

69320 Accountant

Benchmark Report & Analysis for:

Accountant Demo

Prepared by

Sam Coupland

T: 02 9262 3377 E: samcoupland@fmrc.com.au

## Contents

Benchmarking Overview	3
Analysis	3
Profitability Analysis	4
Profitability Overview	4
Profitability Benchmark	5
Productivity	6
Productivity Overview	6
Productivity Benchmark	6
Personnel Analysis	6
Personnel Analysis Overview	6
Personnel Analysis Benchmark	6
Budget Analysis	7
Budget Profitability Benchmarks	7
Budget Productivity Benchmarks	8
Budget Personnel Analysis	8
Budget Graphs	9
Financial Ratios	11
Financial Ratios Overview	11
Financial Ratios Benchmark	11
Sustainable Growth Analysis	12

## Benchmarking Overview

The challenging economic conditions in which businesses operate require owners and their advisors to carefully examine business performance with regard to the profit drivers, expense structures and overall competitiveness in the market place.

Benchmarking is a powerful business management tool that gives you an indication of the potential of your business and provides a solid base for any performance improvement strategies. The in-depth analysis in this report will enable you to critically evaluate how the business is performing relative to peers within the industry.

Success in most businesses is not so much about understanding the numbers, but more about managing the results. The benchmarking process will give you a clear idea of your areas of strength (to be capitalised on) and areas of weakness. The performance of your business is presented in the following sections:

- Profitability Analysis
- Productivity Analysis
- Salary Analysis
- Budget (what-if)
- Financial Ratios
- Sustainable Growth Rate
- Action List

## Analysis

### **Professional fees as a percentage of total income is less than all benchmarks**

Salary expense is inline with other CBD practices, though a little high compared to other high profit accounting practices.

The firm is more profitable than the benchmark practices in terms of NPPP after a notional salary of \$100,000 per principal is factored in.

### **The firm has NPPP of \$406,250**

Income per Fee Earner is higher than the benchmarks, as is income per person. This is an indicator that the firm is well structured and does not operate with excess capacity.

vgasdgadf

## Profitability Analysis

### Profitability Overview

The quantum of total income generated by a business is rarely the primary indicator of performance. Of greater importance is the application of this income to pay the salaries and overheads of the business and the amount that remains as profit after these expenses.

The following profitability analysis is an examination of the profit and loss account of your business. A comparative analysis of your results and the benchmarks will indicate the reasonableness of your expenses and profitability given the level of income generated.

Profitability is assessed in a number of different ways to cater for different operations. The different profitability analyses are:

*Net profit \$*: the dollar amount of profit without any adjustments

*Net profit %*: percentage of total income reported as profit

*Net profit % (bps)*: percentage of total income reported as profit before paying principal / directors salaries and superannuation

*EBIT % (as reported)*: percentage of profit before interest (income and expense) and tax

*EBIT % (notional director salary of \$100,000)*: percentage of profit before interest (income and expense) and tax, with a notional salary of \$100,000 per director factored in.

*EBIT \$ (as reported)*: dollar amount of earnings before interest and tax

*EBIT \$ (notional director salary of \$100,000)*: dollar amount of earnings before interest and tax after factoring in a salary of \$100,000 per principal / director

*EBITDA \$*: dollar amount of earnings before interest, tax, depreciation and amortisation

*EBITDA \$ (notional director salary of \$100,000)*: dollar amount of earnings before interest, tax, depreciation and amortisation after factoring in a salary of \$100,000 per principal / director

*Net Profit (bps) per Principal*: dollar amount of profit per principal / director calculated before paying principal / directors salaries and superannuation

*Net Profit (bps) per Principal (notional principal salary of \$100,000)*: dollar amount of profit per principal / director after factoring in a salary of \$100,000 per principal / director. This ensures consistency between businesses

## Profitability Benchmark

Average results for firms grouped as indicated

	This Business	LOC: City and Suburban Firms	LOC: City and Suburban Firms	LOC: Non Metropolitan based Businesses
<b>Income</b>				
Sales/Fees 1	85.52%	90.12%	90.12%	90.05%
Other Income	10.26%	n.a.	n.a.	n.a.
Rental Income	n.a.	n.a.	n.a.	n.a.
Interest Received	0.10%	n.a.	n.a.	n.a.
Disbursements Recovered from Clients	4.10%	n.a.	n.a.	n.a.
<b>Total Income</b>	<b>\$2,923,000</b>	<b>\$2,469,923</b>	<b>\$2,469,923</b>	<b>\$2,785,952</b>
<b>Cost Of Goods Sold (COGS)</b>				
COGS	n.a.	n.a.	n.a.	n.a.
Subcontractors Internal	n.a.	n.a.	n.a.	n.a.
Subcontractors External	n.a.	n.a.	n.a.	n.a.
Disbursements Recovered from Clients	4.62%	n.a.	n.a.	n.a.
<b>Total COGS (goods and labour)</b>	<b>4.62%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Gross Profit \$</b>	<b>\$2,788,000</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Gross Profit %</b>	<b>95.38%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Expenses</b>				
Accounting and Legal Fees	0.17%	n.a.	n.a.	n.a.
Administration Fees	n.a.	n.a.	n.a.	n.a.
Advertising and Promotion	0.79%	0.69%	0.69%	0.74%
Motor Vehicle Expenses	n.a.	0.44%	0.44%	0.18%
Repairs and Maintenance	n.a.	0.61%	0.61%	0.73%
<b>Total Vehicle and Equipment Costs</b>		<b>1.05%</b>	<b>1.05%</b>	<b>0.91%</b>
All Wages and Salaries PAYG	47.90%	47.53%	47.53%	45.19%
Principals / Owners Component of Wages	10.26%	13.92%	13.92%	13.42%
All Superannuation	4.79%	6.08%	6.08%	7.40%
Principals / Owners Component of Super	1.03%	2.41%	2.41%	3.43%
Bank Charges, Bad Debts, Debt Collection	0.22%	0.92%	0.92%	0.77%
Commission Paid	0.48%	n.a.	n.a.	n.a.
Computer and IT	2.12%	2.55%	2.55%	2.44%
Franchise or Group Membership Fees	0.21%	n.a.	n.a.	n.a.
Industry Specific Consumable Items	n.a.	n.a.	n.a.	n.a.
Insurance - All Other	0.51%	0.46%	0.46%	0.42%
Insurance - Professional Indemnity	0.51%	0.64%	0.64%	0.68%
<b>Total insurances</b>	<b>1.03%</b>	<b>1.10%</b>	<b>1.10%</b>	<b>1.10%</b>
<b>Interest Paid to External Lenders for:</b>				
Interest for Operating Expenses	0.41%	1.21%	1.21%	1.02%
Mortgage for Real Estate	n.a.	0.00%	0.00%	0.05%
All Lease Charges, HP Interest and Motor Vehicle Interest Payments	n.a.	1.98%	1.98%	1.72%
<b>Total Interest Paid to External Lenders</b>	<b>0.41%</b>	<b>3.20%</b>	<b>3.20%</b>	<b>2.79%</b>
Licenses and Permits	0.07%	n.a.	n.a.	n.a.
Other Occupancy Cost	0.34%	1.57%	1.57%	1.45%
Printing, Postage and Stationary	0.86%	1.53%	1.53%	1.45%
Professional Development Cost	n.a.	1.59%	1.59%	1.16%
Rent or Commercial Rent	5.13%	5.32%	5.32%	4.06%
Telephone, Fax and Internet	1.54%	1.21%	1.21%	1.04%
Travel and Accommodation	0.86%	0.38%	0.38%	0.54%
Amortisation and Depreciation	0.68%	n.a.	n.a.	n.a.
Loss / (Gain) on the Sale of Asset	n.a.	n.a.	n.a.	n.a.
All Other Expenses	n.a.	3.22%	3.22%	3.37%
<b>Total Expenses</b>	<b>67.58%</b>	<b>83.66%</b>	<b>83.66%</b>	<b>79.77%</b>
<b>Total Expenses (bps)</b>	<b>56.29%</b>	<b>67.33%</b>	<b>67.33%</b>	<b>62.92%</b>
<b>Profit</b>				
Net Profit \$	\$482,500	\$485,068	\$485,068	\$671,862
Net Profit %	16.51%	21.70%	21.70%	25.05%
Net Profit % (bps*)	27.80%	38.02%	38.02%	41.90%
<b>Earnings before interest, tax, depreciation and amortisation</b>				
EBIT % (as reported)	16.81%	24.89%	24.89%	27.84%
EBIT % (notional principal salary of \$100,000)	21.26%	8.13%	8.13%	12.74%
EBIT \$ (as reported)	\$491,500	\$563,992	\$563,992	\$756,221
EBIT \$ (notional principal salary of \$100,000)	\$621,500	\$304,061	\$304,061	\$409,756
EBITDA \$	\$511,500	n.a.	n.a.	n.a.
EBITDA \$ (bps*)	\$841,500	n.a.	n.a.	n.a.
<b>Net Profit per ...</b>				
Principal (bps*)	\$406,250	\$304,008	\$304,008	\$309,067
Principal (notional principal salary of \$100,000)	\$306,250	\$60,049	\$60,049	\$52,025

**Legend:** ALL = All Firms Average, TO = Turnover, NPPP = Net Profit, LOC = Location, OTH = Others

## Productivity

### Productivity Overview

The productivity analysis examines the allocation of income, expenses and profit across personnel categories and the personnel structure of the business. For businesses where success is primarily a function of the efforts of individuals, the analysis of income on a per fee earner or per person basis may provide an insight to the overall productivity of the business. Businesses which rely more on capital or sales will find some of the key productivity measures in the Financial Ratio Analysis section

### Productivity Benchmarks

Average results for firms grouped as indicated

	This Business	LOC: City and Suburban Firms	LOC: City and Suburban Firms	LOC: Non Metropolitan based Businesses
<b>Productivity Analysis</b>				
Total Income Per Fee Earner	\$324,778	\$209,617	\$209,617	\$203,704
Total Income Per Person	\$182,688	\$125,596	\$125,596	\$118,105
Total Wages and Super per Fee Earner	\$171,111	\$106,107	\$106,107	\$105,111
Total Wages and Super per Person	\$96,250	\$64,185	\$64,185	\$60,633
Total Expenses (inc COGS) per Fee Earner	\$271,167	n.a.	n.a.	n.a.
Total Expenses (inc COGS) per Person	\$152,531	n.a.	n.a.	n.a.
Total Expenses (exc COGS) per Fee Earner	\$256,167	\$157,897	\$157,897	\$153,049
Total Expenses (exc COGS) per Person	\$144,094	\$95,183	\$95,183	\$87,940
Net Profit per Fee Earner	\$53,611	\$51,720	\$51,720	\$50,654
Net profit per Person	\$30,156	\$30,413	\$30,413	\$30,164

### Personnel Analysis Overview

The Personnel analysis compares the staffing structure of your business against that of the industry benchmarks. Personnel structure is a key component of any business and must be managed closely to ensure maximum productivity and efficiency which will in turn drive greater profitability.

### Personnel Analysis Benchmarks

Average results for firms grouped as indicated

	This Business	LOC: City and Suburban Firms	LOC: City and Suburban Firms	LOC: Non Metropolitan based Businesses
<b>FTEs</b>				
FTE Owners	2.00	3.03	3.03	3.71
Financial Planners	1.00	0.47	0.47	0.49
Para-Planners	n.a.	0.19	0.19	0.33
Managers	1.00	3.24	3.24	2.02
Client Service Staff	n.a.	1.36	1.36	0.97
Seniors	2.00	0.89	0.89	1.20
Intermediates	3.00	0.18	0.18	0.81
Apprentices / Trainees	n.a.	1.84	1.84	2.32
Accounts / Management	2.00	2.39	2.39	3.17
General and Administrative Support	5.00	2.13	2.13	2.48
Fee Earners Exc Owners	7.00	6.33	6.33	5.82
Fee Earners inc Owners	9.00	9.36	9.36	9.53
Non-Fee Earners	7.00	6.36	6.36	7.97
Total FTE	16.00	15.72	15.72	17.50
<b>Personnel Analysis</b>				
Staff Salaries and Super (w/o owners wages)	41.40%	37.29%	37.29%	35.73%
Employed Fee Earners / Production Personnel per working owner	3.50	3.54	3.54	3.28
Employed Support Staff per Working Owner	0.78	2.52	2.52	2.64

**Legend:** ALL = All Firms Average, TO = Turnover, NPPP = Net Profit, LOC = Location, OTH = Others

## Budget Profitability Benchmarks

Average results for firms grouped as indicated

	This Business	This Business "Adjusted"	LOC: City and Suburban Firms	LOC: City and Suburban Firms	LOC: Non Metropolitan based Businesses
<b>Income</b>					
Sales/Fees 1	85.52%	93.07%	90.12%	90.12%	90.05%
Other Income	10.26%	3.75%	n.a.	n.a.	n.a.
Rental Income	n.a.	n.a.	n.a.	n.a.	n.a.
Interest Received	0.10%	0.03%	n.a.	n.a.	n.a.
Disbursements Recovered from Clients	4.10%	3.15%	n.a.	n.a.	n.a.
<b>Total Income</b>	<b>\$2,923,000</b>	<b>\$9,831,060</b>	<b>\$2,469,923</b>	<b>\$2,469,923</b>	<b>\$2,785,952</b>
<b>% Total Income</b>	<b>100.00%</b>	<b>100.00%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Cost Of Goods Sold (COGS)</b>					
Cost of Goods sold	n.a.	n.a.	n.a.	n.a.	n.a.
Subcontractors Internal	n.a.	n.a.	n.a.	n.a.	n.a.
Subcontractors External	n.a.	n.a.	n.a.	n.a.	n.a.
Disbursements Paid on Behalf of Clients	4.62%	4.78%	n.a.	n.a.	n.a.
<b>Total COGS</b>	<b>4.62%</b>	<b>16.07%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Gross Profit \$</b>	<b>\$2,788,000</b>	<b>\$9,361,260</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Gross Profit %</b>	<b>95.38%</b>	<b>95.22%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Expenses</b>					
Accounting and Legal Fees	0.17%	0.05%	n.a.	n.a.	n.a.
Administration Fees	n.a.	n.a.	n.a.	n.a.	n.a.
Advertising and Promotion	0.79%	0.23%	0.69%	0.69%	0.74%
Motor Vehicle Expenses	n.a.	n.a.	0.44%	0.44%	0.18%
Repairs and Maintenance	n.a.	n.a.	0.61%	0.61%	0.73%
<b>Total Vehicle and Equipment Costs</b>					
All Wages and Salaries PAYG	47.90%	14.24%	47.53%	47.53%	45.19%
Principals / Owners component	10.26%	3.05%	n.a.	n.a.	n.a.
All Superannuation	4.79%	1.42%	6.08%	6.08%	7.40%
Principals / Owners component	1.03%	0.31%	n.a.	n.a.	n.a.
Bank Charges, Bad Debts, Debt Collection	0.22%	0.07%	0.92%	0.92%	0.77%
Commission Paid	0.48%	0.14%	n.a.	n.a.	n.a.
Computer and IT	2.12%	0.63%	2.55%	2.55%	2.44%
Franchise or Group Membership Fees	0.21%	0.06%	n.a.	n.a.	n.a.
Industry Specific Consumable Items	n.a.	n.a.	n.a.	n.a.	n.a.
Insurance - All Other	0.51%	0.15%	0.46%	0.46%	0.42%
Insurance - Professional Indemnity	0.51%	0.15%	0.64%	0.64%	0.68%
<b>Total insurances</b>					
<b>Interest Paid To External Lenders For:</b>					
Operating Expenses (Working Cap, Overdraft, Trade Receivables / Factoring Facility)	0.41%	0.12%	n.a.	n.a.	n.a.
Mortgage for Real Estate	n.a.	n.a.	0.00%	0.00%	0.05%
All Lease Charges, HP Interest and Motor Vehicle Interest Payments	n.a.	n.a.	1.98%	1.98%	1.72%
<b>Total Interest Paid to External Lenders</b>	<b>0.41%</b>	<b>0.12%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
Licenses and Permits	0.07%	0.02%	n.a.	n.a.	n.a.
Other Occupancy Cost	0.34%	0.10%	1.57%	1.57%	1.45%
Printing, Postage and Stationary	0.86%	0.25%	1.53%	1.53%	1.45%
Professional Development Cost	n.a.	n.a.	1.59%	1.59%	1.16%
Rent	5.13%	1.53%	n.a.	n.a.	n.a.
Telephone, Fax and Internet	1.54%	0.46%	1.21%	1.21%	1.04%
Travel and Accommodation	0.86%	0.25%	0.38%	0.38%	0.54%
Amortisation and Depreciation	0.68%	0.20%	n.a.	n.a.	n.a.
Loss / (Gain) on the Sale of Asset	n.a.	n.a.	n.a.	n.a.	n.a.
All Other Expenses	n.a.	n.a.	3.22%	3.22%	3.37%
All Other Expenses Details					
<b>Total Expenses</b>	<b>78.87%</b>	<b>78.87%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Total Expenses (bps)</b>	<b>56.29%</b>	<b>20.09%</b>	<b>67.33%</b>	<b>67.33%</b>	<b>62.92%</b>
<b>Profit</b>					
Net Profit \$	\$482,500	\$7,055,760	\$485,068	\$485,068	\$671,862
Net Profit %	16.51%	71.77%	21.70%	21.70%	25.05%
Net Profit % (bps*)	27.80%	75.13%	38.02%	38.02%	41.90%
<b>Earnings before interest, tax, depreciation and amortisation</b>					
EBIT % (as reported)	16.81%	71.86%	24.89%	24.89%	27.84%
EBIT % (notional principal salary of \$100,000)	21.26%	73.18%	8.13%	8.13%	12.74%
EBIT \$ (as reported)	\$491,500	\$7,064,760	\$563,992	\$563,992	\$756,221
EBIT \$ (notional principal salary of \$100,000)	\$621,500	\$7,194,760	\$304,061	\$304,061	\$409,756
EBITDA \$	\$511,500	\$7,084,760	n.a.	n.a.	n.a.
EBITDA \$ (bps*)	\$841,500	\$7,414,760	n.a.	n.a.	n.a.
<b>Net Profit per ...</b>					
Principal (bps*)	\$406,250	\$3,692,880	\$304,008	\$304,008	\$309,067
Principal (notional principal salary of \$100,000)	\$306,250	\$3,592,880	\$60,049	\$60,049	\$52,025

## Budget Productivity Benchmarks

Average results for firms grouped as indicated

	This Business	This Business "Adjusted"	LOC: City and Suburban Firms	LOC: City and Suburban Firms	LOC: Non Metropolitan based Businesses
<b>Productivity Analysis</b>					
Total Income Per Fee Earner	\$324,778	\$1,092,340	\$209,617	\$209,617	\$203,704
Total Income Per Person	\$182,688	\$614,441	\$125,596	\$125,596	\$118,105
Total Wages and Super per Fee Earner	\$171,111	\$171,111	\$106,107	\$106,107	\$105,111
Total Wages and Super per Person	\$96,250	\$96,250	\$64,185	\$64,185	\$60,633
Total Expenses (inc COGS) per Fee Earner	\$271,167	\$308,367	n.a.	n.a.	n.a.
Total Expenses (inc COGS) per Person	\$152,531	\$173,456	n.a.	n.a.	n.a.
Total Expenses (exc COGS) per Fee Earner	\$256,167	\$256,167	\$157,897	\$157,897	\$153,049
Total Expenses (exc COGS) per Person	\$144,094	\$144,094	\$95,183	\$95,183	\$87,940
Net Profit per Fee Earner	\$53,611	\$783,973	\$51,720	\$51,720	\$50,654
Net profit per Person	\$30,156	\$440,985	\$30,413	\$30,413	\$30,164

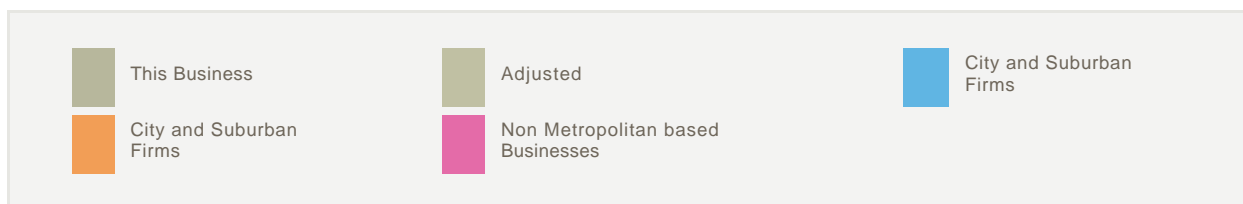
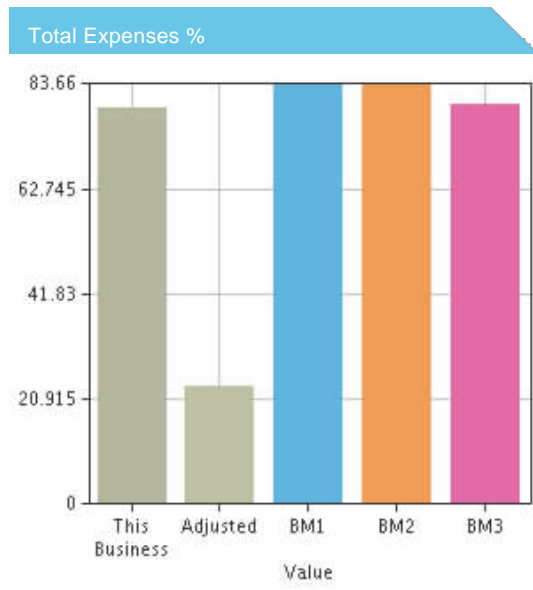
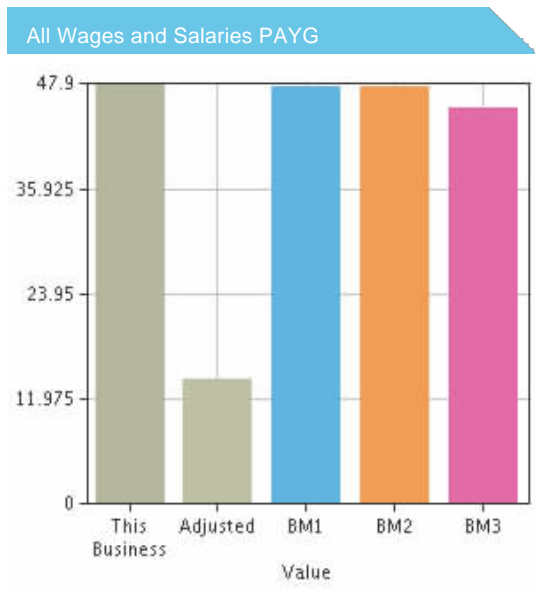
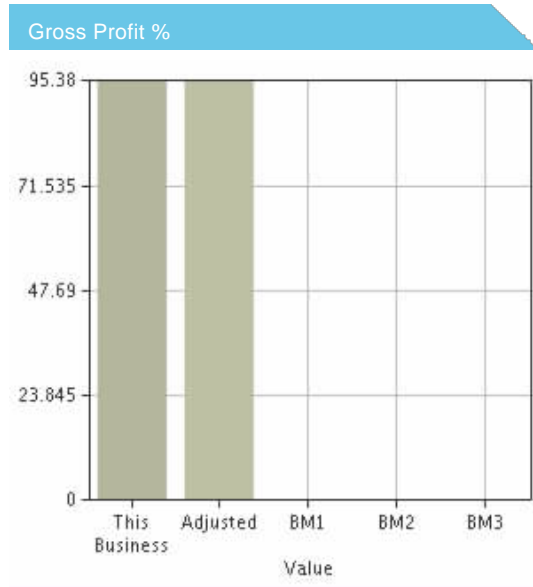
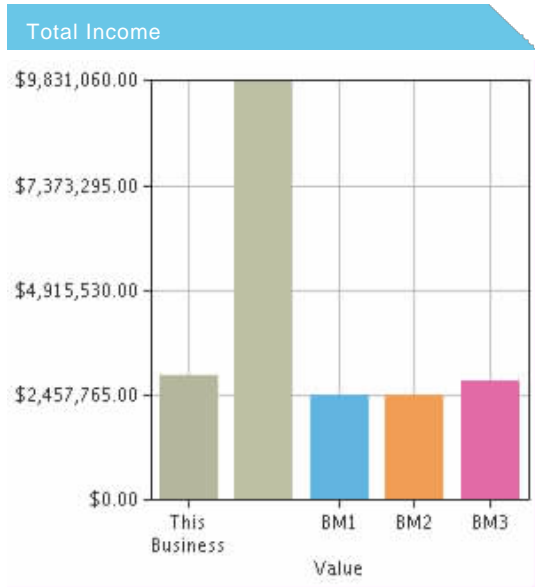
## Budget Personnel Benchmarks

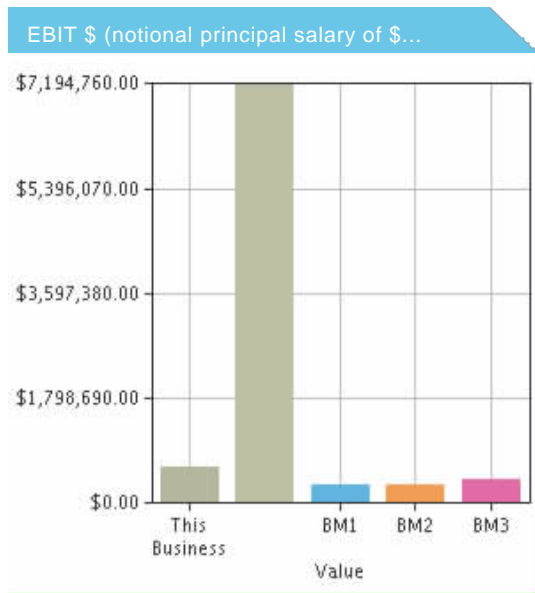
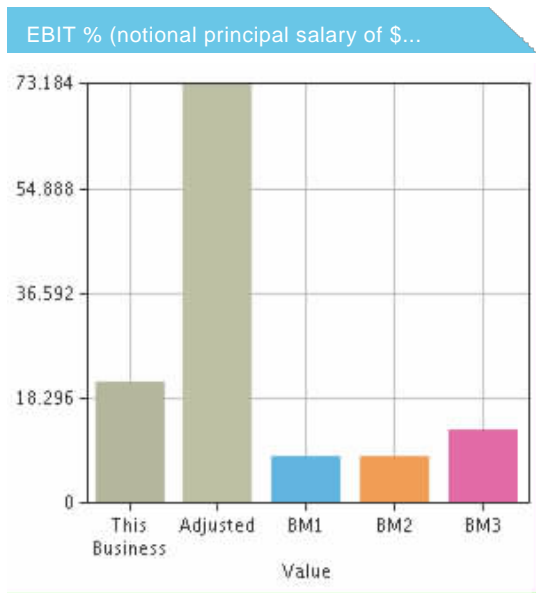
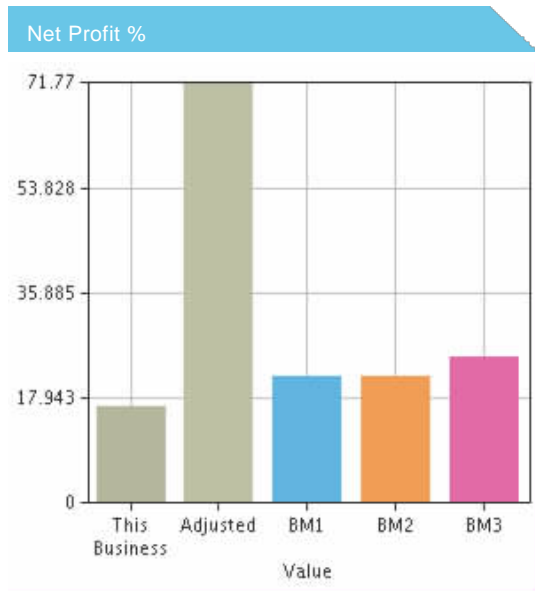
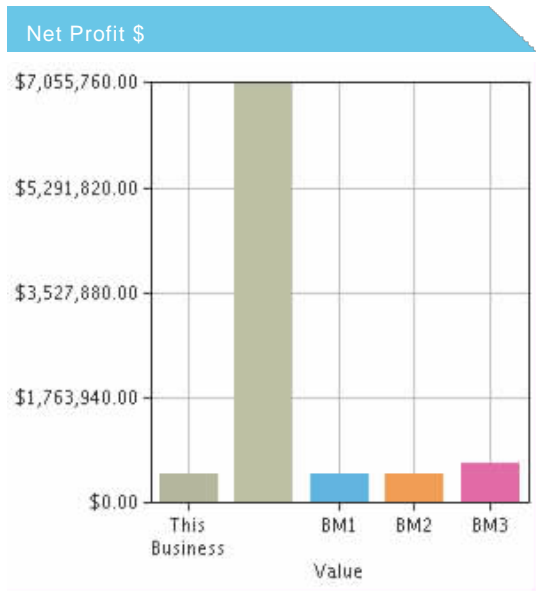
Average results for firms grouped as indicated






	This Business	This Business "Adjusted"	LOC: City and Suburban Firms	LOC: City and Suburban Firms	LOC: Non Metropolitan based Businesses
<b>FTEs</b>					
FTE Owners	2.00	2.00	3.03	3.03	3.71
Financial Planners	1.00	1.00	0.47	0.47	0.49
Para-Planners	n.a.	n.a.	0.19	0.19	0.33
Managers	1.00	1.00	3.24	3.24	2.02
Client Service Staff	n.a.	n.a.	1.36	1.36	0.97
Seniors	2.00	2.00	0.89	0.89	1.20
Intermediates	3.00	3.00	0.18	0.18	0.81
Apprentices / Trainees	n.a.	n.a.	1.84	1.84	2.32
Accounts / Management	2.00	2.00	2.39	2.39	3.17
General and Administrative Support	5.00	5.00	2.13	2.13	2.48

**Legend:** ALL = All Firms Average, TO = Turnover, NPPP = Net Profit, LOC = Location, OTH = Others

**Budget Graphs**





 This Business	 Adjusted	 City and Suburban Firms
 City and Suburban Firms	 Non Metropolitan based Businesses	

## Financial Ratios Overview

The ratios in this section are the typical liquidity indicators relevant to small businesses. Banks will look at many of these ratios when making credit decisions for their customers.

This is an opportunity for you to ensure your financials are sound when applying for funding. Using this information you can look at your business in the same way that a lender will. Some simple adjustments may make your business less risky, and more credit worthy. This may involve:

- having an acceptable mix of 'short term' and 'long term' debt
- ensuring debtors are turned over quickly enough to generate sufficient cash flow
- achieving the right mix of 'equity' and 'debt'
- ensuring that profits and cash flow are sufficient to make repayments on time and without financial stress

The financial ratios are reported in the following format:

Ratio	Type	Target	This Business	✓ / ✗
Accounts Receivable Days	B	45.00	12.16	✓
Accounts Payable Days	B	45.00	12.16	✓

Where:

Median / Target: Is the desired minimum performance. This is derived as the median from our benchmarks or is an industry standard target.

Target Type: Indicates whether being above or below the target is favourable. For example if the target type is A, a result greater than the target is favourable. If the target type is B a result above the target is unfavourable.

Result: A simple ✓ or ✗ to indicate how your business performed against each target.

## Financial Ratios Benchmark

Ratio	Type	Target	This Business	✓ / ✗
Accounts Receivable Days	B	45.00	29.20	✓
Accounts Payable Days	B	45.00	18.98	✓
Inventory Days	B	40.00	n.a.	✓
Asset Turnover Ratio	A	4.00	1.43	✗
Activity Ratio	A	2.80	3.64	✓
Inventory Turnover	A	6.90	2.94	✗
Return on Equity	A	16.00	0.60	✗
Return on Total Assets	A	20.00	0.28	✗
Return on Capital Employed	A	13.00	0.33	✗
Gross Margin Return on Inventory	A	200.00	3.28	✗
Current Ratio	A	2.00	4.19	✓
Quick Ratio	A	1.00	1.01	✓
Acid Test	A	0.75	1.24	✓
Interest Coverage Ratio	A	3.00	54.61	✓

## Sustainable Growth

The Sustainable Growth Rate (SGR) of a business is the maximum rate of growth in sales that can be achieved, given the business' profitability, asset utilisation, and desired dividend payout and debt ratios. The concept of sustainable growth can be helpful for planning healthy business growth. This concept forces management to consider the financial consequences of sales increases and to set sales growth goals that are consistent with the operating and financial policies of the business. For this model, no dividend distributions are assumed.

