

PROJECT PROFILE

ON

ACCOUNTING SERVICES

Month & Year
July 2010

**PREPARED BY
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ACCOUNTING SERVICES

A.INTRODUCTION

Accounting Service is an essential service for business. For maintaining the books of accounts regularly and for filing Sales tax , income tax returns complying bank's and other statutory agencies' requirements and for assessing the results of the business by the owners, the small businesses require the services of a book keeper /accountant regularly. This is more economical than keeping a person regularly employed. Considering this there is large scope experienced accountants well versed with standard accounting packages to start a venture on accounting services.

B. MARKET POTENTIAL

The business potential of an Accounting service depends on the increase in volume of general business and trade. The number of small trading concerns more particularly the proprietary and partnership concerns is on the increase. In every town and city and villages the number of persons taking up the new ventures in trade, industry and other services are on the increase. Moreover filing of VAT returns has now become statutory as the traders would like to avail the credit on input taxes.

Almost all states in India have adopted online system of **VAT returns**. Every dealer or registered dealer has required to e-file of his VAT return. **Tamil Nadu** Value Added Tax Act 2006 has come into effect from 1st January 2007.VAT is a multi-stage tax on goods that is levied across various stages of production and supply with credit given for tax paid at each stage of Value addition. VAT is the most progressive way of taxing consumption rather than business. So it is necessity to file VAT return online to get VAT refund fast.Tamil Nadu VAT Return Department has also an option of e-payment of Value Added Tax (VAT).

C. TECHNICAL ASPECTS

1. Installed Capacity

The proposed installed capacity (per annum) of the unit is given below.

Installed Capacity	Qty, Nos Per annum
Preparation of Accounts for 30 clients initially per month	360

2. Office Equipments

The necessary office equipments are available locally.

	Rs.lakhs	
Computer & printer and software for accounting- Tally package etc	0.40	
Telephone	0.05	
Tables & Chairs	0.30	
Total	0.75	

3. Land and Building

Total area of 500 sq.ft is sufficient, which can be arranged on lease basis. The monthly rent is around at Rs.5000 advance Rs. 50000.

4. UTILITIES

Power :

The unit does not require power and to run the office equipments commercial power connection is sufficient.

Water : Water is required for human consumption only.

Transport:

Transport facilities are required and the site to be selected is to be located near Main Road.

Manpower

The manpower requirement of the unit is estimated as follows.

Proprietor/Accountant	-1 No	6000	Rs.6000.00
Receptionists/Admn.Asst	-1 Nos	4000	<u>Rs.4000.00</u>
			<u>Rs.10000.00</u>

Total salaries per annum

Rs.1.20 lakhs.

5. Implementation Schedule

After the finance is arranged the project can be implemented within a month's period.

6. Assumptions

Revenue	Rs1500 per client per month for 12 months for 360 clients- Total value Rs.5.40 lakhs per annum with 10% increase in number of clients every year.
Power charges	Rs.2000 per month
Salaries	Rs.1.44 lakhs per annum
Rent	Rs.5000 per month
Telephone charges	Rs1500 per month
Traveling expenses	Rs.1500 per month
Printing and stationery	Rs.1000 per month
Repairs and maintenance	Rs.1000 per month
Depreciation	Wdv method

Promotional exp	Rs2500 per month
Books and periodicals	Rs.1000 per month
Misc exp	Rs.2500 per month
Interest on term loan	Term loan not provided
Income tax	30.9% on taxable income

FINANCIAL ASPECTS

1. COST OF PROJECT

Land & Building-Rental Advance (500 sq.ft)	0.50
Office Equipments	
- Computer & printer	0.40
- Telephone	0.05
- Tables & Chairs	0.30
	0.75
Pre-Operative Expenses	0.10
Margin for Working Capital	0.05
	<hr/> 1.40

2. MEANS OF FINANCE

Capital	1.40
Term Loan	0.00
	<hr/> 1.40 <hr/>

3. COST OF PROFITABILITY STATEMENT

Rs. Lakhs

Year	1	2	3
Installed Capacity			
Preparation of Accounts-Nos	360	396	436
Utilisation (%)			
Sales Value (Rs. lakhs)	<u>5.40</u>	<u>5.94</u>	<u>6.53</u>
Power	0.24	0.25	0.26
Wages & Salaries	1.44	1.51	1.59
Rent	0.60	0.63	0.66
Telephone Charges	0.30	0.32	0.33
Travelling Conveyance	0.30	0.32	0.33
Printing & Stationary Exp.	0.12	0.13	0.13
Repairs & Maintenance	0.12	0.13	0.13
Depreciation	0.11	0.10	0.08
Promotion Exp.	0.30	0.32	0.33
Books & Periodicals	0.12	0.13	0.13
Miscellaneous Exp.	0.30	0.32	0.33
Total	<u>3.95</u>	<u>4.13</u>	<u>4.31</u>
Profit Before Tax	1.45	1.81	2.22
Provision for Taxes	0.45	0.56	0.69
Profit After Tax	1.00	1.25	1.53
Add: Depreciation	0.11	0.10	0.08
Total Cash Accruals	1.11	1.35	1.61

4. PROFITABILITY RATIOS BASED ON 80%

<u>Profit after tax</u>	<u>1.53</u>	
Sales	6.53	23%
<u>Profit before Interest & Tax</u>	<u>2.22</u>	
Total Investment	1.40	159%
<u>Profit after Tax</u>	<u>1.53</u>	
Promoters Capital	1.40	110%

5. CALCULATION OF BREAK EVEN LEVEL

FIXED EXPENSES

Wages & Salaries	1.59	
Repairs & Maintenance	0.13	
Depreciation	0.08	
Rent	0.66	
Telephone Charges	0.33	
Printing & Stationery	0.13	
	<hr/>	
	2.93	
	<hr/>	
Profit Before Tax	2.22	
	$\frac{FE}{FE+P} \times 100\%$	
BREAK-EVEN LEVEL		
		57%