



CHARTERED  
ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND



Think Ahead

# Look before you leap

Helping you decide whether  
running an accounting practice  
is for you

[View guide](#)



## Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 136,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.



## Association of Chartered Certified Accountants

The Association of Chartered Certified Accountants (ACCA) is a globally recognised professional accounting body providing qualifications and advancing standards in accounting worldwide. We're a thriving global community of over 247,000 members and 526,000 future members in 181 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies. We champion the growth and success of new small and medium-sized accountancy practices by partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies.

# About this guide

This is not a guide to starting an accounting business. This is a guide that provides food for thought to help you decide whether running an accounting business is for you.

In researching this guide, we spoke with numerous accountants who have set up practices and businesses of their own, or who have become a partner/director in an existing firm. We also interviewed accountants who routinely advise others on how to establish and grow successful accounting businesses.

Along the way, these experts raised common issues faced by emerging accounting business owners. Each section of this guide focuses on one of these issues.

Running an accounting business comes with many risks, responsibilities, and potential rewards. This guide highlights these, to help you make an informed decision.

“One of the best things about running your own accounting practice is the impact you have for small business owners, helping them choose the life they wish to lead and to make a difference in their communities.”

**Heather Smith FCCA**  
Anise Consulting  
Brisbane, Queensland

## Access detailed guidance

If you're seeking more detail on the topics raised in this guide, visit the [CA ANZ website](#) or [ACCA website](#) and [Practice Connect hub](#). Both websites provide a one stop shop for everything members need to promote and elevate their services, manage a practice, recruit and support staff, comply with obligations, and access professional and peer support.

## Mentoring and advice

If you're considering running your own accounting business, then this guide can help you – but there is no substitute for personal experience. Both CA ANZ and ACCA can connect members with mentors who have run practices of their own. You can go online to find out more about [CA ANZ Mentoring and Support](#) and the [ACCA Mentoring Programme](#).

You can also seek free, confidential career guidance from experienced accountants in the CA ANZ Professional Standards Advisory Teams in NZ and Australia, and the CA Advisory Group.

You can connect with peers in other small and medium practices through ACCA's online community – [the Practice Room](#). Likewise, CA ANZ's [My CA](#) includes an online group for those who run small-to-medium sized practices. And in New Zealand, there are a range of regional [CA ANZ Special Interest Groups](#) where members can connect.

# Potential risks and rewards:

## Some essential questions to ask yourself

The accountants we interviewed for this guide all have first-hand experience of running accounting businesses. They highlighted many potential risks and rewards to consider before you take the leap to run an existing business or set up a new business. Here's just a few of the key questions they recommend you ask yourself.

“Running your own public practice is about much more than accounting work. You'll need to devote time to strategic and operational responsibilities, HR, technology, client management, driving revenue, and much more.”

**Maggie Sung CA**

Professional Standards team, CA ANZ  
Adelaide, South Australia

- Am I clear about how running an accounting business would fit alongside my personal life and family commitments (now and in the next few years)?
- Am I ready to prepare a comprehensive strategic plan and business model?
- Do I have the typical traits of a successful small business owner, such as self-sufficiency, discipline, problem-solving ability, people management skills, etc?
- Have I fully assessed the needs of my potential clients, and do I have the experience and capabilities to meet these?
- Do I have a full understanding of all the required cashflow and costs of running an accounting business, and how these may vary as my business grows?
- Have I identified mentors, coaches, peers and/or other experts who can offer me advice and suggestions?
- Am I fully aware of the statutory obligations of running an accounting business, including but not limited to regulatory requirements, director duties, professional member requirements (e.g. [ACCA](#), [CA ANZ](#)), etc?

### What your answers tell you

- If you answered “no” to any of these questions, you may not yet be ready to begin running an accounting business. But there's still time. Reading the rest of this guide can help you close the gaps to be ready in future.
- If you've answered “yes” to all these questions, then you're in a promising position to start your journey towards running an accounting business. The rest of this guide can help you scope this out “with your eyes open” to the risks, opportunities and challenges that lie ahead.

### Additional checklists to help you

We have prepared several additional checklists to further help ACCA and CA ANZ members decide whether they want to run their own accounting businesses. Each checklist is a companion piece to the main topics explored in the guide you are reading now. The checklists are available now from the CA ANZ and ACCA websites.

## SPOTLIGHT

# John Schol FCA

As Principal of Malloch McClean in New Zealand's South Island, John Schol has decades of experience in accounting businesses. He's also an advisor and mentor to owners of many other firms and was co-author of the recent [CA Catalyst guide to strategy for accounting businesses](#).

### **Q: What advice do you have for accountants who are considering establishing a public practice?**

A: The first question to ask yourself is: Do you have commercial acumen and knowledge, and do you have the skills required to run a business? This includes a working knowledge of marketing, product development, sales, finance, basic employment law, and an ability to create and execute a business strategy. The second question is: What does my ideal client look like, and can I attract enough of them?

### **Q: Where should you start with pricing and packaging your services?**

A: The answer is to work from the bottom

up. That is, start with your desired revenue and then take into consideration overhead costs and other direct costs to arrive at your minimum gross margins.

At the same time, keep in mind that clients rarely select an accountant based on price alone. They're looking for certainty, quality, and assurance; they're after experience. To this end, you need to clearly define your value proposition and demonstrate the value you're bringing to clients.

Also, be aware of scope creep. If there's extra work involved then think like a car mechanic: pause the job, talk to the client, agree a new price, and then resume work. It's important to have upfront conversations with your clients around price.

### **Q: How important is to get the business basics right?**

A: Accountants need to consider all the same "business hygiene" elements that they're advising their clients about. Things

like managing cashflow, debt collection, and establishing short terms of trade. Aim to bill clients monthly. Consider billing upfront or, at least, before the job is completed. Engage early with clients and offer fee payment options. Use technology to send payment reminders to clients and, if any clients often fail to pay on time, consider offering cashflow improvement advice as a service to them.

### **Q: What if a client asks an accountant for something outside their scope of services?**

A: Be clear about your service offering and the scope of your services – and stick to it.

My advice is to grow a broad network of other professionals who you trust. That way, you can pass clients on when they're no longer the right fit for your practice. You'll burn time and money trying to provide any service you're not skilled at, or not suited to handle. Pick your lane and stay in it.

### **Q: What does success in public practice look like?**

A: To decide if public practice is for you, first you need to understand your why. What is it you're trying to achieve? For example, at Malloch McClean we're always focused on "helping our clients build a smarter, better business".

In my experience, those accountants who are the happiest are those with a good balance between financial freedom, time freedom, mind freedom and geographical freedom. That's what every successful accounting practice owner wants.



### **Strategy should be your top priority**

When it comes to public practice, this adage always rings true: Failing to plan is planning to fail. So, if you do decide you want to run a practice, your first step should be a long-term strategic plan to set goals, increase your prospects of success, mitigate risks, and minimise costs. John Schol FCA is the co-author of an invaluable [CA Catalyst guide to strategy for accounting practices](#). It's an essential resource for anyone who is serious about running their own practice. On the MYOB website, there is also a free [business plan template](#) to help you define your strategy.

# Work-life balance

**Before deciding whether to run an accounting practice, you owe it to yourself and those you care about to think about your work-life balance.**

In years gone by, a guide like the one you are reading right now might not have even talked about work-life balance – so why have we put this consideration near the front of this guide?

The answer is: Because times have changed. Attitudes have changed. It's commonly accepted now that, whatever career path you choose, it should contribute positively to the health, happiness and wellbeing of you and your family.

So, before you commit to running an accounting practice, put yourself first. Consider what your personal ambitions are for the next few years. You might draw up a list covering aspects such as home, health, family, social life, hobbies, community, and travel. Then contemplate how compatible these ambitions are with running an accounting practice.

## Three freedoms

Your business should exist to be in the service of your personal life, not the other way around. Running an accounting practice can make it challenging to achieve and retain this balance.

When considering whether or not running a practice is for you, it's helpful to consider three types of freedoms, as identified by consultancy The Gap:

- 1. Financial freedom:** The freedom to pay wages, debtors and invest in your practice as required. It's about having the means to afford the lifestyle you want for yourself and your family.
- 2. Time freedom:** You have balance in your life to do the things you enjoy outside of work. This may include family and community events, personal fitness, or hobbies.
- 3. Mind freedom:** Having peace of mind that risks are managed, and the business can operate while you are away.

“If you think your practice will concentrate on compliance services for clients, then your work life – and your home life – needs to fit around reporting dates and payment deadlines. So that could mean a six-week holiday is all but impossible. Then again, working 10am to 3pm might be possible, depending on your workload.”

### Jody Sitters

Community Relations Manager, MYOB  
Adelaide, South Australia

“Don't stress the small stuff and don't push yourself to the limit for demanding, unreasonable and unappreciative clients. Your health and mental wellbeing, and family time, is really what's important.”

### Amanda Gascoigne FCA

Amanda Gascoigne Consulting  
Port Stephens, NSW

## SPOTLIGHT

# Amanda Gasoigne FCA

A seasoned public practitioner, Amanda Gasoigne FCA now spends her days consulting, coaching, and mentoring small and solo accounting practices. Here, she shares some points to consider, to help you decide if running an accounting practice is for you.

**Q: In your experience consulting, coaching, and mentoring small and solo accounting practices, what makes a good public practitioner?**

A: Running a practice requires more than accounting expertise. One needs to be an empathic communicator, a resilient entrepreneur, and a savvy businessperson. It's not for everyone!

I know a public practitioner, for example, who completed five years' worth of annual accounts without issuing a quote or discussing fees. Whilst this demonstrates client commitment, a commercially viable result may not eventuate. To succeed as a public practitioner, you need to have the

right personality. You should love meeting people. You must be able to face rejection. And you need to be able to have tough conversations with your clients.

**Q: Prior to consulting, you ran your own public practice for almost 20 years. What do wish you knew when you first started?**

A: Firstly, the importance of mentorship and coaching cannot be overstated. Secondly, adaptability, agility and innovation are not optional; they're a necessity in an everchanging accounting landscape.

Lastly, the importance of work-life balance. While the reason I started my practice was to achieve this balance, I lost sight of it in my quest for success. A well-balanced life was beneficial for those around me, and it was crucial for the long-term success and health of my practice.

**Q: Where should you start when considering running your own practice?**

A: My first tip is don't look at your Public Practice certificate as simply a tick and flick exercise; it's a valuable opportunity to make great connections and build solid foundations and a sustainable practice model.

**Q: How can public practitioners formulate their vision for their practice?**

A: This is something I'm passionate about. I had a wonderful practice life, and I was able to create beautiful relationships, and I did this by fully aligning my vision for my life and my practice.

When I'm coaching public practitioners, I ask: What does your ideal week look like? Where would you like to be in five years' time?

Anyone considering public practice should consider: How many hours per week do I want to work? Where do I want to live? What sort of car do I want to drive? In short, what's important to me?

And revisit these questions periodically. Ensure your practice model and profitability levels help you achieve this vision.

**Q: What are the downsides of running a public practice?**

A: One is the fact that you can't work with everybody. You'll send yourself to an early grave trying to deliver everything to everybody. Instead, identify what your ideal client looks like, and try and stick to that.



### Finding balance in your practice

[Listen to episode 1](#) of the CA ANZ podcast 'Small Firm, Big Impact' to hear an interview Amanda Gasoigne FCA about finding work-life balance in your practice.

(If you don't want to work during school holidays, for example, then weekly payroll isn't for you.)

Rather than specialising in any one industry as a public practitioner, my niche was small businesses. This was where I could do the most good; those were clients I could relate to and make a difference. Small business was my jam.

There's more than one way to run an accounting business. Before leaping in, pause to consider what structure might best suit you: sole practice or multi-partner; new practice or purchase of (or buy-in to) an existing practice.

# Business structure alternatives

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### Important note

This section of the guide considers some of the structures through which accounting businesses are typically established. It does not cover broader business decisions around setting up as a company, trust, etc. Members should seek professional advice on those matters after determining their preferred type of accounting business structure.



# Business structure alternatives

If you think running an accounting business may be for you, then there are a range of structures you might consider. In this section, we consider your options.

## Running a business with others

Instead of starting from scratch, you might consider joining an existing business as partner or director. On the next page, we talk with an accountant who joined an existing partnership in Tasmania to help illustrate some of the pros and cons of doing this.

Throughout this guide, we explain many of the potential risks and rewards of setting up your own sole practice. However, for those considering running a business alongside other people – or joining an existing business as a partner or director – below is a summary of pros and cons.

### Positives

**Collaboration:** Drawing on your collective knowledge and judgement.

**Continuity:** Helps cover annual leave and sick leave.

**Companionship:** Sharing experiences and supporting one another.

**Costs:** Economies of scale from shared resources.

**Diversity:** Tapping into different technical specialisms, as well as respective strengths. (e.g., business development, client and staff management, etc.)

### Negatives

**Compromise:** You are not simply your own boss; compromise will be required.

**Negotiation:** Sometimes you'll need to negotiate with your fellow business owner(s) over objectives, decisions, timeframes, etc.

**Risk:** Shared responsibility of jointly running a business means your peers' actions expose you to risk.

**Conflict:** Some collaborations don't last and may not end amicably.

**Misalignment:** Differing levels of competence and motivation could lead to frustration.

"After going out on their own, some sole practitioners struggle with step changes needed in their firm as they grow. What gets your business started and feeds your family for the first 12, 18, 24 months isn't necessarily going to be sustainable in the longer term."

**John Schol FCA**

Principal, Malloch McClean  
Invercargill, New Zealand

## Due diligence questions

If you're considering buying (or buying into) an existing accounting business (i.e. not simply buying a "block of fees") consider these questions:

- Is there a current partnership agreement, company constitution and/or shareholder agreement which takes my entry into the business into account?
- What is the firm structure? How dominant are individuals and management responsibilities of various partners/directors?
- How comfortable and/or competent am I when leading and managing teams of people?
- What status do I want within the business; equity or non-equity partner or contractor?
- What other business agreements does the practice have (such as financing, leases, etc.)? How old is existing equipment? How soon will it require upgrading and/or maintenance?
- What is the age and condition of the premises? What are the premises' running costs including utilities and maintenance?

- How is business owners' performance assessed and rewarded?
- How healthy are the financials? (Including cash-flow/funding, work in progress, debtors (and disputes) and goodwill.)
- Are there any existing or likely legal and insurance claims?
- What succession plans are in place for when a co-owner leaves?

## Buying a "block of fees"

Like many accountants, you may consider buying a "block of fees" from an existing business. Buying a "block of fees" comes with its own considerations including undertaking due diligence to ensure that the clients are your "target clients".

You'll also need to determine an appropriate purchase price; including a "purchase price adjustment" clause in the contract (not all clients will want to transfer) and ensuring that usual transfer of client processes and procedures (including concluding new terms of engagement before transferring records) are undertaken.

You should obtain professional and legal advice before proceeding down this path.

### Considering buying a practice?

On the CA ANZ website, you can read a guide to How to maximise value when you sell your practice. This includes a checklist for commercial lawyers. Most of the issues raised are relevant to buyers, as well as sellers. (And if you decide to buy a practice, make sure your due diligence covers insurance, too.)

"If you're thinking of partnering with another accountant or accountants, you need to understand their systems and processes. Having clarity on that can help you decide how compatible your ways of working might be."

**Jody Sitters**

Community Relations Manager, MYOB  
Adelaide, South Australia

## SPOTLIGHT

# Maryellen Salter CA

In 2019, Maryellen Salter CA became a partner in WLF Accounting Advisory in Hobart, Tasmania. Here she reflects on the journey and lessons learned.

**Q: What are the advantages of becoming a partner in an existing practice versus being a sole practitioner?**

A: At a strategic level, the overwhelming benefit is that you have a legacy of wisdom and experience to leverage from. In a partnership, which is true for mine, the range of experience is significant where they may have managed through harder times and can ensure that history is not repeated.

Becoming a partner in an existing practice also has benefits operationally where you don't have to set the business up from scratch. One of the big benefits, therefore, is that you've got economies of scale when it comes to back-office support. You don't have to reinvent the wheel when deciding the most efficient way to bill a client, or what

level of support you require in terms of staffing structure.

Also, the more partners you have in your practice, the more you're able to dilute your costs. Insurance costs, for instance, have risen rapidly over the past few years and these costs can prove a significant barrier to entry for sole practitioners. Similarly, survival in a firm would only be possible with investment in accounting software. Being a sole practitioner and navigating through selection and set-up of clients without appropriate IT support could be problematic.

**Q: How did you go about becoming a partner?**

A: Our firm has staged entry to partnership – fixed profit share (where you don't buy in), and then you may be asked to enter as an equity partner. At both stages I took on risk; with equity you also put money into the practice! The first stage is where you carry out your due diligence of the practice –

looking at the earnings over time, the return on investment, etc. This is where you've got to take the opportunity to ask questions and to understand how the business operates.

Even if you don't progress to equity partner (and therefore, get given the opportunity to buy in), you will still carry all the associated risks of being a partner. Obviously mortgaging your home to raise equity is a big undertaking that you wouldn't enter lightly.

**Q: What advice do you have for accountants who are considering partnership in an existing practice?**

A: Joining a partnership is big a decision. It's like entering a marriage.

Just as no one enters a marriage thinking about divorce; no one should enter a partnership thinking it's a stepping stone to something else. (Especially, as the process for exiting a partnership isn't easy.)

You need to view your partnership as the end goal.



Before deciding to start an accounting business, clarify who your potential clients are, how much demand there is for your services, and how you'd continue to attract new clients.

# Starting a new business: clients and marketing

## NAVIGATION

# Starting a new business: clients and marketing

**When we interviewed accountants for this guide, every single one emphasised that nobody should start an accounting practice without a clear idea of who their ideal clients are, what client services they do (and don't) offer, and how to proactively manage demand.**

“Faced with the prospect of one or two potential clients, it's tempting for accountants to launch straight in and start their own practice – but that doesn't mean it's going to be sustainable. Just like any other start-up business, new accounting practices first need a comprehensive business strategy and model,” says Aleksandra Zaronina-Kirillova, Head of SME Professional Insights, ACCA.

## Service design

Service design includes delivery, enablers (technology, people, etc) and back-office support. If you haven't yet set up your practice, you have a clean slate that allows you to make your business productive from the start, according to Sitters. “The most successful new practices I see are often those who

focus on doing a small number of things really well and really efficiently. Their service design is really tight so, once those services are profitable, they can scale up. The practices who struggle are often those who take on too much, too soon.”

John Schol FCA from Malloch McClean in New Zealand adds, “You need to be clear about how you'll differentiate yourself in the market, and that's not about you – it's about your clients. Think about what you'd deliver for clients and what your brand promises would be.”

“A small practice can't be all things to all people – that's going to send your stress levels through the roof. You need to set boundaries from the start.”

**Jody Sitters**  
Community Relations Manager, MYOB  
Adelaide, South Australia

## Business development

If you decide to run an accounting practice, there will be lots of competing demands. When you're busy looking after your existing client projects, it can be easy to overlook (or postpone) focusing on new business. But you'll need to prioritise business development activity.

If you run a practice, you need to commit to periodically:

- Reviewing your current portfolio of clients. (Do they need additional services that you offer? Are there any 'problem clients' or unprofitable clients who you should let go?)
- Proactively seeking new clients. (e.g. networking in the places where you know potential clients congregate, asking your current clients to write Google recommendations for your business, etc.)

“If you decide to run a professional services business, then you're not selling a product so much as selling yourself,” reflects the ACCA's Aleksandra Zaronina-Kirillova. “You'll need to be comfortable doing that, if you are going to run an accounting practice.”

## Starting a new business: clients and marketing continued

### Taking on clients without crossing ethical lines

Seeking out and securing new clients is all part of running a practice but, in doing so, there are ethical and professional obligations that accountants must adhere to. [This CA ANZ article](#) discusses how to gain new business without landing yourself in ethically murky waters. It also covers restrictive covenants in employment contracts, designed to prevent current/former employees of an accounting practice from poaching clients. [This ACCA article](#) also discusses restrictive covenants in depth.

### Pricing matters

An essential part of your service design is pricing services. This can be a notoriously difficult decision, balancing your costs of doing business, your profitability, and your market's expectation. The financial administration section of this guide (see: [The thorny issue of pricing](#)) provides some pointers from seasoned accountants.

### Using the CA brand and ACCA brand

There are strict rules about how CA and ACCA accounting practices can use the respective logos in their practice branding and marketing. These are explained on the organisations' respective websites.

**John Schol FCA**  
Principal, Malloch McClean  
Invercargill, New Zealand



"One the most common mistakes practices make is doing more for clients than what they first agreed to do, because they don't run a time sheet, or don't have clear terms of engagement, or they lose discipline. You need to formulate your offering, and stay true to this, and clearly explain this to your clients."

**Heather Smith FCCA FCA**  
Anise Consulting  
Brisbane, Queensland



"Don't overcommit yourself. Be clear on your boundaries and terms of engagement with clients from the beginning to help avoid problems later on. And maintain a network of trusted professionals who can provide services outside your scope or niche, so that you can refer clients to them when required."

Before deciding to run a practice, you'll need a clear idea of exactly what skills and capabilities your business would require – and who would provide those.

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In this section of our guide, we highlight some of the key considerations when you're weighing up whether you might take on staff. And we'll explore some alternatives, too.

# People and skills

## NAVIGATION

# People and skills

## Do what you love

To run an accounting business, you'll need a clear understanding of all the potential tasks (and essential statutory obligations) that your business must fulfil, in any given year. You can then consider your own skills and capabilities to decide which of these tasks you would handle yourself – and which tasks could be completed by someone else. (Although it's important to be realistic, too. Newly self-employed accountants usually do most of the “heavy lifting” themselves – at least in the early stages.)

Reading this guide and completing the checklists can assist you in scoping out many of the tasks and statutory obligations in an accounting business. You can add to this, informed by your own experience of working in practice. Once you've built up a clear picture of the tasks and obligations, you might consider which of these play to your strengths. (Where can you and your skills add maximum value for your clients and your practice?) Also think about the kind of work you enjoy and don't enjoy. This can help you clarify the areas where you might enlist others to help you.

## Do I need to hire staff?

Before leaping in, it's worth weighing up the pros and cons of hiring staff. Some may seem obvious while others might be less so; especially if you've never run a public practice before. The table on this page provides just a few suggestions. You might borrow from this to draw up your own list of pros and cons, to match your particular circumstances.

“One of the most common areas where new practices come unstuck is when they have underestimated the full scope of responsibilities and technical skills they require.”

**Maggie Sung CA**  
Professional Standards team, CA ANZ  
Adelaide, South Australia

### Clarify the capabilities you need

Chartered Accountants ANZ's [Capability+ Tool](#) provides a structured way for members to assess the needs of their accounting practice. The [ACCA Career Navigator](#) can also help members guide their career journey.

### Pros

**Capability:** Allows you to enhance the overall skillset in your practice.

**Productivity:** With more hands on deck, your practice can get more work done in less time.

**Capacity:** Hiring staff allows you to take on larger projects, serve more clients and grow your practice.

### Cons

**Financial:** As well as salaries, consider the costs of taxes, insurance, benefits, office space and equipment.

**Management:** You'll need to invest time and effort to get the best out of people, manage performance and coordinate tasks.

**Culture:** The more employees you take on, the more complex it becomes to maintain a cohesive and positive work environment.



## Outsourcing

Another way to add capacity and/or capability to your practice is to outsource work to a third party. This can be an effective way to work cost-effectively and/or expand your capacity (e.g. by getting repeatable work processed) and range of services without increasing the staff headcount of your practice.

Importantly, the responsibility to deliver your clients a professional service remains with you – not the outsourced service provider. So, you are still answerable to your client for the work that any third party delivers on your behalf.

It is therefore incumbent on you to ensure any outsourced providers have the required professional competence, skills, capacity, policies, and procedures to conduct work on your behalf. And you will need to evaluate the outsourced provider's controls to safeguard any confidential information that you share with them.

“When outsourcing, accountants must follow applicable ethical principles and meet professional obligations,” points out Maggie Sung CA, Professional Standards team, Chartered Accountants ANZ. “For example, in Australia the Accounting Professional & Ethical Standards Board (APESB) sets out responsibilities and requirements for public practices that outsource in the GN 30 guidance note and APES 305 standard.”

Some useful questions to ask yourself include:

- Before I outsource, am I clear about the associated ethical and professional requirements that I am subject to?
- Before I outsource, have I fully disclosed the details to my clients, including the scope of work, the geographical location of the external provider, and any associated risks? Do I have my clients' written consent?
- If my clients seek services that I don't offer and that I don't want to outsource, do I have trusted third parties who I can refer my clients to? Can I set up a reciprocal arrangement where those third parties, in turn, refer their own clients to me for the services I offer? Will we charge any fees for such referrals?



It's crucial to consider your practice needs – not only on day one, but also how those needs may change if and when your business scales up in future. Setting the right technology foundations can save you inconvenience and cost later on.

# Technology

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# Technology

**As technology evolves, those who run practices need to embrace the benefits while also addressing the inherent risks. If you decide to start your own practice from the ground up, then you'll have the advantage of being able to invest in the latest business technology from the start.**

This is a rare opportunity to introduce best practice from day one, with no legacy platforms or systems to hold you back. But you only get this chance once, and there are pitfalls to watch out for along the way.

## Consider your prospective clients

As with any business, you'll need to build your public practice around the needs of your customers. So before selecting which technology to use to run your practice, consider the needs, systems, and aptitude of your potential clients.

Are you likely to be serving traditional businesses that have limited digital capability? If so, how much support might they require from you? (Could this even present an opportunity for your practice to assist clients with their own digital transformation process?)

Or are your potential clients likely to be "digital natives" who are already fluent and comfortable using emerging tech? Do they have established enterprise resource planning (ERP) systems? How might you integrate your practice with your clients' operations to enable real-time access and insights?

## Software and hardware

There is no shortage of accounting software providers in the marketplace. If you decide to open a new practice, you'll need software that enables you to start small – but also scale up as your business grows over time. And, particularly in the early days, you and your clients may require support from the software provider to get up and running.

Before you decide to commence public practice, it's worth considering the full range of software and hardware your business would need. Imagine a calendar month "in the life" of your practice and note down all the technology you would require.

A multitude of apps are commonly used by accounting practices to maximise efficiency in various business functions including (but not limited to):

- Security and single sign-on.
- Productivity platforms (e.g. Google Workspace, Microsoft Office.)
- Workflow management.
- Practice management.

If you are considering setting up your own public practice, you can read [a detailed guide on the CA ANZ website](#) about the most widely used apps for accounting and bookkeeping firms (including the features, pricing and the integration potential of different apps.) And read ACCA's report: [The passionate practitioner: developing the digitalised small and medium practice](#).

### Professional and ethical standards

When using apps (and providing software to clients) accountants need to be aware of any threats to compliance with professional, ethical and independence standards.

For example, in Australia, accountants should refer to APES 110 Code of Ethics for Professional Accountants. In New Zealand, refer to the NZ Code of Ethics.<sup>1</sup> The fundamental ethical principle of “professional competence and due care” extends to knowledge of technology. And the fundamental principle of confidentiality extends to data security. Therefore, it is essential that accountants understand how technology/software/apps work. If you don’t understand this, then you should engage a technical expert and/or learn this. This is especially important if you’ll need to teach clients to use the technology.

### Artificial intelligence

There’s a lot of buzz in the media about AI right now and it can undoubtedly help maximise productivity and efficiency in an accounting practice. “There’s lots of ways you can harness AI,” says Jody Sitters, Community Relations Manager at MYOB. “But you’ve got to be careful. AI is only as smart as the data it draws from. And you still need to check and substantiate the work AI does before it goes anywhere near your clients.”

On its website, ACCA has published a [Quick guide to AI](#) in the finance profession.

### Cybersecurity

Cybersecurity attacks are inevitable for all businesses and, if you become an owner in a public practice, your clients will entrust you with sensitive financial data. You’ll be ultimately responsible for safeguarding client information from potential breaches and data theft. The ACCA and CA ANZ websites both contain cybersecurity guidance for public practices.

“If you’re picturing what it might be like running your own practice, it’s worth considering your personal aptitude and appetite for emerging technologies. For example, do you love using AI and automation technologies in your personal life and current working day? How you answer that question probably gives you an indication of the type of accounting practice you might create.”

**Jody Sitters**

Community Relations Manager, MYOB  
Adelaide, South Australia

<sup>1</sup> And the External Reporting Board PES-1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) if you are an assurance practitioner.

# Compliance and legal

**If you're thinking of running an accounting practice, you must know your legal and compliance responsibilities. Meeting these ensures the integrity of your business, mitigates risks, avoids costly penalties, and builds trust among your clients.**

While compliance obligations vary between different jurisdictions (not to mention specialisations and services), there are several common areas you should consider before committing to running an accounting practice.

## Registration and licensing

If you decide to run an accounting practice, you'll need to ensure you and any other partners/owners are all registered and licensed with the necessary credentials.

All CA ANZ members who are a Principal of a public practice entity providing accountancy services for reward will need to hold a [Certificate of Public Practice](#). To be eligible for the certificate, you will need to complete the [Public Practice Program \(PPP\)](#). The PPP is a course of eLearning covering your ethical and regulatory obligations followed by a two-day workshop covering business management essentials.

In New Zealand, all new practices and changes to existing practices must be approved by CA ANZ. (There is no threshold and no exceptions.)

The ACCA website provides [a handy factsheet](#) that defines when a member is engaging in public practice and when a practising certificate is required. [The ACCA website](#) also outlines the [various certificates and licences](#) you may need as an ACCA member.

## Tax

You'll need to keep on top of constantly changing tax laws and regulations, such as income tax, consumption tax (e.g. GST in Australia and NZ, or VAT in the UK) and capital gains tax. The ACCA and CA ANZ websites provide regular member updates on these.

## Anti-money laundering and counter-terrorism financing

To help prevent financial crimes, accounting practices are subject to AML and CTF regulations. Partners/directors must implement an AML/CTF program, undertake client identification and verification processes, monitor transactions for suspicious activities, and report unusual transactions to relevant authorities.

## Privacy and data security

Protecting client data is paramount for accounting practices. Australia, New Zealand, the UK and many other nations have

strict laws requiring businesses to implement data security measures including encryption, access controls and regular security audits. Data breaches should also be promptly reported to regulators and affected individuals. Read more about cybersecurity in the Technology section of this guide.

## Professional indemnity insurance

As a partner/director in an accounting practice, you would be required to maintain professional indemnity insurance (PII) coverage. PII protects against claims of professional negligence and can save your practice from financial distress in the event of legal action. ([Aon](#) and [Gallagher](#) are CA ANZ's PI member benefits partners in Australia and New Zealand respectively.)

## Professional and ethical standards

Accounting practices must uphold the highest ethical standards. CA ANZ members must adhere to [Codes of Ethics](#) in Australia and NZ, while ACCA members must adhere to the [Code of Ethics and Conduct](#) which outline the principles of integrity, objectivity, professional competence and confidentiality that all partners/directors must follow.

## Governance

If you run an accounting business, it will need strong corporate governance and written records of business decisions you make. You'll need to establish clear roles and responsibilities, maintain accurate records, and conduct regular meetings to discuss compliance, ethics, and risk management.

## Compliance and legal continued

### Financial services

If your accounting practice would offer financial advice or operate as a financial services licensee, there will be regulatory obligations to meet. (The [CA ANZ website](#) provides details for Australia and New Zealand. And the [ACCA website](#) provides details for its members too.) You'll need to be aware of regulatory changes in your jurisdiction, maintain accurate records, and submit annual reports and statements to the regulator.

### Auditing

If your accounting practice would offer auditing services, then you'll need to consider registration requirements where your business operates. The [ACCA website](#) contains further details for its members, as does the CA ANZ website for [Australia](#) and [New Zealand](#).

### Quality management and risks

If you decide to run a practice, you'll need to establish a quality management system to ensure that the services you provide are of the standard expected by your clients, the public and your professional body. You will also need a strong risk management system covering the quality of your work as well as broader business risks, such as business continuity. Note also that ACCA and CA ANZ conduct periodical quality assurance reviews of accounting practices.

### Business structure arrangements

If you think you'll set up a business with others, you'll need to obtain legal advice and ensure there is an appropriate agreement from the beginning. This is essential for each of you to understand the rules around the business and protect you and your investment through the life cycle of the business.

### Business ownership and employment

If you decide to employ staff then you'll have other regulatory and legal obligations, too. These include workplace safety, people and resource management, personal safety, and emergency management. Government agencies can be a useful source of information on these.

#### Liability capping

Different countries have different requirements and standards relating to liability capping and classes of practice membership. In Australia, for example, Practice Entity Membership (PEM) is an optional class of CA ANZ membership available for corporate entities. Once you have become a PEM, your business may be eligible to access the protection of the Liability Capping Schemes.

Liability Capping Schemes operate as another layer of your risk management safety net. It puts a limit (cap) on how much can be awarded for a legal claim. The cap is also affected by the size and nature of your practice.

"Starting a new practice allows you to get the right systems and processes in place to meet reporting and compliance requirements from day one. I recommend paying particular attention to your obligations for engagement letters, which help ensure you and your clients understand what work you'll do for them and, importantly, how you'll do that work. CA ANZ (for **New Zealand** and for **Australia**) and ACCA provide tools to help you with these."

**John Schol FCA**

Principal, Malloch McClean  
Invercargill, New Zealand

#### We're here to help

To seek advice on professional standards and ethical obligations, contact the [CA ANZ Professional Standards advisory teams](#) in Australia or New Zealand or the [ACCA UK Technical Advisory team](#).

Nobody needs to teach experienced accountants about the fiscal fundamentals of running a business, so why have we included this section in our guide? Because nascent accounting businesses can still fall into financial traps and – if you know about these before you start – you can take steps to avoid these.

# Financial administration

## NAVIGATION

# Financial administration

**If you're a qualified accountant and you've worked in a public practice before, then you'll already be familiar with many of the financial risks and responsibilities that business owners face.**

However, if you're considering running a new or existing accounting practice, then it's worth pausing to think carefully about financial due diligence. If you had a friend or a client who was setting up their own business, you'd advise them to quantify their fiscal circumstances, obligations, and ambitions – so now it's time to take your own advice!

## Financial risks and opportunities

If you are setting up your own practice, you can save yourself a lot of financial headaches by avoiding the common mistakes that practitioners make. A recent CA Catalyst strategy guide highlighted these five common traps that accounting practices often fall into:

- Inappropriate pricing.
- Average annual fee per client group is too low.
- Too many low-margin clients.
- Average hourly rate per team member is too low.
- Client retention rate is too high.

In the guide, Mark Jenkins CA, Founding Director of consultancy The Gap, reflects: "Because [practices] are too busy spinning their wheels on low margin clients, delivering low value services, or pricing inappropriately for the value they are providing, they have no time to redefine their business."

The same CA Catalyst guide also explains how small changes in targets can have a major impact on cash flow, profit, and business value. In particular, it emphasises five pillars of value: increase sales, increase gross margin, increase profit, increase cash flow and increase return on investment.

## The thorny issue of pricing

Many of the accountants we interviewed for this guide pointed to pricing services as the most common area where new practices come unstuck. As Amanda Gascoigne FCA from Amanda Gascoigne Consulting in NSW explained:

"A lot of practice owners set up on the smell of an oily rag and price their services accordingly. They don't sufficiently invest in their business from the outset, remunerate themselves appropriately, and they underestimate what it costs to keep their doors open including the hiring of a team to meet demand.

"They also might not anticipate the significant amount of non-billable hours which results in overwhelming work hours, strained cash flow and profitability, and mounting stress that can escalate rapidly. It's vital to understand the true value of one's expertise and the comprehensive costs of running a practice to ensure not only survival, but also sustainable growth and wellbeing."

Seasoned public practitioners often recommend discussing the fee and scope of work with your client up front and explaining your value immediately. This provides an opportunity to charge a higher fee than you otherwise might, while also being clear about your value to the client.

"As a partner, you're not just managing clients but you're also managing your own business too. And that means ticking all those basic financial boxes: monitoring profitability, billing promptly, planning cash flow to pay staff and debtors, managing landlords, maintaining insurance, etc. As a partner, it's your job to keep the lights on financially."

**Maryellen Salter CA**

Partner, WLF Accounting Advisory  
Hobart, Tasmania



## Financial targets to set (and monitor)

The CA Catalyst strategy guide suggests practices should set financial targets for the following priority areas, and regularly track progress towards these:

- Revenue by key area (compliance/advisory/business development).
- Cost of labour (including directors' market remuneration).
- Gross margin.
- Overhead expenses (excluding interest to owners).
- Net profit before tax.

## Seeking advice or guidance

To discuss the financial aspects of running a practice, consider speaking with:

- ACCA: [UK Technical Advisory team](#)
- CA ANZ: [Professional Standards team](#)
- CA ANZ: [Chartered Accountants Advisory Group](#)
- CA ANZ: [Mentor Exchange](#)

And for more detail on all topics raised in this playbook, please visit the [CA ANZ website](#) or [ACCA website](#). Both websites provide a dedicated sections for members who run small-to-medium sized accounting practices.

“One of the biggest financial mistakes new practices make is under valuing their services to attract new clients. Discounted fees won't cover the administration costs they'll incur in years to come as the business grows. If you start low, it's hard to increase your prices, so when pricing your services, my advice is: don't be a people pleaser! If you push for the 'no' not the 'yes', then you're more likely to get the price you want that reflects the value you create when you first engage with a client. And if the client says 'no' then that's okay.”

**John Schol FCA**

Principal, Malloch McClean  
Invercargill, New Zealand

# Thank you

This playbook has been informed by interviews with, and insights from, a number of professionals across Australia, New Zealand and the United Kingdom. CA ANZ and ACCA wishes to acknowledge the contributions from Amanda Gascoigne FCA, Maryellen Salter CA, John Schol FCA, Maggie Sung CA, Jody Sitters, Heather Smith FCA FCCA, Aleksandra Zaronina-Kirillova, Jeff Redman and the members of the Chartered Accountants ANZ Public Practice Advisory Committee and Regional and Rural Advisory Committee. Copywriting services were provided by Andy McLean on behalf of Swash & Buckle.

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Think Ahead