Accounting Firm Business Plan and Operations Starter Kit

A working kit for small accounting firms. It prices every return and advisory engagement at the true cost of a billable hour with realization shown, turns invoices and monthly retainers into a collection pattern, measures how much of the paid week is billable, finds cash break-even through the summer trough and the March filing peak, and scores the plan on six pass-or-fail tests.

ACCOUNTING FIRMS
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PAGE 2

Start here

An accounting firm can be booked solid in March and short of cash in July. Salaries go out every month, a business return priced at five and a half hours takes seven, and a bookkeeping client that promised five hours uses seven. This kit puts those numbers on paper and tests them before a lender or a partner asks.

WHAT IS INSIDE

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15	Your first 30 days, office and setup questions, sources and what the full kit adds
16-18	An AI prompt that turns this kit into your own plan
19	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build the engagement and retainer sales forecast on page 6 and the costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Rates, scopes and payment terms move before an engagement is signed, and every worksheet expects your own figures.
3. Once you open, work through the page 14 checklists on every engagement and hold the numbers review weekly. Run the page 7 write-down check as each engagement closes, and refresh the page 9 retainer table monthly.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the accounting firm questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, professional, confidentiality and data-handling or financial advice. Requirements vary by location. Review them with qualified professionals before you commit money.

Business plan, part one

A bank will ask whether returns, write-up work and monthly retainers pay two salaried accountants, the office rent and the loan right through the July lull. Take the points below one at a time in a few sentences each; the long versions belong on separate pages.

1. Executive summary (leave it to the end)

Write what the practice sells, the clients it serves, the sum it needs and what that sum covers, from the desks and software to the first payday. Then name the month when the page 6 forecast first carries the page 8 cash break-even, and state the page 4 score.

2. Engagement types and clients

Set down the work you take, a single personal return at one end and a recurring advisory engagement at the other, and name what a client buys besides a filed return: a phone call answered the same day, a balance sheet explained without jargon, an invoice that lands close to the quote. Put it in the client's own words, then write down where the work comes from: the bankers, the business owners and the other referral sources who send it your way.

3. Positioning and capacity

Mark the work the practice handles in house and the work it refers out to another CPA, then total the hours your preparers and bookkeepers can bill in a week and turn that into returns and retainers.

4. Engagements, retainers and pricing

Record every engagement type with the time it consumes and the price you quote. A price lifted off a competitor's rate sheet, with no time study behind it, is a guess, not a price.

ENGAGEMENT OR RETAINER	BILLABLE HOURS	FEE	FEE PER HOUR BILLED

> *Owner question: our return work is booked solid from February to April, but the bank balance is lower in July than it was in March. Are our fees too low?*
>
> Look at two causes before the fee: realization and retainer creep. Record quoted hours against recorded hours for every engagement type for three months, and hours used against hours included for every retainer client (page 14). If a business return is billed at five and a half hours and takes seven, the fee is not the problem. If a bookkeeping client uses five and a half hours against five included, the scope is. Raise the fee only after those two numbers are known, and raise it on the engagement type that is actually writing down; it is a comparison, not proof.

PAGE 4

Business plan, part two

5. Operations

Describe how an engagement runs from signed agreement to final invoice: onboarding, document collection, the work plan, billing and the close. Name who reviews the work when you are not in the office.

6. Team

List every role, its hours and its pay, including a market wage for your own hours. Name the person who can keep the office running for a week without you; the first question on page 14 tests that dependency.

7. Marketing and sales

Explain where new clients come from, how a conversation becomes a signed engagement, and why clients stay or refer; referrals pay for the proposals you lose.

8. Financials and funding

Attach pages 5, 6, 8 and 11 and the result below, with the money needed, its sources and its runway.

DOES THE PLAN PASS? SCORE IT BEFORE ANYONE ELSE READS IT

TEST	PASS?
Gate 0. Draft engagement letters with fee and payment terms, retainer agreements, insurance and software quotes, the lease and the requirements the plan needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. The paid hours the busiest month needs (pages 7, 9 and 10) fit what you can staff (page 6), and the planned engagements clear break-even (page 8).	
5. Signed agreements back the engagement count; a referral list supports a forecast of conversations, not of engagements.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign a lease or hire an accountant. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 13 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Complete the estimate column first, then name the source beside each line: a written quote from the vendor, the carrier or the landlord, or a documented calculation. Accounting firm budgets break on payroll before the first invoice is paid, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
OFFICE				
Deposit and first month rent				
Furniture, fixtures and meeting-room fit-out				
TECHNOLOGY AND SETUP				
Computers, monitors, phones and network				
Software setup, ledger migration, website and directories				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If the setup runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from signed agreements and the hours your accountants can bill, not from the payroll you need to cover. Count retainers first; add returns and advisory projects at the volume the inquiry record supports.

```
Monthly sales for a line = units times average fee times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE FEE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Returns and advisory engagements	engagements				
Write-up and advisory retainers	retainers				

Full-run month

RAMP AND SEASONS

MONTH	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Ramp, % of full run												
Season, % of full-run month (M1 = opening month)												
Expected sales												

Expected sales for each month = full-run engagement and retainer sales times ramp (the share of full-run volume the inquiry record and the retainer base have reached) times season. Use 100 percent where a factor does not apply. Ramp and season are your assumptions; write down the evidence for each, such as your inquiry record by month; a signed engagement or retainer with a start date replaces its ramped figure that month.

CAPACITY CHECK

```
Paid hours available per month = the sum over the salaried accountants (the senior accountant and the bookkeeper) of each person's hours a day times days worked a week, times 52, divided by 12; paid hours needed = billable hours on engagements and retainers divided by utilization
```

Write how many hours your accountants are paid each day and how many days they work each week. Add up the monthly billable hours your engagements and retainers need (engagements a month times the hours each takes, page 7, plus retainer hours used, page 9) and divide by utilization (page 10). If the plan needs more paid hours than you can staff, the plan is wrong, whatever the inquiries say.

Engagement pricing and realization

Pricing a fee begins with the hours in the time budget and the rate written into the engagement letter; the cost side begins with what one billable hour truly costs; the cash side begins with invoices that actually get paid.

```
Invoiced = billable hours x the engagement rate x realization (the part of standard fees that reaches
the invoice), plus pass-through costs at their actual amount
Labor = billable hours x the real cost of one billable hour (page 10; proposal, admin and write-down
time live in that cost, never in the hours); contribution = invoiced less labor, less pass-through and
fees at their page 8 share; contribution each billable hour = contribution divided by billable hours
Close rate = engagements won divided by proposals handed out; proposals needed = engagements needed
divided by close rate
```

THREE ENGAGEMENT TYPES, WORKED THROUGH (ILLUSTRATIVE)

ENGAGEMENT TYPE	VOLUME PER MONTH	RATE AFTER REALIZATION	BILLABLE HOURS	FEE INVOICED	LABOR COST	PASS-THROUGH PLUS FEES	CONTRIBUTION, ONE ENGAGEMENT	CONTRIBUTION, ONE BILLABLE HOUR	CLOSE RATE
Individual return	25	$250 x 90%	2	$450	$96	$11	$343	$171.50	70%
Business return	10	$275 x 88%	5.5	$1,416	$263	$120	$1,033	$187.82	60%
Advisory project	2	$300 x 85%	10	$2,550	$478	$64	$2,008	$200.80	45%

Labor carried at $47.79 an hour, which is the real cost of one billable hour on page 10; card and ACH fees plus consumables run 2.5 percent of what goes on the bill (page 8 lines 15 and 16); pass-through work sits at cost. Every hour on the time budget is priced here, while page 8 keeps the two salaried accountants inside line 3 and counts in line 14 only the hours on top of theirs. Sorted by contribution each billable hour, the advisory project leads at $200.80 and the individual return trails at $171.50. The write-up and advisory retainers run 11 a month at 7.5 billable hours each, which the capacity check counts, reaching line 14 only where they exceed the salaried staff's hours. Page 12 takes its pass-through and labor shares from these engagement lines (returns and advisory engagements: 37 a month, $825 invoiced on average).

YOUR ENGAGEMENTS

ENGAGEMENT TYPE	VOLUME PER MONTH	RATE AFTER REALIZATION	BILLABLE HOURS	FEE INVOICED	LABOR COST	PASS-THROUGH PLUS FEES	CONTRIBUTION, ONE ENGAGEMENT	CONTRIBUTION, ONE BILLABLE HOUR	CLOSE RATE

HOW EACH LINE PAYS, AND WHEN THE CASH LANDS

SERVICE LINE	HOW IT PAYS	SHARE BILLED	WHEN IT LANDS
Returns and advisory engagements	Invoiced on delivery	100%	in that month
Returns and advisory engagements	Nothing due	0%	the next month
Returns and advisory engagements	Nothing due	0%	two months later
Write-up and advisory retainers	Pulled by ACH on the first banking day	100%	in that month

Every $100 the example bills returns as $100 within the same month. Page 11 tracks each line on its own timetable. Client money never sits in the firm's own account. Rules differ by location, so review them with a qualified professional.

WRITE-DOWN CHECK

When an engagement closes, hold the time recorded against the time the fee allowed.

```
Write-down hours = hours on the time record less the hours the quoted fee allowed; write-down cost =
that gap valued at the real cost of one billable hour. Find the cause first, price any added scope in a
signed change order before a preparer starts, and carry what you learn into the next proposal.
```

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost; loan principal is not an operating cost and enters cash break-even and the page 11 forecast, so interest and principal are each counted once. A line that starts or steps up during year 1 goes in at its amount once in place; page 11 uses each month's amount.

FIXED COSTS PER MONTH	PER MONTH
1. Office rent	
2. Insurance: professional liability, general liability, cyber and workers compensation	
3. Two salaried accountants, wages and burden (the minimum staff)	
4. Owner's market wage (client work, review and management)	
5. Loan interest (fit-out, technology and launch loan)	
6. Telephones and e-fax, four seats	
7. Marketing and referral costs	
8. Practice management, ledger and e-signature software	
9. Outside review of the firm's own books	
10. IT support, backup and security	
11. Reception and admin, 20 hours a week	
12. Supplies, postage and client portals	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Pass-through filing fees, billed at cost	
14. Contract help above the salaried staff, with payroll taxes and fees	
15. Card and ACH processing	
16. Per-return software, e-file and portal charges	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring
cash out) divided by contribution margin ratio; page 13 covers a result with no usable number
Break-even engagements = (fixed costs, principal and other recurring cash out minus retainer
contribution) divided by one average engagement's contribution; retainers: no pass-through, kit's other
lines. For break-even, use the page 8 variable lines, not the labor-based figure on pages 7 and 9
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution
margin ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even engagements at cash break-even	one figure per month		
Office share and debt service coverage at full-run sales		ratios, monthly only	

Weekly = monthly times 12 over 52; per working day = weekly over days open a week. Office rent share = line 1 over net sales.

PAGE 9

Retainer pricing, the hours a client actually uses, and scope creep

A monthly retainer looks like the safest line on the books until the time sheet reveals what it really consumes. Price it from the hours the client uses, never from the hours the agreement promises.

```
Effective rate = the retainer divided by the hours the client actually consumes (never the hours written into the agreement)
Labor = hours consumed x the real cost of one billable hour (page 10)
Contribution = retainer less labor, less fees at their page 8 share; contribution each hour = contribution divided by hours consumed
```

THREE RETAINER TIERS, WORKED THROUGH (ILLUSTRATIVE)

CLIENT GROUP	HOW MANY	MONTHLY RETAINER	HOURS PROMISED	HOURS CONSUMED	RATE ACTUALLY EARNED	LABOR COST	FEES	CONTRIBUTION, ONE CLIENT	CONTRIBUTION, ONE HOUR
Bookkeeping and write-up	6	$650	5	5.5	$118.18	$263	$16	$371	$67.45
Write-up and quarterly review	4	$1,250	8	8.5	$147.06	$406	$31	$813	$95.65
Fractional controller	1	$3,000	16	15	$200.00	$717	$75	$2,208	$147.20

Labor costed at the real $47.79 an hour on page 10; card and ACH fees plus consumables run 2.5 percent of what goes on the bill (page 8 lines 15 and 16). Hour for hour, the fractional controller is the richest tier at $147.20 and bookkeeping and write-up the thinnest at $67.45. Bookkeeping and write-up consumes 0.5 hours beyond its allowance, and write-up and quarterly review also consumes 0.5 hours beyond its allowance. Pricing here costs every hour at true cost, while page 8 keeps the salaried staff inside line 3 and counts, in line 14, only time beyond theirs, with the retainer hours sitting inside the capacity check. The page 12 worked example carries 11 retainers at an average $1,082 a month.

YOUR RETAINERS

CLIENT GROUP	HOW MANY	MONTHLY RETAINER	HOURS PROMISED	HOURS CONSUMED	RATE ACTUALLY EARNED	LABOR COST	FEES	CONTRIBUTION, ONE CLIENT	CONTRIBUTION, ONE HOUR

SCOPE CREEP CHECK

One retainer client asks for a phone call, then a payroll question, then a board report. At each month end, lay the hours consumed beside the hours the retainer allows.

```
Scope creep hours = this month's hours consumed less the hours the retainer includes; creep cost = those hours valued at the real cost of one billable hour. If the creep keeps coming back, reprice the retainer, shift the overflow onto hourly billing, or refuse the extra work in writing.
```

PAGE 10

Billable utilization and the true cost of a billable hour

Payroll covers a senior accountant's whole week and the client is charged for a slice of it. Proposal writing, staff meetings and the return that had to be reworked are all hours the firm pays for and never invoices, so each hour that does get billed has to absorb them.

```
Utilization = hours charged to clients over hours paid
Loaded hourly cost = the wage x (1 + the share covering payroll taxes, workers' compensation, benefits and paid time off)
Cost per billable hour = the entire paid week at loaded cost, over the hours actually billed
```

If paid hours or hours billed are zero, write N/A and do not divide.

WORKED CASE: ONE ACCOUNTANT, ONE WEEK, BROKEN DOWN (ILLUSTRATIVE)

HOURS	HOURS THIS WEEK	SHARE OF ALL PAID HOURS
Paid hours	40	100%
Hours billed to clients	30	75%
Proposal writing and pitching	3	7.5%
Write-downs and rework	3	7.5%
Admin, training and internal work	4	10.0%

Take a $28.00 wage, add 28 percent for payroll taxes and benefits and the loaded cost lands at $35.84 an hour; run 75 percent utilization and an hour of billable time really costs $47.79. Quote from that true cost per billable hour, not from the wage and not from the loaded rate.

YOUR TEAM, WEEK BY WEEK

ACCOUNTANT	PAID HOURS	HOURS BILLED	PROPOSALS AND SELLING	WRITE-DOWNS AND REWORK	UTILIZATION	COST PER BILLABLE HOUR

WHERE LOSING AN ACCOUNTANT HURTS MOST

A departing accountant walks out with the file's history, the filing calendar and the client's confidence unless those things live on paper. Keep the engagement file, the due-date list and the contact notes up to date for every client, so whoever inherits the book opens the same file.

PAGE 11

Twelve-month cash forecast

Enter $000 (51.25 means $51,250), receipts net of sales tax; collected tax stays out of closing cash.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: collections, in the month each payment lands, net of sales tax												
Memo, not cash: billed this month (page 6)												
In: owner money and loans received												
Out: pass-through costs, fees, consumables (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: office rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day an engagement opens, after startup spending paid and with startup bills still to pay in their row; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is your own figure, stated in the plan; the reserve is sized to hold a month of fixed costs and principal above it. Salaries, contract help and filing fees are paid in the month worked. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

Runway, and what the summer trough costs

Runway is how many months remain ahead, taken as one unbroken stretch that starts at the last month you closed (or, before opening, the day the first engagement opens) and stops at the first month whose closing cash falls below your floor

Worked example: a hypothetical accounting firm

Figures invented to show how the mechanics work, not market benchmarks. Return and advisory bills go out when the work is delivered, and the senior accountant and the bookkeeper draw salary starting in month 1. The cash floor is $10,000. Engagement fees are billed on delivery and paid in the month of the bill; retainer invoices are pulled by ACH on the first banking day of the month served and settled in that month; every cost is paid when due; the owner's wage comes out of cash; no new money comes in.

Page 5, budget	Getting the doors open takes $76,000, raised as a $67,000 bank loan at 10 percent over 5 years and $9,000 from the owner, with a $40,000 working capital reserve left untouched on day one.
Page 8, costs	Month by month the firm spends $29,383 on fixed costs: $3,600 for office rent and $518 of loan interest, with principal adding $906 a month (interest and principal are year 1 averages); the variable share runs 4.5 percent, so the contribution margin ratio is 0.955. Of sales, lines 13 to 16 take 2, 0, 1.6 and 0.9 percent, and line 13 is blended across both sales lines. The monthly amounts for lines 1 to 12 are $3,600, $620, $12,425, $8,500, $518, $120, $700, $350, $400, $350, $1,500 and $300.
Page 8, break-even	Operating break-even comes to about $30,768 a month. For cash break-even, add fixed $29,383 and principal $906, then divide by 0.955, which gives roughly $31,716 a month: that is 23.9 returns and advisory engagements monthly after the other lines have paid their share (line 13 removes 2.8 percent from returns and advisory engagements and 0 from write-up and advisory retainers; lines 14 to 16 split evenly between the two lines, leaving contribution of 0.947 on returns and advisory engagements and 0.975 on write-up and advisory retainers). Round that to 24, against the 37 the plan assumes.
Page 6, sales	Returns and advisory work brings 37 engagements a month at $824.59, while the retainer line holds 11 write-up and advisory retainers at $1,081.82 each. Once running, a month collects about $42,410; capacity is added in steps of 65, 80, 88, 94, 97 percent across months 1 to 5, then holds at 100 percent, and the season moves 100, 112, 120, 95, 85, 85, 88, 105, 110, 95, 95, and 110 percent over months 1 to 12.
Page 19, expected case	Opening sales are $27,566 in month 1 and the month 1 close is $36,037, with month 12 standing at $130,128. The floor is never a close call: the low point arrives in month 1, at $36,037, leaving a cushion of $26,037.
Page 19, slow start	If sales arrive at 70 percent of plan, the firm bills $19,296 in month 1 and month 1 closes at $28,139, while month 12 sits at minus $5,951. Cash passes below the floor during month 6 at $4,826 and goes negative in month 7 (closing minus $514), leaving 5 months of runway counted from opening.
Page 8, coverage	At full-run billings of $42,410, the planning coverage reaches 8.17, before income tax and before replacing equipment, against the 1.25 the example bank asks for; the month-12 run rate gives 8.17 as well, and Test 3 wants both figures. Office rent accounts for about 8.5 percent.

PAGE 4 RESULT FOR THE EXAMPLE: AMBER

Gate 0 is taken as satisfied for the example. Test 1 passes, because the run rate in month 12 reaches about $42,410 a month against a $31,716 break-even; at that rate closing cash stays above the floor for a whole second year (lowest close $140,340, at year 2 month 1). (Told for context, not part of the score: the first month in which expected billings clear cash break-even is month 2; that figure is not scored.) Test 2 fails, since on a slow start the balance drops under the floor in month 6; a reserve about $16,900 larger would clear it. Test 3 clears on the planning formula, and the definition that governs is your own lender's. Test 4 passes, and the busiest month (month 3, season 120 percent, taken at full ramp) proves it: the page 7 engagements and the page 9 retainers absorb about 249 billable hours, or about 332 paid hours once utilization of 75 percent (page 10) is applied; the firm can field 347 paid hours (2 salaried accountants working 8 hours a day for 5 days a week, 347 in all), so the caseload fits and the 37 planned engagements clear the break-even count. The file offers no evidence either way, so Test 5 fails. Test 6 passes: run a steady year at full volume and it leaves about $122,549 once principal is paid, and not one month at full run goes below zero, so there is no cushion to fund. The steady state belongs to year two, not to this forecast: page 19's first year leaves about $90,128 in cash, because billings build through the year and, on the example's payment terms, the money arrives inside the month the bill goes out. These figures carry no set-aside for income tax, nothing for replacing equipment and nothing for building stock (page 19); grade a real practice on its own numbers. March filing season, not the annual volume, sizes the staff, and the small loan leaves coverage so high that Test 3 is far from binding here.

PAGE 13

What moves the result

Each row changes one input of the page 12 example and reruns the forecast. A row names Test 1, 3 or 6 when the change would newly fail or pass it; a test the example already fails stays failed. The last column also gives the slow start where the table reruns it, which is Test 2; where a row does not rerun it, rerun the page 11 slow start with that change before you size the reserve.

WHAT MOVES THE RESULT (FULL-RUN MONTHLY CHANGES; DEADLINES RERUN; SLOW-START LOSSES SCALE WITH SALES)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Engagements and retainers down a tenth (variable costs fall; fixed stay)	minus $4,050	Expected case holds the floor; slow start below the floor in month 4 (closing $8,022)
Returns and advisory engagements: average fee 5 percent higher, same volume (only sales-linked fees rise)	plus $1,501	Break-even engagements fall from 23.9 to 22.7 a month, so from 24 to 23: per-unit costs stay the same, so the ratio rises from 0.955 to 0.956 on the new sales (sales-linked fees, line 15, take 1.6 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $30,669
Lose the business return line (10 engagements a month, $14,160 of billing), from month 6 onward	minus $12,956	Expected case still clears the floor; slow start deadline unchanged (month 6); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Every client pays two months after billing (staff and bills still paid on time)	no change	Expected case below the floor in month 1 (closing $8,471), below zero in month 2; slow start below the floor in month 1 (closing $8,843); would fail Test 1
The fractional controller retainer billed from month 6 never arrives for 2 months ($3,000 a month)	no change	Expected case still clears the floor; slow start deadline unchanged (month 6); $6,000 never collected
Engagements and retainer hours run 15 percent over the hours the fees assumed, absorbed inside the accountants' paid hours in an average month (318 paid hours needed of the 347 paid for; line 14 stays at zero here and rises only above about 25 percent over the fee; in the peak month 3 the overrun would need about 382, 35 more than the firm supplies, so work is rescheduled or contract help paid that month)	no change	Cash break-even is unchanged at about $31,716; expected case still clears the floor; slow start deadline unchanged (month 6)
Realization falls 5 points on every engagement (the weakest from 85 to 80 percent of standard fees; about $1,681 a month less billed, hours and salaries unchanged), from month 1 onward	minus $1,654	Expected case still clears the floor; slow start below the floor in month 5 (closing $6,015)
Setup overrun of $10,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 4 (closing $7,931)
Opening 3 months late (office space, insurance, loan interest and principal, $5,644 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case holds the floor; its low falls to $15,041 in month 5 from the planned opening, $20,996 lower than on time; slow start below the floor in month 5 from the planned opening (month 6 on time)

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A;
score Test 4 as failed
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

Engagement checklists, weekly review, six questions

These are practice operations checklists, not a compliance program. Add the independence, confidentiality, data-security and record-retention steps your state board, your insurer and a qualified adviser require.

BEFORE A NEW ENGAGEMENT OPENS

- ☐ An engagement letter signed by the client, with scope, fee and payment terms, in hand before a preparer touches the file.
- ☐ The client's books, bank statements and prior-year return received and ticked off against the document list agreed for that engagement type.
- ☐ The hours the quoted fee allows, on paper, with the name of the person who will book time against them.
- ☐ The partner or manager who will review the file named up front, with the review date in the diary.
- ☐ The engagement binder, the time sheet and the due-date calendar opened on day one.
- ☐ How the client wants to be reached, and any instruction on handling their data, written into the file.

CLOSING A JOB AND CLOSING THE MONTH

- ☐ Time recorded on every finished engagement held against the time the fee allowed.
- ☐ Time spent on each retainer measured against the time the retainer includes.
- ☐ Invoices out on the same date each month, on the term the engagement letter names.
- ☐ Realization written down per engagement: the fee billed set against the standard value of the hours.
- ☐ Every prospective client logged, with who referred them, how many days passed before signing and how it ended.
- ☐ Next year's filing dates, or the review appointment, booked before the file leaves the desk.

THE WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Fees invoiced and money banked, split by engagement, by retainer and by payment stage				
Time booked against the time each fee allowed				
Billable hours as a share of paid hours, preparer by preparer				
Retainer hours burned against hours included				
Prospects in hand, letters signed and the close rate per referral source				
Invoices falling due inside the next 30 days				
The hours the owner personally bills				

SIX QUESTIONS TO SIT WITH

1. **Founder dependency.** Does every quote wait until the owner is free to price it, and will a senior accountant sit on a client question rather than answer it alone?
2. **Reactive operations.** Over one week, count the client emails and calls that complain nobody returned them, that query an invoice against the quote, or that ask what happens next, and count the unbilled hours behind them.
3. **Growth without structure.** How many engagements each month need a scope conversation halfway through, and how many billable hours get written off before the invoice leaves?
4. **Talent and retention.** How many client files could only be finished by one accountant, the only person who knows the history, the deadlines and the client's situation?
5. **Revenue plateau.** How many seasons pass before an individual return client is offered business return or retainer work, and what share of them is ever told the firm does more than filing?
6. **Strategic confusion.** Do two engagements of the same type consume wildly different time, and has the work actually delivered wandered outside the scope in the engagement letter?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Test each one against something written down: the client message log, time recorded against time assumed, the prospect register, or the retainer hours log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Begin the weekly numbers review and log hours on every engagement and retainer. Log the hours the owner bills.
Week 2	Complete the page 7 engagement table at the true cost of an hour and flag any engagement type priced below its labor, pass-through and fees.
Week 3	Complete the page 9 retainer table and record hours used against hours included for each retainer.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions the senior accountant may make without calling you.
After month 1	Run the write-down check on each closed engagement and measure billable utilization on page 10.

BEFORE YOU SIGN FOR AN OFFICE OR LONG CONTRACTS, GET WRITTEN ANSWERS TO THESE

- ☐ Do clients or staff need a shared office, or can you work remotely at first?
- ☐ If you rent, will you have to sign a personal guarantee, and what charges sit on top of base rent?
- ☐ What will software, equipment and tools cost per month per person?
- ☐ What does professional liability and other insurance cost, and what does it exclude?
- ☐ Which client contracts require insurance, documents or terms you must have in place before work starts?
- ☐ How long do clients take to pay, and how much cash does that delay tie up?
- ☐ What happens to client work in progress if a key person leaves?

Have qualified professionals review insurance, client contracts and any lease before you sign. These questions prepare you for those conversations; they do not replace them.

WHAT THE FULL KIT ADDS

The full Accounting Firm Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, an engagement pricing calculator from hours, rate and realization to a fee at a target margin, an invoice tracker, editable inquiry, pipeline and utilization trackers, engagement checklists and hiring checklists. Release status is on the kit page.

SOURCES

World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on small accounting firms, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Accounting firms owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, professional, confidentiality and data-handling or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini, paste the prompt below, and answer with your own figures. A copy-ready version is on the kit page.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as client files, client names, engagement details, tax records, employee records or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a small accounting firm. I have attached the Accounting Firm Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my engagements, retainers and staff, with my numbers.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a rate, a fee, a salary, a realization figure, a close rate, a percentage or a benchmark, and never state a professional rule.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas as written, and show the arithmetic behind every number you calculate:
- Monthly sales for a sales line = units times average fee, counted per month or per day times days open that month (days open a week times 52 divided by 12). Each month's expected sales = full-run engagement and retainer sales times ramp times season; a signed engagement or retainer replaces its ramped figure that month; before opening, count expected signings by month and mark each MY ESTIMATE.
- Net sales exclude sales tax. Total payroll = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's client work is inside the same line 4 wage, never also in line 14. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the work; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even engagements = (fixed costs, principal and other recurring cash out minus retainer contribution) divided by one average engagement's contribution; retainers: no pass-through, kit's other lines. For break-even, use the page 8 variable lines, not the labor-based figure on pages 7 and 9. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Paid hours available per month = the sum over the salaried accountants (the senior accountant and the bookkeeper) of each person's hours a day times days worked a week, times 52, divided by 12; paid hours needed = billable hours on engagements and retainers divided by utilization.
- Office share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line except a signed engagement or retainer with a start date, which runs in its own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day an engagement opens after startup spending paid, with startup bills still to pay by month. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give; the reserve on page 5 is advice to report beside it, never a substitute. Enter each engagement invoice and each retainer in the month it is paid; payroll, contract help and filing fees are paid in the month worked. The firm holds no client funds; filing fees are billed at cost and paid as they fall due. In the slow-start case, every month's sales, signed engagements included, are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding remain as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway counts the months ahead in a row from the last closed month (before opening, from the first day an engagement opens), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

Paste this part directly after the rules on page 16, as one message.

5. Do not give legal, tax, permit, professional, confidentiality and data-handling obligations, employment, wage or lease advice. Do not name laws, permit types, agencies, government fees or wage rates for accounting work, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Never include or paste client records, tax files, ledgers, payroll exports, bank statements, screenshots, names, account numbers, free-text notes or small groups that could identify a person. If a report you received holds client-level detail, do not paste it; enter only the totals you need. Never paste login details. Use business figures only, with anonymous client IDs. Do not ask for names, addresses, engagement details, bank account or tax ID numbers.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7, 9 and 10. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Engagement types, client segments and referral sources, positioning, the accountants I can staff (the senior accountant and the bookkeeper) and the paid hours each works a day, days worked per week, and days open per week.
b. Sales build: for returns and advisory engagements (engagements), the full-run engagements a month by type, each type's billable hours, standard rate, realization and pass-through costs; for write-up and advisory retainers (retainers), the retainers a month at full run, each retainer's monthly fee, hours included and hours used; a ramp percentage of full-run volume for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month from my inquiry record or my market; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (signed engagements, referrals or my history).
c. For each engagement type (the counts, hours, rate, realization and pass-through from b above): proposals given and won last quarter; my payment terms for each sales line (whether the fee is charged on delivery or on terms, and how many days after the invoice it is paid); and the engagements I need a month.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (vendor quote, carrier quote, landlord quote or calculation) for every line on page 5, from computers and furniture to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the two salaried accountants, reception, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my client work is inside the same line 4 wage, never also in line 14.
f. Variable cost shares of net sales for lines 13 to 16: line 13, pass-through filing fees, billed at cost; line 14, contract help above the salaried staff, with payroll taxes and fees; line 15, card and ACH processing; line 16, per-return software, e-file and portal charges; and any sales line whose own shares differ, given for that line.
g. For each retainer client type: clients a month at full run, the monthly retainer, hours included and hours actually used; where I have them, the client's own fees in dollars. If I give none, apply the firm's shares and label each result MY ESTIMATE.
h. For a typical week: hours paid, hours billed, business development, hours written down or redone, and admin hours per accountant; the hourly wage and the payroll taxes and benefits share.
i. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 18.)

PAGE 18

The prompt, last part

Paste this part directly after the text on page 17, still as one message.

Round C, cash timing, sales tax and Gate 0:
j. Payment terms: when each client pays me (when the delivery invoice goes out and how many days later it is paid, when retainers are charged and paid), and when payroll, contract help and filing fees are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement and software or hardware investment.
m. Cash on hand on the first working day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and the minimum cash floor I set myself.
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from the sales-tax number the practice holds, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my accounting firm, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by engagement line, retainer line and month, with annual sales and the capacity check on page 6.
3. The completed startup budget, line by line as on page 5, with the total. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even each month, each week and each day open; break-even engagements (use cash break-even); office share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add memo rows for each month, kept out of closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Engagement economics for each engagement type at the true cost of an hour, ranked by contribution per hour, flagging any engagement type billed below its labor, pass-through and fees; proposals needed a month; and the collection pattern the cash forecast uses.
7. Retainer economics for each client type at the true cost of an hour, ranked by contribution per hour, flagging any retainer priced below its labor and fees and any client type whose hours used exceed the hours included.
8. Utilization and the cost of a billable hour for each accountant, naming the biggest leak.
9. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
10. A closing checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every engagement count or payment term I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with engagement counts by month, payment terms and billed hours, before anyone sees the plan, and recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 12 example entered on the page 11 form, month by month, in dollars. Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $10,000.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**40,000**	**36,037**	**42,037**	**54,518**	**60,396**	**63,501**	**67,638**	**72,990**	**85,228**	**99,490**	**107,678**	**115,865**
In: sales receipts	27,566	37,999	44,785	37,872	34,967	36,048	37,321	44,530	46,651	40,289	40,289	46,651
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: pass-through costs, fees, consumables (lines 13, 15, 16)	1,240	1,710	2,015	1,704	1,574	1,622	1,679	2,004	2,099	1,813	1,813	2,099
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	20,925	20,925	20,925	20,926	20,924	20,925	20,926	20,924	20,926	20,924	20,925	20,925
Out: office rent (line 1)	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Out: other costs, with loan interest (lines 2, 5 to 12)	4,858	4,858	4,858	4,858	4,858	4,858	4,858	4,858	4,858	4,858	4,858	4,858
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	906	906	906	906	906	906	906	906	906	906	906	906
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(3,963)**	**6,000**	**12,481**	**5,878**	**3,105**	**4,137**	**5,352**	**12,238**	**14,262**	**8,188**	**8,187**	**14,263**
Closing cash, expected	**36,037**	**42,037**	**54,518**	**60,396**	**63,501**	**67,638**	**72,990**	**85,228**	**99,490**	**107,678**	**115,865**	**130,128**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**40,000**	**28,139**	**23,253**	**22,902**	**17,931**	**11,017**	**4,826**	**(514)**	**(1,034)**	**(137)**	**(3,493)**	**(6,848)**
Sales receipts, slow start	19,296	26,599	31,349	26,510	24,477	25,234	26,124	31,171	32,656	28,203	28,203	32,656
Out: variable costs, slow start (lines 13 to 16)	868	1,196	1,411	1,192	1,102	1,136	1,175	1,402	1,470	1,270	1,269	1,470
Out: fixed costs (lines 1 to 12), principal, bills, less funding	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289	30,289
Net cash flow, slow start	**(11,861)**	**(4,886)**	**(351)**	**(4,971)**	**(6,914)**	**(6,191)**	**(5,340)**	**(520)**	**897**	**(3,356)**	**(3,355)**	**897**
Closing cash, slow start	**28,139**	**23,253**	**22,902**	**17,931**	**11,017**	**4,826**	**(514)**	**(1,034)**	**(137)**	**(3,493)**	**(6,848)**	**(5,951)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**10,212**	**15,073**	**18,313**	**8,187**	**4,137**	**4,137**	**5,352**	**12,237**	**14,263**	**8,187**	**8,187**	**14,263**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is cash you never plan to spend. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The opening cash is the planned figure from the page 5 budget, set by hand rather than by the two-pass method. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $42,410 a month, against month 12's own $46,651): closing cash runs $140,340 in month 1 and $252,676 in month 12, lowest $140,340 in month 1, above the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 11 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.