

CONFIDENTIAL

Twist's Accountancy

Test Plan

Prepared on 11th November 2014

Twist's Accountancy
13 Help Street

Chatswood NSW

2067

Executive Summary

Who we are

Twist's Accountancy is a well-established accounting business that caters for the small business market in Chatswood. It is owned and run solely by David Twist, a Chartered Accountant with 35 years' worth of experience in the industry.

Plans for the expansion of the business include hiring a staff of bookkeepers to enable the business to take on more work and substantially increase profits.

What we sell

Services provided include managing petty cash, preparing GST and PAYG accounting. Also preparing and filing tax returns and preparing reports showing the health of business' finances. And sales of accounting software such as Saasu, along with training on it.

Our competition ranges from large, national-chain accountancy firms like Chapman & Swain to smaller one-man operations such as P. Brown Books. We have a strategy for competing against each, as discussed in the Competitor Analysis section.

Who we sell to

Our target customers are small businesses in Chatswood and surrounding areaa with an annual aggregated turnover of \$2 million or less. We have a detailed marketing strategy that sets out how we will reach out to these businesses.

Tactics will include advertising in the local Chamber of Commerce newsletter, listing in their business directory, developing a new business website and launching a door-to-door flyer campaign, promoting our new bookkeeping services.

Financial Summary

Twist's Accountancy is looking to secure a loan of around \$100,000, to be paid off over a 3 years period. The money will go towards paying the first years salary for our new bookkeepers, and also fund some of our marketing activities. We are looking to secure a loan from a national bank rather than capital from private investors.

Business Information

Formation date

23rd September 2014

Business Overview

Twist's Accountancy is a thriving, one-person accounting business located in Chatswood. It is owned and managed by chartered accountant David Twist and was established in 2001.

The business offers tax services, cost and management consulting, Saasu software sales and additional services. Our target market is small businesses (making under \$2 million in aggregated turnover), based in the northern suburbs.

In the future, we plan to expand the business by offering bookkeeping and BAS services, to better meet the needs of our current and prospective clients.

An investment in marketing and staff is needed to further grow the business. This business plan sets out the tactics and strategy for the growth of the business, including setting realistic objectives, over the next 3 years.

The result will be a doubling of sales over the three-year period, with six new part-time bookkeepers brought in to manage client finances as and when needed, and the salary and dividends paid to David Twist to increase substantially.

David Twist is the founder and 100% owner of the business, structured as a sole trader business.

Management and Staff

David Twist is the CEO and sole manager of Twist's Accountancy. When the new range of bookkeeping services come in, Twist will direct a part-time bookkeeping manager, who will oversee the team of newly-drafted bookkeepers.

The manager will be in the process of completing a Certificate IV in Bookkeeping and have professional work and bookkeeping experience. Ideally they will be at the beginning of their qualification and looking to gain hands on, practical experience to complement their course. Then preferably once their course is completed and they have a qualification, they will be considered for a full-time position at the business.

The manager can either work from the business' office or from home, or a mix. Contact with the team of bookkeepers to resolve problems will be by email or phone if they are not in the office. The manager will attend the bookkeepers' training sessions, to be held by David Twist, so they are familiar with their responsibilities and requirements.

If the manager does choose to work mainly from home, they must come into the office periodically to visit the bookkeepers, and also audit their work in spot-checks to make sure any issues are dealt with before they are seen by clients. If any problems are raised by clients, the bookkeeping manager will deal with these concerns directly or report them to David Twist for help.

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Twist's Accountancy

Twist will be in close contact with the bookkeeping manager at all times and will review bookkeepers' work at least once a month.

Ownership and Protection

Business Structure

Twist's Accountancy does not have any copyrights or trademarks, either in place or pending.

Protection

Twist's Accountancy does not have any copyrights or trademarks, either in place or pending.

Products and Services

Current Products and Services

Twist's Accountancy operates out of a rented office that currently has enough room for David Twist plus one additional employee. As the new bookkeepers come on board, the plan is to move to a slightly larger office that can accommodate 4 employees. Client meetings are not held at this office – there are held at the premises of the client.

Product and services currently offered include all types of day-to-day business accounting – such as managing petty cash, preparing GST and PAYG accounting. Also preparing and filing tax returns and preparing reports showing the health of business' finances. And sales of accounting software such as Saasu, along with training on it.

Future products and services

We will be offering a new range of bookkeeping services to small businesses in the future, with each client having their own personal bookkeeper. In addition, we will continue to offer the products and services we currently provide.

Marketing Plan Overview

Overview

Twist's Accountancy plans to target small businesses with an annual aggregated turnover of \$2 million or under. We will aim to build long-term relationships with clients and benefit from repeat custom.

In order to achieve these aims, we will use the following marketing tactics:

An advertisement in the Chatswood Chamber of Commerce monthly newsletter, a publication many small businesses in the area read, including a listing in their directory. The creation and development of a business website, with an associated Pay per Click advertising campaign, to be outsourced to a local marketing agency
An update of our current brochure of services, along with a door-to-door delivery campaign targeting relevant businesses

Positioning

Twist's Accountancy is the bookkeeping champion of the small business in Sydney's northern suburbs. We provide a personalised, one-to-one service, giving help and advice so our customers can be confident their finances are on track.

Pricing

Twist's Accountancy offers a competition-based pricing strategy, setting our prices in line with those offered by our nearest competitors. The exception to this is Fenton's, who we undercut – but that is because their prices are set higher than the local market average.

Promotion

As mentioned previously, our marketing strategy consists of a three-pronged attack.

Having conducted market research, we've learnt that the owners of the small businesses that make up our target audience tend to read the Chatswood Chamber of Commerce newsletter and use their directory to find local services.

As such, we will place an ongoing advertisement in their newsletter, with the aim of getting our name and services under the noses of those who matter. We will also include a listing in their business directory, to reach local businesses looking for a local accountant.

The ads will cost \$150 a month, and we will book a block of 6 months. Upon meeting prospective clients, David Twist will record where they heard about the business to find out how effective this marketing tactic has been.

A new website will be built by a local web developer, Mark Downing, for a cost of \$1,200. Once up and running, the website will be managed by local marketing agency QSource. QSource will manage the SEO strategy and Pay per Click advertising campaign for the site, as well as providing monthly reports on its performance. Twist's Accountancy will pay

Twist's Accountancy

\$750 a month for this service, which includes a \$250 budget for the PPC campaign.

The current brochure is to be updated using a local graphic designer for a fee of \$300. Five hundred copies will be printed at a cost of \$250. These will then be posted to businesses that have been identified as potential clients.

Distribution

Twist's Accountancy does not have the office space to entertain clients, so initial meetings will take place at the client's workplace, or alternatively be arranged at a local upmarket cafe. Once contracts have been secured, work will take place in our own office. When we have the new part-time bookkeepers on-board, they will be working from home.

Market Analysis

Our Target Market

Twist's Accountancy has set its target market as small businesses in Chatswood and surrounding areas that have an annual aggregated turnover of \$2 million or under. The market size is roughly 5,000 businesses as of 2014. It has been divided into two groups:

Business with employees

This group is made up of both businesses who intend to stay relatively small and those going through a growing phase. They need payroll services, bookkeeping and tax preparation. They might be reluctant to lose control of running their finances, but generally they can be convinced to outsource their accounting and bookkeeping as long as there's sufficient transparency and reporting to go along with it.

These businesses may also need management accounting services as well, as most won't have a dedicated CFO in place. Many won't need a full time bookkeeper but could do with part time help, which limits their hiring options. This is the niche Twist's Accountancy can fill.

Business without employees

These are small, one-man-band operations that don't have many of the worries surrounding employee tax obligations that larger businesses have. There is still an opportunity here however, as the owners have to be aware of their own tax liability and keep their personal and business finances separate. Generally these businesses will buy Saasu software from us or use us for tax preparation services. As they expand, this group are prime for selling outsourced bookkeeping services to before they can hire their own full-time bookkeeper.

Target Market Size

Based on our research, we estimate that there are around 5,000 businesses that fall into our target market demographic.

Competitors

Competitor Overview

There are a number of competitors to Twist's Accountancy in the Chatswood area.

Chapman & Swain

A large, national accountancy chain, Chapman & Swain has three offices in Chatswood and surrounding suburbs and has the largest portion of the market share. Customers are attracted to their recognisable brand name and fast service. Because of the high volumes of work they process, Chapman & Swain are not known for having particularly good customer care. Twist's will provide a friendly, more personalised service, focusing on building a long-term relationships and gaining repeat customers, to contrast with Chapman & Swain's conveyor belt approach.

P. Brown Books

A similar outfit to Twist's Accountancy, P. Brown is a small bookkeeping firm located 4 kilometres away. P. Brown Books represent our biggest direct competitor, as they are vying for the same target market as us – namely small businesses with a relatively low annual turnover. P. Brown does not offer bookkeeping software packages and training, which is one area Twist's will seek to gain an advantage over them.

Michel Rogan

Michel Rogan is an Certified Practising Accountant, and therefore operates in a slightly different space to Twist's Accountancy. While Twist's does not currently have the staff to complete annual audits for companies, as the business grows this may be an area we want to expand into. Rogan may therefore become a more direct competitor to Twist's in time.

Fenton's

Fenton's is a mid-sized bookkeeping service located around 6 kilometres away. Along with P. Brown Books, Fenton's represents the biggest direct threat to Twist's. Both we and Fenton's provide tax services, with Fenton's currently able to take on more work as they have more staff.

In order to counter this, Twist's will be employing more staff to take some of the market share from our rivals. We plan to offer a discount for first-time customers and will also undercut Fenton's, who already have above-market average fees.

SWOT Analysis

Our Strengths

One of the key strengths of Twist's Accountancy is the 35 years' experience David Twist has working in the industry. He knows the ins and outs of accounting, including the finer points of tax law, like the back of his hand. As such, he already has a loyal client base and a good reputation.

Our Weaknesses

As the sole employee of the business, there is a limit to the amount of new business David Twist can currently take on. This is despite working 10 hour days and often at weekends. In order to address this issue, David will be employing a number of bookkeepers part-time over the next 3 years.

Our Opportunities

There is a huge range of businesses in the Chatswood area which will provide plenty of opportunity for new business. What's more, a new highrise office space has recently been developed 5 kilometres away, with a variety of offices already rented by small business in the annual revenue bracket that Twist's Accountancy is targeting.

Our Potential Threats

There are a number of other larger accountancy firms operating in the area that are able to take on more work as they have more staff. Twist's Accountancy will try to counter this with the onboarding of new staff, as well as trading on David's extensive experience in the accountancy industry, positioning him as an expert in the field.

Sales & Cost of Sales Forecast

	Year 1	Year 2	Year 3
Unit Sales			
Price Per Unit			
Sales			
Total Sales	0	0	0
Direct Cost Per Unit			
Direct Cost			
Total Direct Cost	0	0	0
Gross Margin	\$0.00	\$0.00	\$0.00
Gross Margin %	0%	0%	0%

Cash Flow Statement

	Year 1	Year 2	Year 3
Incoming funds			
Loan received	0	0	0
Drawn on lines of credit	0	0	0
Cash from sales	0	0	0
Accounts receivable remittances	0	0	0
GST recoveries	0	0	0
Total incoming funds	0	0	0
Outgoing funds			
Salaries	0	0	0
Employee related expenses	0	0	0
GST remittances	0	0	0
Tax on profits payable	0	0	0
Accounts payable remittances	0	0	0
Additions to fixed assets	0	0	0
Direct Costs	0	0	0
GST to suppliers payable	0	0	0
Loan repayments	0	0	0
Lines of credit repayments	0	0	0
Interest on loans	0	0	0
Interest on credits	0	0	0
Total outgoing funds	0	0	0
Net incoming/outgoing funds	0	0	0
Cash and bank balance, beginning of period	0	0	0
Cash and bank balance, end of period	0	0	0

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Cash Flow Monthly Summary

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Year 1												
Incoming	0	0	0	0	0	0	0	0	0	0	0	0
Outgoing	0	0	0	0	0	0	0	0	0	0	0	0
Net Funds	0	0	0	0	0	0	0	0	0	0	0	0
Starting	0	0	0	0	0	0	0	0	0	0	0	0
Closing	0	0	0	0	0	0	0	0	0	0	0	0
Year 2												
Incoming	0	0	0	0	0	0	0	0	0	0	0	0
Outgoing	0	0	0	0	0	0	0	0	0	0	0	0
Net Funds	0	0	0	0	0	0	0	0	0	0	0	0
Starting	0	0	0	0	0	0	0	0	0	0	0	0
Closing	0	0	0	0	0	0	0	0	0	0	0	0
Year 3												
Incoming	0	0	0	0	0	0	0	0	0	0	0	0
Outgoing	0	0	0	0	0	0	0	0	0	0	0	0
Net Funds	0	0	0	0	0	0	0	0	0	0	0	0
Starting	0	0	0	0	0	0	0	0	0	0	0	0
Closing	0	0	0	0	0	0	0	0	0	0	0	0

Profit and Loss Statement

	Year 1	Year 2	Year 3
Revenue	0	0	0
Direct Cost	0	0	0
Gross Margin	0	0	0
Gross Margin %	0%	0%	0%
Expenditure			
Salaries	0	0	0
Ancillary Staff Costs	0	0	0
Total Expenditures	0	0	0
Operating Profit/(Loss)	0	0	0
Interest Incurred	0	0	0
Depreciation/Amortization	0	0	0
Profit/(Loss) before tax	0	0	0
Tax on profits	0	0	0
Profit/(Loss) after tax	0	0	0

Balance Sheet

As of Period's End	Starting Balances	Year 1	Year 2	Year 3
Fixed Assets				
Tangible Assets	0	0	0	0
Accumulated Depreciation	0	0	0	0
Total Fixed Assets	0	0	0	0
Current Assets				
Accounts Receivable (Debtors)	0	0	0	0
Cash & Bank	0	0	0	0
Total Current Assets	0	0	0	0
Current Liabilities				
Accounts Payable (Creditors)	0	0	0	0
GST Payable	0	0	0	0
Tax on profits payable	0	0	0	0
Short Term Debt (less than 1 yr)	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Current Assets	0	0	0	0
Long-Term Debt (more than 1 yr)	0	0	0	0
Net Assets	0	0	0	0
Share Capital	0	0	0	0
Retained Earnings	0	0	0	0
Total Owners Equity	0	0	0	0

Note: This balance sheet is intended as a guide for planning purposes only. Figures are rounded up or down to the nearest dollar.