

# 1. Welcome to the Validatum™ NZ Accountants Fee Survey - October 2009

VALIDATUM™, a professional services pricing consultancy has for several years, been providing valuable pricing research to law firms with the support of the New Zealand Law Society. We now invite Accountants to participate in the first pricing survey designed with the assistance of Chartered Accountants, specifically with your needs in mind.

Participating in these Surveys and purchasing the reports is likely to be one of the best investments in your business that you can make. There is no substitute for good market information when making critical costing decisions.

This survey report will enable you to understand amongst other things:

- \* How your hourly rates compare with colleagues in your region and nationally.
- \* Fixed charges/rates for standardised work such as monthly management accounts or the preparation of a 12 month cashflow forecast
- \* Trusteeship, gifting and related charges
- \* Business valuation charges
- \* And much more

The report will be sent out by e-mail only, as a PDF file. It will include colour graph/table depiction of the results of each question.

We invite you to complete the Survey (at no cost), whether you intend to purchase the report or not. You don't have to make that choice until the end of the Survey. However, as you can see below, there is a strong financial incentive to participate in the Survey - half the non-participatory price.

Firms that do provide a response:

- 1 or 2 partners - \$150 plus GST total cost per firm
- 3 to 5 partners - \$295 plus GST total cost per firm
- 6 to 10 partners - \$395 plus GST total cost per firm
- 11 or more partners - \$495 plus GST total cost per firm

Firms that do NOT provide any Survey response can still purchase the report but the cost increases as follows:

- 1 or 2 partners - \$300 plus GST total cost per firm
- 3 to 5 partners - \$590 plus GST total cost per firm
- 6 to 10 partners - \$790 plus GST total cost per firm
- 11 or more partners - \$990 plus GST total cost per firm

NOTE ALSO:

1. All your answers should be exclusive of GST and disbursements ie. your fee only.
2. The survey can only be completed on-line. However, you can go to our website [www.validatum.com](http://www.validatum.com),

follow the links from the "Accountants Fee Surveys" page and print off a hard copy if you find that easier to read before completing the survey on-line.

3. No time recording information is provided - you should assume that you have been asked to provide a cost estimate in the early stages of the file. The clients are loyal to you, they are not shopping around and don't expect discounted pricing - they just want some idea of the likely costs. You have to make an informed assessment of the value of the job without the benefit of time records.

4. Richard Burcher of VALIDATUM™ LTD has a well established reputation within the legal profession for high quality costing research and costing consulting services. Our work is endorsed by the New Zealand Law Society. Your answers will be treated with utmost confidentiality by us. Individual responses will not be provided to NZICA or any other third party. No practitioner or firm will be able to be identified in the published results. The answers will be used for no other purpose than to provide you with tabulated results by region and nationally. Our privacy policy is available for inspection on our website [www.validatum.com](http://www.validatum.com)

5. The survey closes at 5:00pm Friday 20th November 2009, and we anticipate distributing the results early December.

6. If you have any queries concerning the survey, please e-mail Gail Burcher - [gail@validatum.com](mailto:gail@validatum.com)

Thank you, Richard Burcher

## 2. Firm Location & Job Title

\* 1. Where is your firm (or the office of the firm in which you personally work) located?

Auckland

Wellington

Other North Island

Christchurch/Dunedin

Other South Island

\* 2. I am a...

Equity Owner (Partner or Principal)

Associate/Director

Office Manager

Other

Other (please specify)

\* 3. How many FTEs of each of the following does your firm have?

Equity Owner (Partners/Principals)

Qualified professional staff

Support staff

### 3. Annual Compliance

The following questions in this section look at compliance issues associated with annual financial reporting.

Note that the answers to all questions in this survey relate to the firm's professional fee only, exclusive of GST and internal and external disbursements.

#### \* 1. COMPANY - COMPUTERISED SYSTEM

You receive an MYOB data file for a company, the bank has been reconciled, debtors and creditors are reconciled, GST returns are provided and the company has 2 bank term loans, and have purchased 6 assets during the year, and has entered into a hire purchase agreement. You are required to complete the financial statements, tax return and resolution for the company, and tax returns for the 2 shareholders. The shareholders have a small amount of other income in the form of interest and dividends.

Our fee would be...

#### \* 2. COMPANY – BANK STATEMENTS

You receive bank statements for a company, there are 3 statements for each month (36 in total), list of debtors, creditors and stock, and they have 2 bank loans, and have entered into a hire purchase during the year, and have purchased 6 assets. The GST has been completed manually from the Bank Statements and needs to be reconciled. You are required to complete the financial statements, tax return and resolution for the company, and tax returns for the 2 shareholders. The shareholders have a small amount of other income in the form of interest and dividends.

Our fee would be...

\* 3. COMPANY – SHARE TRADER

You receive bank statements; chq book and deposit slips for a company, there are 15 bank statements for the whole year. The company undertakes a large amount of share trading during the year (200 trades in total), through a financial institution, which provides detailed reports of the transactions for the whole year. You are required to complete financial statements, tax return and resolutions for the company, and 2 individual shareholder tax returns. The shareholders have a small amount of interest and dividends each, and PAYE Salaries.

Our fee would be...

\* 4. LAQC – RENTAL PROPERTY

You receive bank statements, cheque butts and deposit slips from the client, they own 2 residential rental properties, and have 3 bank term loans over these properties. You are required to complete company financial statements, and 2 individual tax returns where they both earn PAYE salaries and have a small amount of interest and dividends.

Our fee would be...

\* 5. TRUST – PASSIVE INCOME

You receive bank statements, cheque butts and deposit slips for a trust. The trust receives income from a commercial property, and also has an investment portfolio with a financial institution, which holds NZ Shares, FIF shares and PIE investments. The financial institution provides full reports with a summary of all dividends and interest received, FIF calculations and details on PIE investments.

You are required to complete financial statements, tax return and resolution for the trust and tax returns for 2 beneficiaries, who receive national super, and a small amount of interest and dividends in their own names.

Our fee would be...

\* 6. TRUST – PRO FORMA STATEMENTS FOR FAMILY HOME

You receive sale & purchase agreement, settlement statements and bank documents, deed of acknowledgement of debt and gifting documentation from your client's lawyers, and are asked to prepare pro-forma financial statements for this trust. The Trust does not have an IRD number.

Our fee would be...

\* 7. MONTHLY MANAGEMENT ACCOUNTS – BANK LINK

The client operates a retail carpet business. The client is on payments basis for GST and has 4 bank statements per month. The client provides you with a list of debtors, creditors and stock on hand each month. The client employs 3 staff.

The client pays half of their transactions by cheque and half by internet banking.

You are asked to provide your client with a yearly fixed fee to do the following:

- monthly management accounts through bank link;
- prepare 2 monthly GST returns;
- year end financial statements, tax return and resolutions for company and 2 individuals;
- review provisional tax for all provisional payments to be made.

Our fee would be...

## 4. Hourly Chargeout Rates

\* 1. How do you record billable time?

- We don't record billable time
- 6 minute units
- 12 minute units
- 15 minute units
- Other (please explain below)

Explain

\* 2. We charge our professionals out as at the following GST EXCLUSIVE hourly rates...

Graduate	<input type="text"/>
2nd Year	<input type="text"/>
3rd Year	<input type="text"/>
Senior	<input type="text"/>
Manager	<input type="text"/>
Associate/Director	<input type="text"/>
Equity Owner (Principal/Partner)	<input type="text"/>

\* 3. What do you pay the following staff levels as a salary (disregard bonus schemes and 'add-ons' such as free carparking etc)?

Graduate	<input type="text"/>
2nd Year	<input type="text"/>
3rd Year	<input type="text"/>
Senior	<input type="text"/>
Manager	<input type="text"/>
Associate/Director	<input type="text"/>

\* 4. In order to grow and develop your client base and staff there is a need to allow them time within normal working hours to develop their networks and client base. Please detail the number of hours each year that you allow the following staff levels to devote to business development activities.

Graduate	<input type="text"/>
2nd Year	<input type="text"/>
3rd Year	<input type="text"/>
Senior	<input type="text"/>
Manager	<input type="text"/>
Associate/Director	<input type="text"/>
Equity Owner (Principal/Partner)	<input type="text"/>

## 5. Other Services

\* 1. What do you charge for each of the following...? (Enter '0' for any of the tasks which you never undertake e.g. trusteeship)

Application for an IRD and GST number for a company

Application for LAQC status for a Company

Trusteeship yearly charge (passive trust - home only)

Trusteeship yearly charge (active trading trust)

Preparation of annual gift documentation

Preparation of company annual return

## 6. Other Advice

### \* 1. Structure - Marketing & Communications Business

A client comes to you and asks for your advice on a new New Zealand-based marketing and communications business that they are contemplating starting. You can assume that there are no associated party implications. They ask you to provide advice on what sort of structure you would recommend. The client has been in business before. You provide them with written advice on the appropriate structure to use. What fee would you charge?

### \* 2. Structure - Property Developer/Builder

A client comes to you and asks for your advice on a new New Zealand-based property development and residential building business that they are contemplating starting. You can assume that there are no associated party implications. They ask you to provide advice on what sort of structure you would recommend. The client has been in business before. You provide them with written advice on the appropriate structure to use. What fee would you charge?

### \* 3. Preparation of 12 months cash flow/projection

A client comes to you and advises that the bank requires a cashflow forecast for the next 12 months which they ask you to prepare. The client operates a legal practice and has been in business for the last five years. The clients prepare monthly management accounts will stop What fee would you charge?

### \* 4. Assistance with Bank Funding

The client comes to you and requests that you assist them with acquiring further bank funding. You have already prepared cash flow projections for the client as detailed above and you have already charged separately for that work. What fee would you charge?

\* 5. Due Diligence

A client comes to you and asks your advice on purchasing a retail business. They provide you with the last three years financials and current management accounts for the last nine months, and all the GST returns for these periods. You undertake financial due diligence on the business and advise the client on whether they should purchase or not. What fee would you charge?

\* 6. Business/Share Valuation

A client asks you to provide a valuation of their Company as they are looking to transfer 90% of the company's shares to their existing family trust for estate planning purposes. You already have the last three years of financial statements and they provide you with cash flow projections and a business plan for the next two years. Assume that at the end of the exercise, you determine that the company has a net value for share valuation purposes of \$500,000. What fee would you charge?

## 7. Key Performance Indicators

\* 1. Please insert the appropriate details for your firm relating to each of the following KPIs.

Debtor days

Chargeout multiple

WIP days

Average chargeable hours

Write-off as a percentage of turnover

Staff turnover

Return on fees (profit as a percentage of turnover)

## 8. Ordering Your Report (1)

The report will be sent out by e-mail only as a PDF file. It will include colour graph/table depiction of the results of each question and a commentary and analysis.

Firms that provide at least 1 completed survey response:

1 or 2 partners - \$150 plus GST total cost per firm

3 to 5 partners - \$295 plus GST total cost per firm

6 to 10 partners - \$395 plus GST total cost per firm

11 or more partners - \$495 plus GST total cost per firm

Firms that do NOT provide any Survey response:

1 or 2 partners - \$300 plus GST total cost per firm

3 to 5 partners - \$590 plus GST total cost per firm

6 to 10 partners - \$790 plus GST total cost per firm

11 or more partners - \$990 plus GST total cost per firm

Remember, you are likely to recover the cost of the report by making a better informed costing decision on just 1 or 2 files.

- \* 1. I confirm that I want my firm to receive a copy of the survey report and analysis AND I have the authority to order it.

[IMPORTANT NOTE if you do not have the authority to order the report, please ask your supervising partner NOW, before you leave the survey, if it is okay for you to order the report as you may well be the only person in your firm who has been asked to complete the survey. If you don't do so, your firm will not receive the report]

Do not be concerned about whether someone else in your firm may also have ordered the report. Irrespective of the number of responses from a firm, there will only be one invoice per firm. If in doubt, answer "Yes" below and provide your contact details in the next section)

Yes

No

## 9. Ordering Your Report (2)

\* 1. Please provide all details below:

Your Name

Firm Name

PO Box Number

Town/City

Post Code

Phone

Number of

Partners/Directors/Principals

Your email Address (check  
carefully or you won't  
receive the report)

Practise Manager/Accounts  
Clerks EMAIL ADDRESS for  
invoicing

## 10. Final Comments

As always, we welcome and encourage comments and suggestions, whether about the subject matter of the survey, the survey format, future topics or anything else related to pricing of accounting services.

Thank you. Your time and effort is much appreciated and we are confident that if you have subscribed for the report, it will be of significant and immediate help to you.

### 1. COMMENTS

