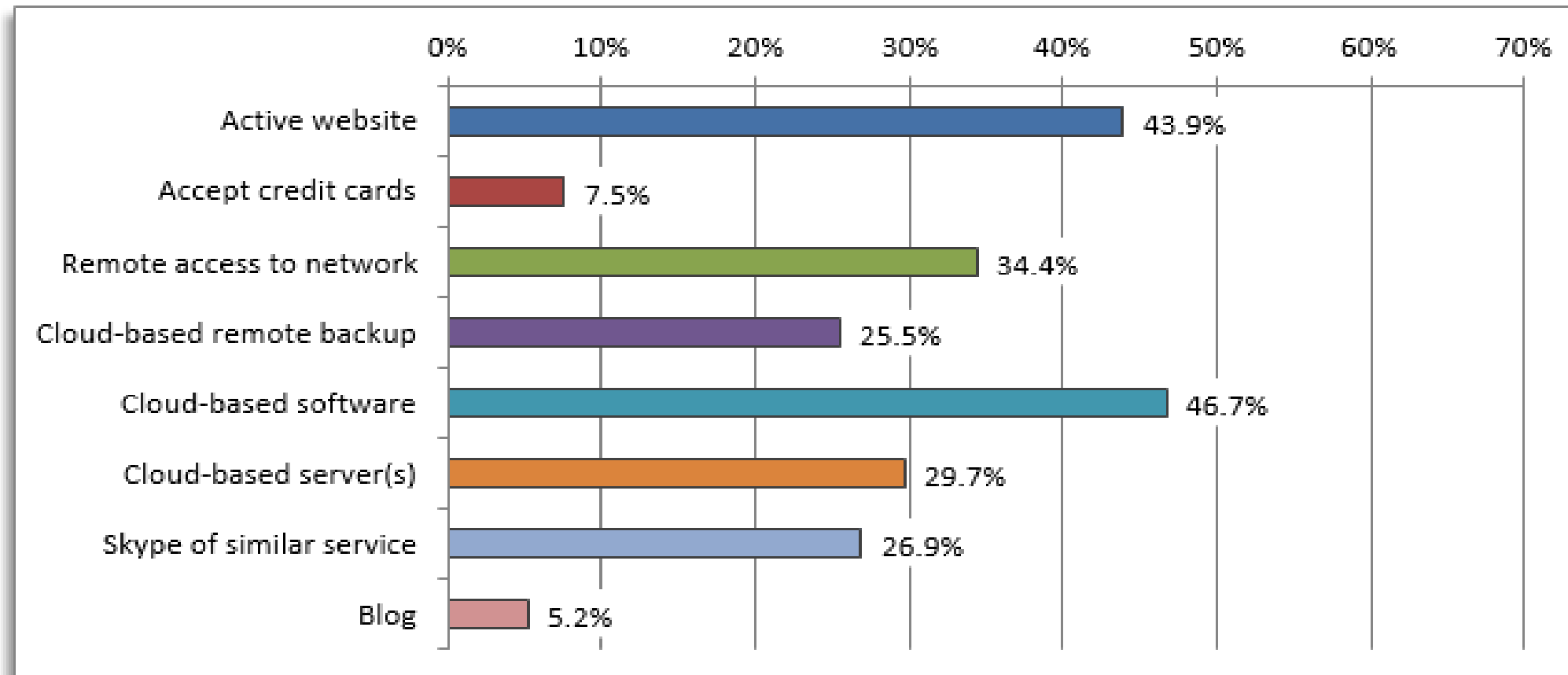
Service	Average	Most Common	Minimum	Maximum
IT 12 - Simple	650.62	450	50	3 000
IT 12 - Complex	1 255.09	1 000	100	10 000
IT 14 - Simple	1 054.90	500	50	6 000
IT 14 - Complex	1 886.22	1 500	100	12 000
Registration of new company	1 440.27	2 500	250	5 000
Registration of trust	3 551.72	2 500	250	10 000
Registration of tax payers	733.89	500	100	10 000
Registration for VAT	1 730.03	1 500	100	10 000
Registration for PAYE and SDL	888.46	500	100	10 000
Registration for provisional tax	605.14	500	100	6 000
Registration for UIF	669.13	500	100	6 000
Registration for workmen's compensation	883.78	500	100	6 000
IRP6 returns - Simple	422.28	500	75	3 250
IRP6 - complex	814.36	500	100	5 000
IRP5 returns	728.16	500	50	5 000
EMP 201 recon	655.41	500	75	3 000
Tax clearance certificate	492.55	500	50	1 500
Monthly payroll services	927.22	500	45	7 500

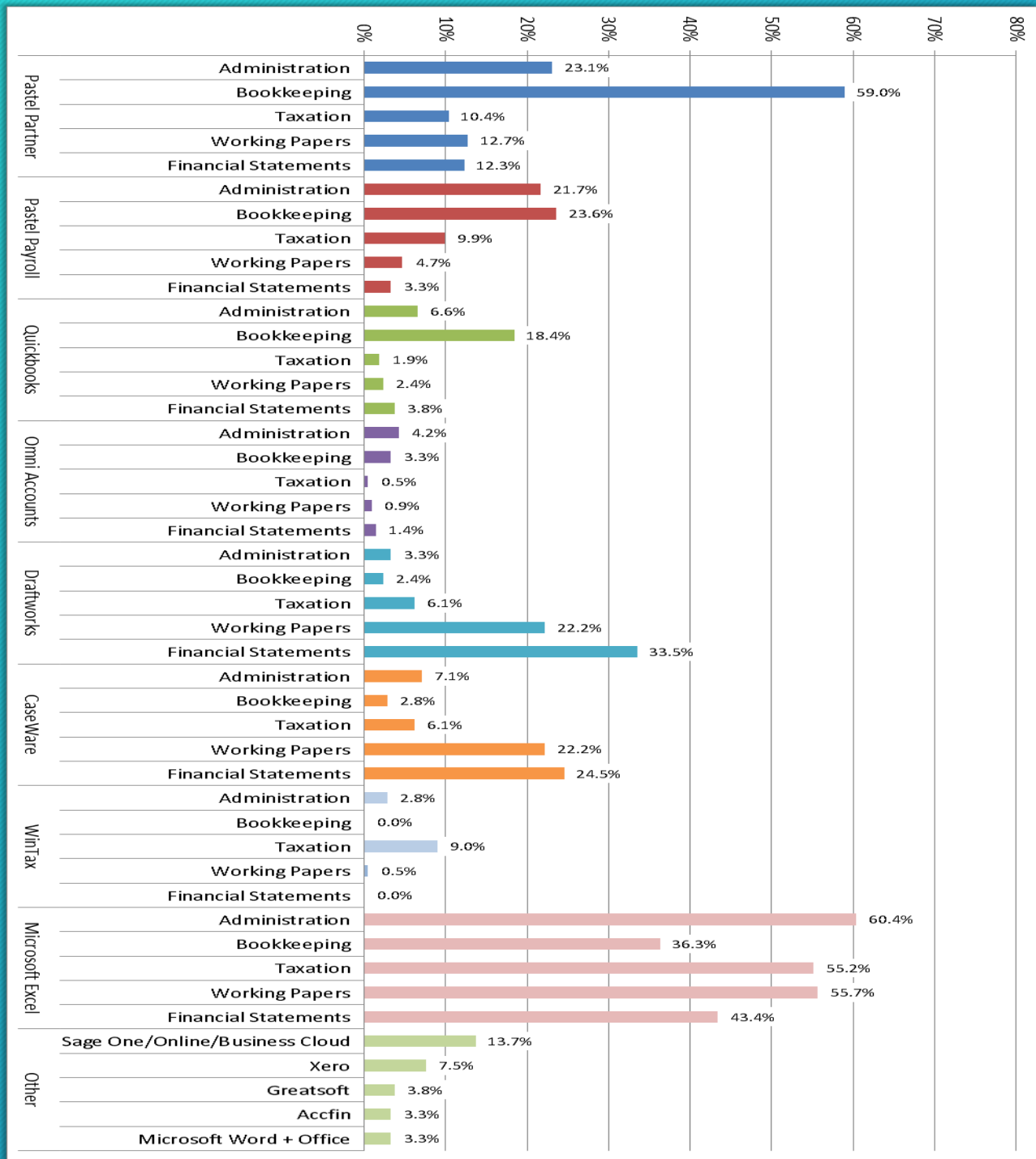
Pricing: Total fees charged cont.

Financial statements Sole trader	3 472.66	2 500	700	18 000
Financial statements Close corporations	5 755.32	3 500	750	120 000
Financial statements Companies No Audit	7 142.24	3 500	750	200 000
Financial statements Companies Small Audit	10 769.08	12 000	750	50 000
Financial statements Companies Large Audit	440 802.70	15 000	1 200	15 000 000
Financial statements Trust	4 878.30	5 000	825	20 000
Financial statements Non-Profits	4 499.71	2 500	350	15 000
Annual Returns CIPC	823.33	500	50	30 000
CIPC Services	1 125.73	250	150	40 000
Amendment of Company Details	766.77	250	150	15 000
Bookkeeping of a simple business	5 938.13	1 500	150	380 000
Bookkeeping of a complex business	8 112.69	1 500	320	180 000
Monthly management accounts	3 015.12	1 500	180	40 000
Monthly management consultation	5 019.74	1 000	120	150 000
Estate Planning	2 687.50	1 000	500	10 000
BEE Consulting	1 357.25	500	150	6 000

TECHNOLOGY AND SOFTWARE

Technology used







Grow Your Practice

Ways to Grow Your Practice

- Branding
- Digitize/Automate
- Marketing
- Delegate
- Integrate
- Staff & Culture
- Clients (Specialize, CRM, VIP)
- Network Differently
- Cut costs / contracts (Voip, Data, Leases)
- Pricing...

Pricing:

	Basic	Standard	Premium	
Selling Price p/u p/m	R 120	R 250	R 375	
Customers	35	52	15	
Revenue p/m	R 4,200	R 13,000	R 5,625	R 22,825
Annual revenue				R 273,900
Cost of sales/Direct costs				R -175,000
Gross profit				R 98,900
Indirect Costs				R -75,000
Net Profit				R 23,900

Pricing:

	Basic	Standard	Premium	
Selling Price p/u p/m	R 120	R 325	R 375	
Customers	35	52	15	
Revenue p/m	R 4,200	R 16,900	R 5,625	R 26,725
Annual revenue				R 320,700
Cost of sales/Direct costs				R -175,000
Gross profit				R 145,700
Indirect Costs				R -75,000
Net Profit				R 70,700

R46,800 Increase in net profit!



End - Thank You!

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