The Numbers Behind an Accounting and Bookkeeping Practice

A free field guide from Bytell Press. The figures come from our example financial model for a small bookkeeping and tax practice with its first staff bookkeeper. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

Most new practices do not struggle because the books are wrong. They struggle because the monthly fee was a guess and nobody worked out how many clients the practice needs to pay its owner. This guide gives you that arithmetic in two pages.

1. How the work is priced

The example model sells **fixed monthly retainers**, not hours. The fee is built from each client's scope, not from a gut feel. The model uses these illustrative lines:

Service line	Model price
Books: monthly bookkeeping, reconciliation, statement package	$300–$700 a month
Books + Tax: adds payroll and filing work and the year-end business return	$600–$1,200 a month
Books + Tax + Advisory: adds quarterly planning and forecasting	$1,200–$2,500+ a month
Cleanup or catch-up project	$1,500–$5,000 per project
Blended across the book	**About 60% gross margin**

The model's direct labor and per-client software run about 40% of the fee, which leaves the 60%. The margin is protected by re-scoping. A fee set for a client's volume today has to be revisited when that client grows, or the engagement slowly stops paying.

2. What it costs to open

This is a low-capital business. The example model opens on **$4,000 to $8,000**, with about $8,000 of starting cash and no outside financing. The model names what the money covers:

Startup cost	In the model
Company formation and setup	Included
Engagement-letter template and written security plan	Included
First year of the software stack and website	Included

Startup cost	In the model
Professional-liability and cyber-liability insurance	Included
Premises, vehicle, inventory	None
Total	**$4,000–$8,000**

3. What it costs to stay open

The model carries these costs every month, whether or not a new client signs:

Monthly fixed cost	Amount
Fixed operating costs (software, insurance, marketing, dues, admin)	$2,800
Part-time administrator or practice manager	$2,500
Technology financing	$150
Owner draw	$5,000
Total	**$10,450**

The staff bookkeeper who does client work is not in this table. That labor sits inside the 40% direct cost.

4. The break-even: the one number to know

Break-even revenue = monthly fixed costs ÷ gross margin.

With the model's numbers: $10,450 ÷ 0.60 = about **$17,417 a month**. At a $750 retainer, that is **23 to 24 clients** before the practice earns anything beyond the owner's draw.

The model opens at $16,000 of monthly revenue and grows about 4% a month, so it starts a little under that line and crosses it early. Leave the owner's draw out and the bar is much lower: $5,450 ÷ 0.60 = about $9,083 a month.

If the margin slips to 55%, break-even rises to $19,000.

5. Plan for the summer before it arrives

Tax work makes the year uneven. The model uses these multipliers against a normal month:

Period	Multiplier	On a $16,000 normal month
March and April	1.30 to 1.35	$20,800 to $21,600
June through August	0.82 to 0.85	$13,120 to $13,600

A $13,120 month earns about $7,872 of gross profit against $10,450 of fixed costs. That is a gap of about $2,578, and three such months would use most of the $8,000 starting cash. In the model the growing retainer book narrows the gap by summer. Hold back part of the spring surplus.

6. Your numbers

Fill this in with your own fees and costs before you sign the first client.

Question	Model	Yours
Average monthly retainer you can charge	$750	_____
Gross margin after direct labor and client software	60%	_____
Monthly fixed costs, including your draw	$10,450	_____
Break-even revenue (fixed costs ÷ margin)	$17,417	_____
Clients needed to break even	23–24	_____
Revenue in your slowest month	$13,120	_____
Starting cash	$8,000	_____

If your break-even needs more clients than you can serve in tax season, fix the plan first: raise the retainer, re-scope the clients who have outgrown their fee, or trim a fixed cost.

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Bytell Press publishes the full business plan, the editable financial model behind these numbers, and the operating playbooks for an accounting and bookkeeping practice.

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