



## Professional Oversight Board



### **Key Facts and Trends** **in the Accountancy Profession** | June 2012



## **PROFESSIONAL OVERSIGHT BOARD**

### **KEY FACTS AND TRENDS IN THE ACCOUNTANCY PROFESSION**

**JUNE 2012**

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## Chair's Foreword

This is the tenth edition of 'Key Facts and Trends in the Accountancy Profession'.

The Financial Reporting Council (FRC) is the UK's independent regulator whose aim is promoting high quality corporate governance and reporting to foster investment. The Professional Oversight Board (POB), which is part of the FRC, has the following responsibilities:

- It oversees the regulation of statutory auditors by the accountancy bodies;
- It monitors the quality of auditing of large companies;
- It oversees the regulation of the accountancy and actuarial professions by their professional bodies.

Following consultation by the FRC and the Department for Business, Innovation and Skills (BIS), the FRC announced plans earlier this year to streamline its governance and structure. As a part of these changes the Professional Oversight Board will disappear and, under legislation currently before Parliament, the powers at present delegated to the POB, together with some new powers, will be delegated to the FRC. The changes take effect on 2 July 2012.

This document is produced to provide helpful data on the accountancy profession and context to the POB's work. The POB oversees the regulation of statutory auditors and other professional accountants in the UK by the six Chartered Accountancy Bodies<sup>1</sup>. In addition, one further Body is overseen by the POB as a Recognised Qualifying Body (RQB)<sup>2</sup>. This document provides statistical information principally on the members, students, income, costs and staffing of these Bodies. We have also included more limited information on a body<sup>3</sup> which supervises the work of a small number of statutory auditors.

The data in this document provided by the bodies include information about their members in the UK and Republic of Ireland. Although included because they fall under our oversight in the UK, these bodies are also prescribed accountancy bodies in the Republic of Ireland, and additionally fall within the supervisory remit of the Irish Auditing and Accounting Supervisory Authority (IAASA); some of their members may practise in both jurisdictions. Four of these

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<sup>1</sup> Association of Chartered Certified Accountants (ACCA)  
Chartered Accountants Ireland (CAI)  
Chartered Institute of Management Accountants (CIMA)  
Chartered Institute of Public Finance and Accountancy (CIPFA)  
Institute of Chartered Accountants in England and Wales (ICAEW)  
Institute of Chartered Accountants of Scotland (ICAS)

<sup>2</sup> Association of International Accountants (AIA)

<sup>3</sup> Association of Authorised Public Accountants (AAPA)

bodies have also been recognised by IAASA to authorise members to conduct statutory audits in the Republic of Ireland. In addition, IAASA has recognised a further two prescribed professional bodies for this purpose, and these, as Irish bodies, do not fall within the scope of our oversight; statistical data on these bodies are not included in this document.

The information in Section Five relates to 35 of the larger registered audit firms which are auditors of nearly all UK listed companies and of many other public interest entities. We requested information from the largest 40 firms by audit fee income. Firms provide this information on a voluntary basis and there were a few firms that declined our request. We have included details of firms' fee income and client base in respect of their financial years ended in 2011. This section also includes information about third country audit firms who have clients admitted to trading on a regulated market in the UK.

'Key Facts and Trends' provides information and, where appropriate, some clarification and commentary including possible limitations of the data. It is difficult to make comparisons between the different accountancy bodies or between audit firms for a number of reasons including differing entry requirements and different classifications of income. This report should not therefore be used to rank the firms or the accountancy bodies.

Despite the difficult economic conditions, the data show that the profession remains attractive; the overall number of members continuing to increase. Student numbers have, however, fallen slightly. The economic downturn in overall terms is reflected in both the total fee income and audit fee income of the larger registered audit firms, though there has been something of a recovery after last year's declines.

We would welcome your comments on Key Facts and Trends in the Accountancy Profession and should be grateful if you would complete our short questionnaire (see link below):

<https://www.surveymonkey.com/s/KeyFactsandTrends>

Further information about the FRC and its Operating Bodies including the POB is available at [www.frc.org.uk](http://www.frc.org.uk).



John Kellas CBE  
Interim Chair of the Professional Oversight Board  
June 2012

# **SECTION ONE**

## **MAIN HIGHLIGHTS**



## ONE – MAIN HIGHLIGHTS

### The Accountancy Bodies 2006 - 2011

- The number of members of the accountancy bodies in this analysis continues to grow in the UK and Republic of Ireland. There has been a small decline in student numbers which is primarily due to the decrease in the number of ACCA students (see page 24). In the UK and Republic of Ireland, seven of the accountancy bodies have over 312,000 members and over 170,000 students. In 2011 membership grew by 2.6% though student numbers declined by 0.8%. (Table 1, Chart 1 and Table 12)
- The seven accountancy bodies have over 438,000 members and over 452,000 students worldwide. The compound annual growth rate of members between 2006 and 2011 was 3.7%. Worldwide membership grew by 3.3% in 2011. (Table 2, Chart 2, Table 9)
- Worldwide, student numbers have been growing more quickly than membership numbers; compound annual growth over the period was 5.5%<sup>4</sup> (06-11) for students. However, worldwide student numbers declined by 0.5%<sup>4</sup> in 2011. (Tables 2 and 9)
- There are significant differences between the bodies in terms of geographical distribution of membership and student populations and in size, growth rate and age profile.
- The number of registered audit firms continues gradually to decline but at a slower rate than previously. The overall number of audit firms registered in 2011 (7,375) is 17.4% lower than the number in 2006 (8,928). The rate of decline in the number of registered audit firms was 1.1% in 2011 compared with 4.9% in 2010. (Table 7)
- As a general rule the proportion of members awarded the recognised professional qualification for audit is smaller than the number of students who become members. Previously members usually did not apply for the audit qualification until they wished to be able to sign audit reports. Following agreement with POB, the audit qualification is now awarded by the ICAEW, ICAS and CAI to those students who meet the examination and practical training requirements on admission to membership. The ACCA continues to award the audit qualification on application by members who meet the requirements. The numbers of ICAEW and ICAS members awarded the recognised professional qualification in 2011 was substantially increased by a one-off automatic retrospective award of the recognised professional qualification to members who had

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<sup>4</sup> This figure excludes individuals who have passed their final admittance examination and completed their training contracts but have not yet applied for membership.

met the necessary requirements. This assessment was based on these bodies' student records. (Table 18).

- The audit qualification does not automatically lead to Responsible Individual (RI) status. Nor is the audit qualification in itself sufficient for an individual to be able to sign audit reports. The individual must additionally be nominated as a RI by a registered audit firm. The application for RI status must also be approved by a Recognised Supervisory Body after it has checked the individual's recent audit experience and fit and proper status.

### **The Audit Firms 2006 - 2011**

- Over the past six years, the 'Big Four' firms (PwC, KPMG, Deloitte and Ernst & Young) have experienced a steady increase in the proportion of fee income from non-audit work for non-audit clients. In contrast their fee income from non-audit work to audit clients has been falling. (Chart 20)
- Total fee income increased in 2010-11. (Table 24). The increase for the Big Four firms was 5.7% compared with non Big Four fee income which decreased by 0.5%. This differs from the position in 2009-10 when there was a decline in total fee income for both the Big Four and the larger registered firms outside the Big Four. This reflects a 7.2% increase in non-audit fee income at Big Four firms.
- Audit fee income for Big Four firms increased by 0.9% in 2010-11 compared to a decrease of 2.2% for many of the larger registered firms outside the Big Four that are included in our tables.
- Audit fee income per Responsible Individual in the Big Four firms has grown in 2011 by 1%. There has been no change for the larger registered firms outside the Big Four. (Table 25)
- Table 28 shows that there has been very little change in the proportion of listed companies audited by non Big Four firms.



## **SECTION TWO**

# **MEMBERS OF ACCOUNTANCY BODIES**

## TWO – MEMBERS OF ACCOUNTANCY BODIES

### Members in the UK and the Republic of Ireland 2006 - 2011

Table 1 and Chart 1 show the number of members of each of seven accountancy bodies in the UK and Republic of Ireland as at 31 December for each of the six years to 31 December 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2006	61,386	55,580	13,381	110,894	14,329	14,535	2,194	272,299
2007	64,260	58,370	13,400	111,707	15,121	14,903	1,845	279,606
2008	67,593	60,870	13,374	112,738	16,237	15,322	1,758	287,892
2009	68,907	63,513	13,440	114,468	17,076	15,858	1,734	294,996
2010	72,565	66,342	13,297	115,990	18,145	16,270	1,674	304,283
2011	75,305	69,038	13,159	117,475	18,814	16,666	1,647	312,104
% growth (10 - 11)	3.8	4.1	-1.0	1.3	3.7	2.4	-1.6	2.6
% growth (06 - 11)	22.7	24.2	-1.7	5.9	31.3	14.7	-24.9	14.6
% compound annual growth (06-11)	4.2	4.4	-0.3	1.2	5.6	2.8	-5.6	2.8

Table 1

- The overall total number of members of these seven accountancy bodies in the UK and Republic of Ireland has continued to grow steadily at a compound annual growth rate of 2.8% for the period 2006 to 2011. Total membership rose 2.6% from 2010 to 2011 compared with 3.1% from 2009 to 2010.
- There are significant differences in growth rates of the individual Bodies. Chartered Accountants Ireland's membership in the UK and the ROI continues to show the strongest growth at a compound annual rate of 5.6% between 2006 to 2011. The memberships of ACCA and CIMA have also grown strongly over the same period at 4.2% and 4.4% respectively. Membership of the AIA and CIPFA have declined during this period.
- The ICAEW continues to be the largest body in terms of its UK and ROI membership.

*Note: The location of members is based on the registered address supplied to the accountancy bodies and may be either the place of employment or the place of residence.*

**Members in the United Kingdom and Republic of Ireland 2006 - 2011**

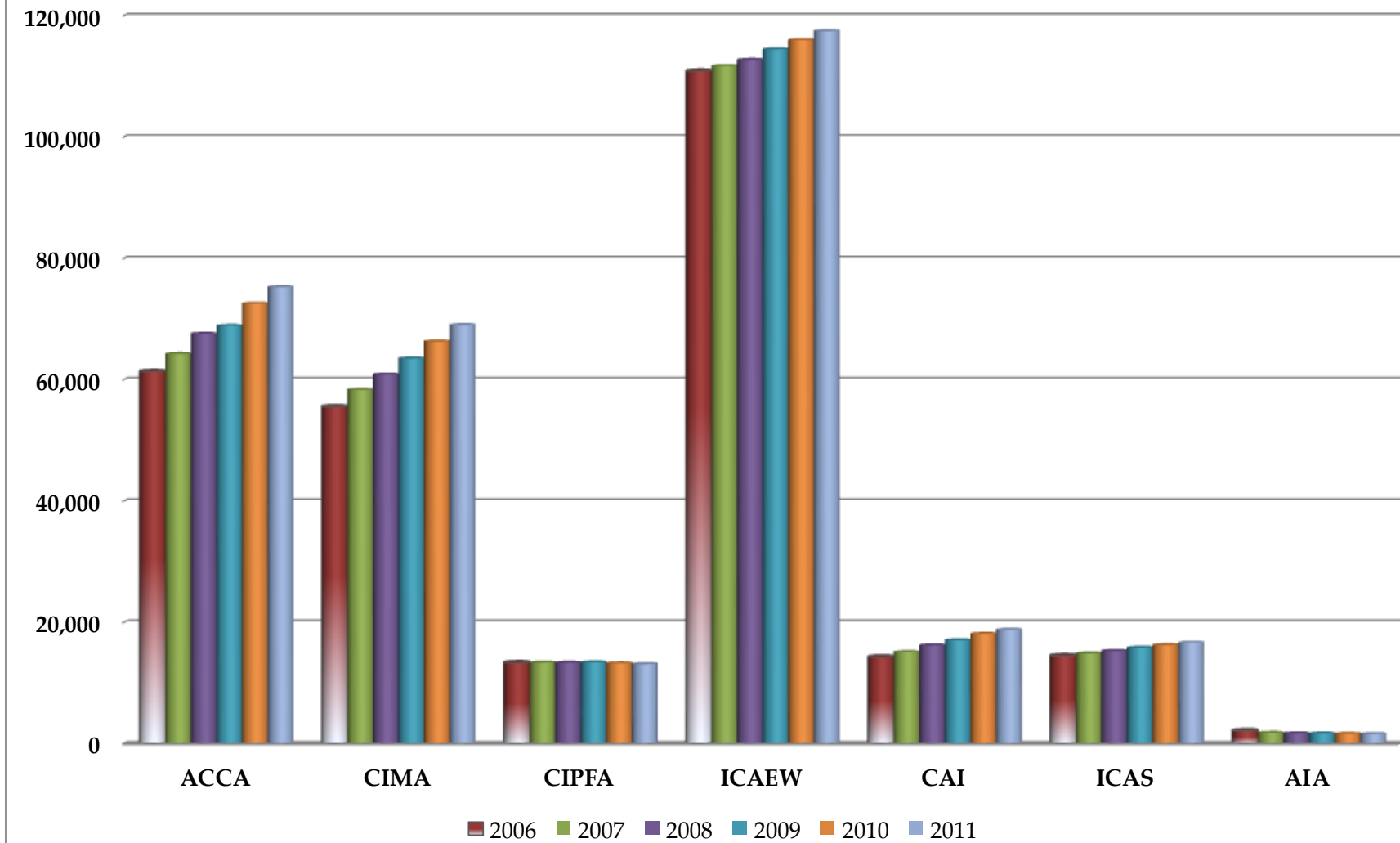


Chart 1

## Members Worldwide 2006 - 2011

Table 2 and Chart 2 show the number of members worldwide of each of seven accountancy bodies as at 31 December for each of the six years to 31 December 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
<b>2006</b>	115,345	70,016	13,661	128,416	15,791	16,710	5,973	<b>365,912</b>
<b>2007</b>	122,426	73,356	13,689	130,243	16,691	17,083	5,689	<b>379,177</b>
<b>2008</b>	131,398	76,368	13,697	132,411	17,843	17,671	6,064	<b>395,452</b>
<b>2009</b>	137,233	79,757	13,790	134,698	18,802	18,278	6,566	<b>409,124</b>
<b>2010</b>	144,397	83,487	13,668	136,615	20,010	18,780	7,046	<b>424,003</b>
<b>2011</b>	151,283	87,316	13,544	138,464	20,905	19,334	7,300	<b>438,146</b>
<b>% growth (10 - 11)</b>	<b>4.8</b>	<b>4.6</b>	<b>-0.9</b>	<b>1.4</b>	<b>4.5</b>	<b>2.9</b>	<b>3.6</b>	<b>3.3</b>
<b>% growth (06 - 11)</b>	<b>31.2</b>	<b>24.7</b>	<b>-0.9</b>	<b>7.8</b>	<b>32.4</b>	<b>15.7</b>	<b>22.2</b>	<b>19.7</b>
<b>% compound annual growth (06-11)</b>	<b>5.6</b>	<b>4.5</b>	<b>-0.2</b>	<b>1.5</b>	<b>5.8</b>	<b>3.0</b>	<b>4.1</b>	<b>3.7</b>

Table 2

- The worldwide membership of the seven accountancy bodies continues to grow at a faster rate than the UK and ROI membership alone (3.7% compared with 2.8% (Table 1) compound annual growth for the period 2006 to 2011).
- The worldwide growth rate is largely driven by the strong growth of ACCA and CIMA. ACCA has 50.2% of its members outside the UK and ROI compared with 46.8% in 2006 (Table 3) and is the largest of these bodies in terms of worldwide membership. CIMA has had over 20% of its members outside the UK and ROI throughout this period.
- Chartered Accountants Ireland continues to experience a strong growth rate in total members due to its growth in members in the UK and ROI (Table 1). Chartered Accountants Ireland has only 10% of its members outside the UK and ROI (Table 3).

*Note: The location of members is based on the registered address supplied to the accountancy bodies and may be either the place of employment or the place of residence.*

Members Worldwide 2006 - 2011

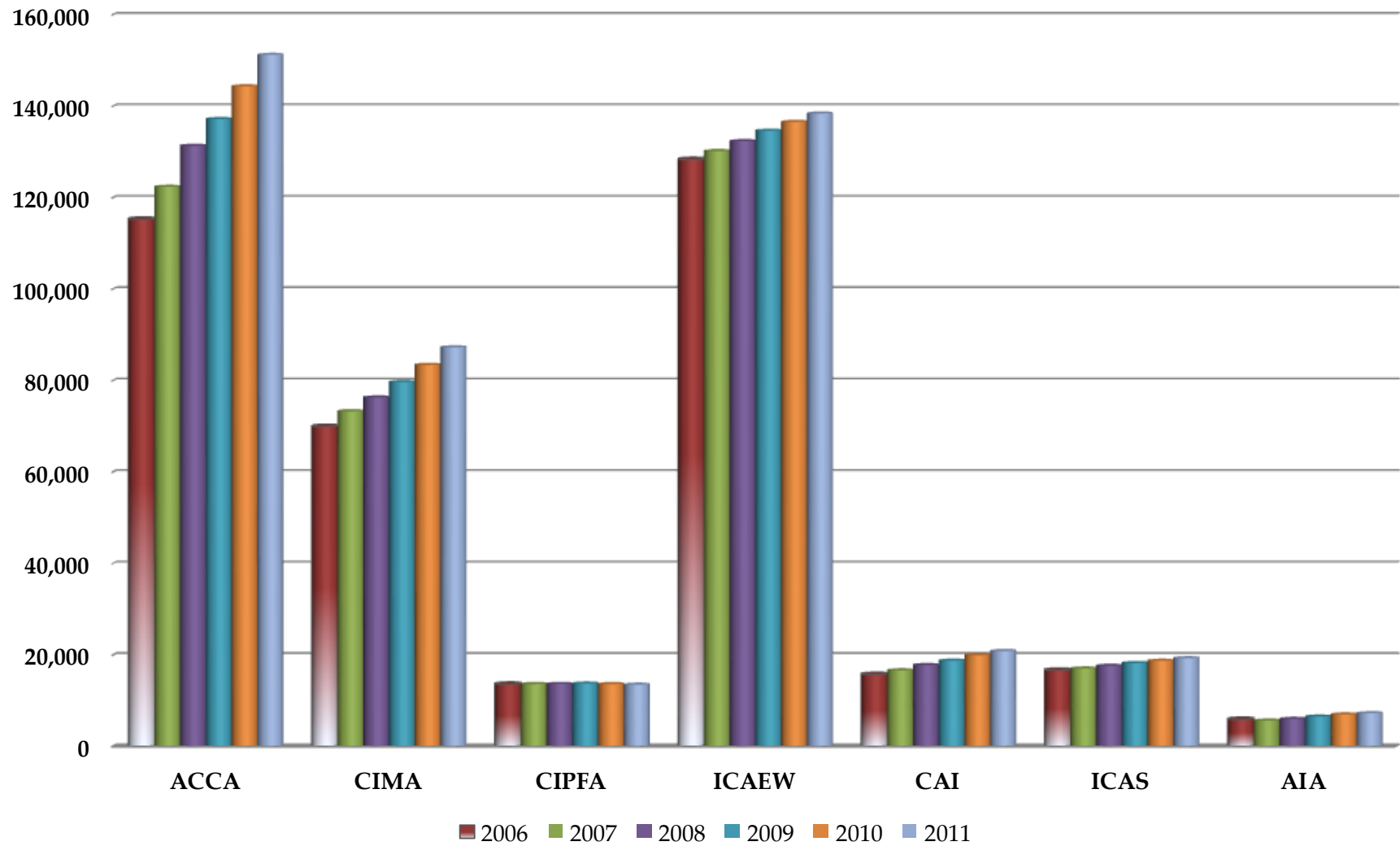


Chart 2



## Members outside the UK and the Republic of Ireland 2006 - 2011

Table 3 shows the number of members outside the UK and the Republic of Ireland of each of seven accountancy bodies as at 31 December for each of the six years to 31 December 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2006	53,959	14,436	280	17,522	1,462	2,175	3,779	93,613
2007	58,166	14,986	289	18,536	1,570	2,180	3,844	99,571
2008	63,805	15,498	323	19,673	1,606	2,349	4,306	107,560
2009	68,326	16,244	350	20,230	1,726	2,420	4,832	114,128
2010	71,832	17,145	371	20,625	1,865	2,510	5,372	119,720
2011	75,978	18,278	385	20,989	2,091	2,668	5,653	126,042
% growth (10 - 11)	5.8	6.6	3.8	1.8	12.1	6.3	5.2	5.3
% of total worldwide membership outside UK/ROI 2006	46.8	20.6	2.0	13.6	9.3	13.0	63.3	25.6
% of total worldwide membership outside UK/ROI 2011	50.2	20.9	2.8	15.2	10.0	13.8	77.4	28.8

Table 3

- For all the accountancy bodies in 2011, the growth rate of the number of members outside the UK and ROI exceeded the growth rate of members inside the UK and ROI. The percentage of total worldwide membership based outside the UK and ROI of all the bodies has increased from 25.6% to 28.8% between 2006 and 2011.
- ACCA continues to have the largest number of members outside the UK and Republic of Ireland and the number of such members has increased by 40.8% between 2006 and 2011.

*Note: The location of members is based on the registered address supplied to the accountancy bodies and may be either the place of employment or the place of residence.*

## Sectoral employment of members worldwide 2011

Table 4 shows the percentages of members worldwide of each of the seven accountancy bodies, according to their sectoral employment at the end of 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
<b>Public Practice</b>	26	2	3	31	29	28	5	<b>22</b>
<b>Industry &amp; Commerce</b>	56	72	8	42	57	42	84	<b>53</b>
<b>Public Sector</b>	10	16	62	3	4	3	1	<b>10</b>
<b>Retired</b>	4	10	25	15	4	18	10	<b>10</b>
<b>Other<sup>1</sup></b>	4	0	2	9	6	9	0	<b>5</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table 4

- There are very few CIMA, CIPFA and AIA members employed in public practice at 2%, 3% and 5% respectively.
- With the exception of CIPFA, more members are employed in Industry and Commerce than in any other category.
- CIPFA continues to be the only body with the majority of its members employed in the public sector.
- There has been a gradual change with regard to sectoral employment overall with a decrease of 6% in public practice and an increase of 5% in industry and commerce between 2006 and 2011<sup>2</sup>.

<sup>1</sup> 'Other' includes those members who are unemployed, taking a career break, undertaking full time study, on maternity leave, and any members who are unclassified, for example, because they have not provided the information. In the case of Chartered Accountants Ireland, all such members are included in their most recent employment category. The ICAEW includes members working within the charity sector under 'Other'.

<sup>2</sup> See previous editions of Key Facts and Trends in the Accountancy Profession for comparisons.

## Gender of members worldwide 2006 - 2011

Table 5 shows the percentage of female members worldwide of each of seven accountancy bodies as at 31 December for each of the six years to 31 December 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI <sup>3</sup>	ICAS	AIA	TOTAL
2006	40	28	27	23	31	26	24	30
2007	41	29	28	23	31	27	25	31
2008	42	30	29	24	33	28	27	32
2009	43	30	30	24	35	29	26	33
2010	44	31	30	25	36	30	28	34
2011	44	32	31	25	37	31	29	34

*Table 5*

- The percentage of female members overall has risen from 30% in 2006 to 34% in 2011.
- ACCA and Chartered Accountants Ireland continue to have the largest proportion of female members.

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<sup>3</sup> The percentage of female members for the Chartered Accountants Ireland in 2008 has been restated.

## Age of members worldwide 2011<sup>4</sup>

Table 6 shows the number of members worldwide of each of seven accountancy bodies by age as at 31 December 2011. Chart 3 shows this information in a graphical format. Charts 4 to 9 compare the age distribution for each body as at 31 December 2006 with the age distribution as at 31 December 2011.

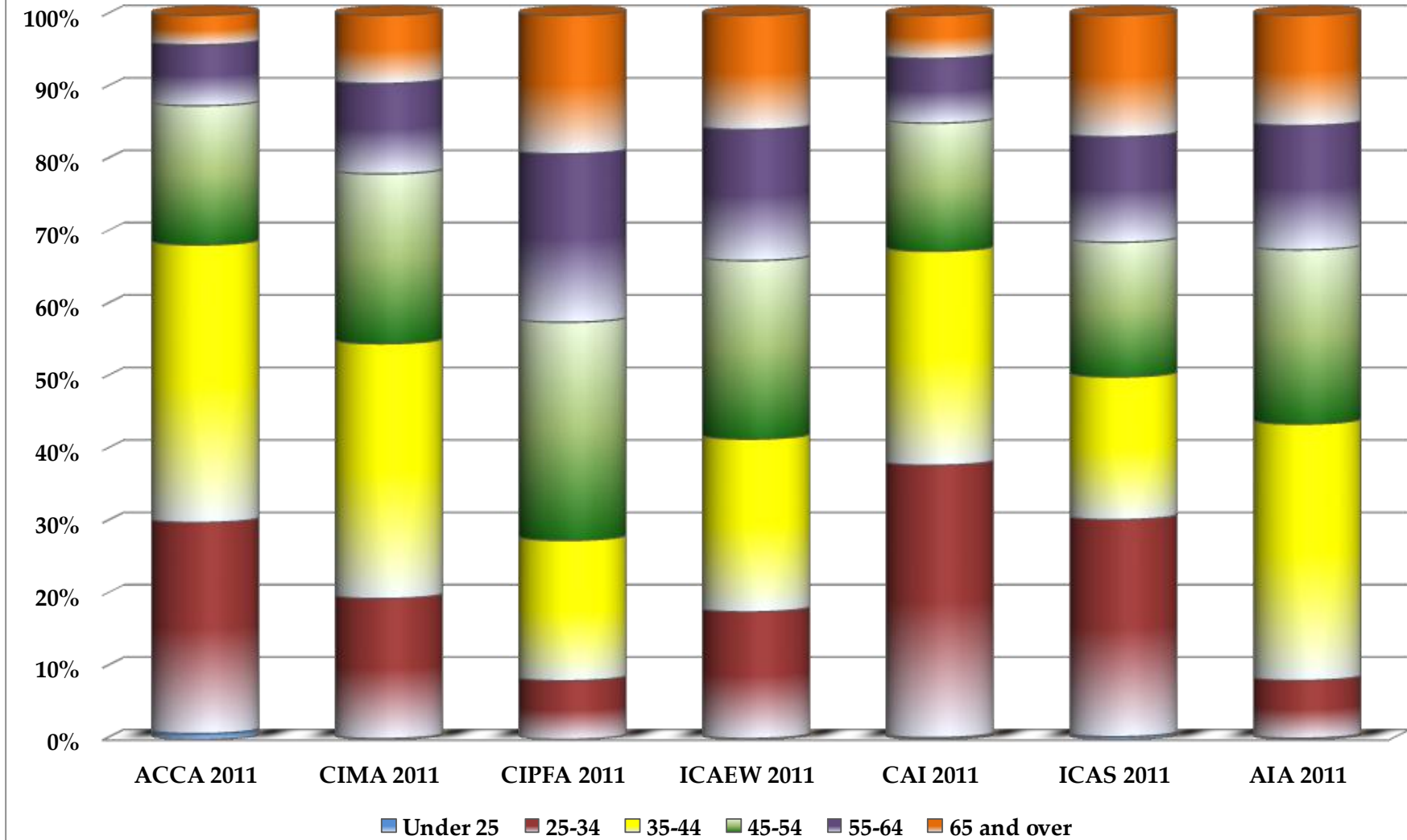
	ACCA	CIMA	CIPFA <sup>4</sup>	ICAEW	CAI	ICAS	AIA	TOTAL
<b>Under 25</b>	1,206	88	1	162	50	70	11	<b>1,588</b>
<b>25 - 34</b>	44,076	16,887	1,077	24,212	7,862	5,795	582	<b>100,491</b>
<b>35 - 44</b>	58,014	30,726	2,581	33,032	6,177	3,809	2,585	<b>136,924</b>
<b>45 - 54</b>	29,058	20,477	4,015	34,130	3,699	3,596	1,756	<b>96,731</b>
<b>55 - 64</b>	12,738	10,901	3,097	25,046	1,867	2,814	1,253	<b>57,716</b>
<b>65 and over</b>	6,191	8,237	2,551	21,882	1,250	3,250	1,113	<b>44,474</b>
<b>TOTAL</b>	<b>151,283</b>	<b>87,316</b>	<b>13,322</b>	<b>138,464</b>	<b>20,905</b>	<b>19,334</b>	<b>7,300</b>	<b>437,924</b>

Table 6

- There are significant differences in the age profiles of worldwide members of the seven accountancy bodies. ACCA and Chartered Accountants Ireland continue to have the youngest population of members, with 68% and 67% respectively of their membership younger than 45 years. This is a reflection, to a large extent, of the higher growth rates these Bodies have experienced from 2006 to 2011.
- CIPFA, ICAEW, ICAS and AIA all have 50% or more of their members aged 45 or over (Chart 3). CIPFA continues to have the oldest population of members with 73% aged 45 or over.
- The most marked change in age profile between 2006 and 2011 relates to CIPFA (Chart 6) where the percentage of members aged below 45 years was 27% in 2011 compared to 39% in 2006.

<sup>4</sup> The age is not known for 222 CIPFA members.

**Comparison of Age Profile of Members of Accountancy Bodies 2011**



*Chart 3*

## Age of members of the six Chartered Accountancy Bodies 2006 and 2011

The following charts compare the percentage age distribution of members of the Bodies for 2006 and 2011<sup>5</sup>.

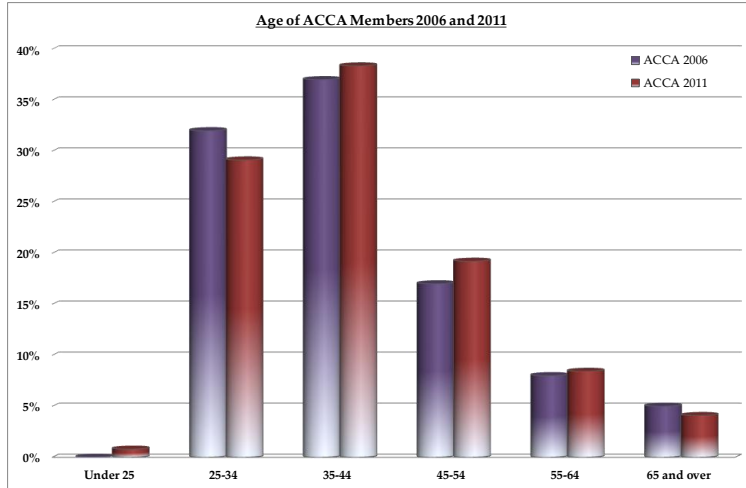


Chart 4

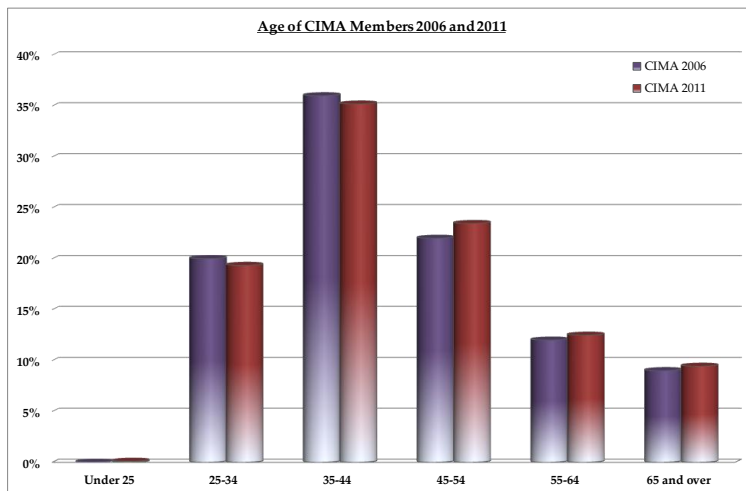


Chart 5

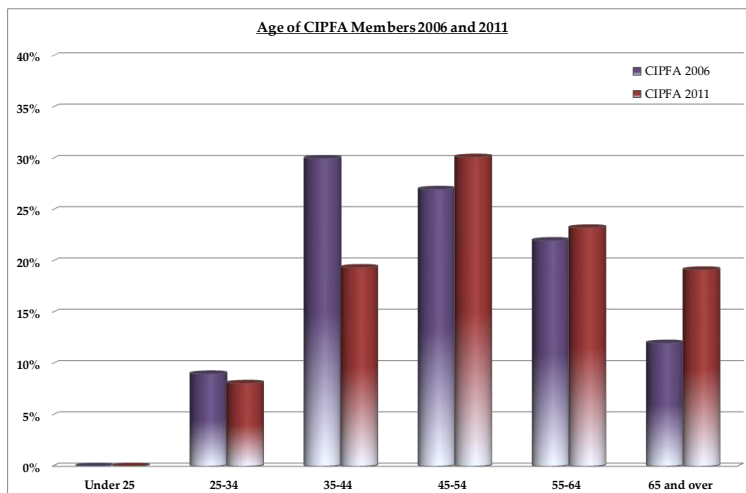


Chart 6

<sup>5</sup> There is no comparison available for the AIA as the age profile of students in 2006 is not available.

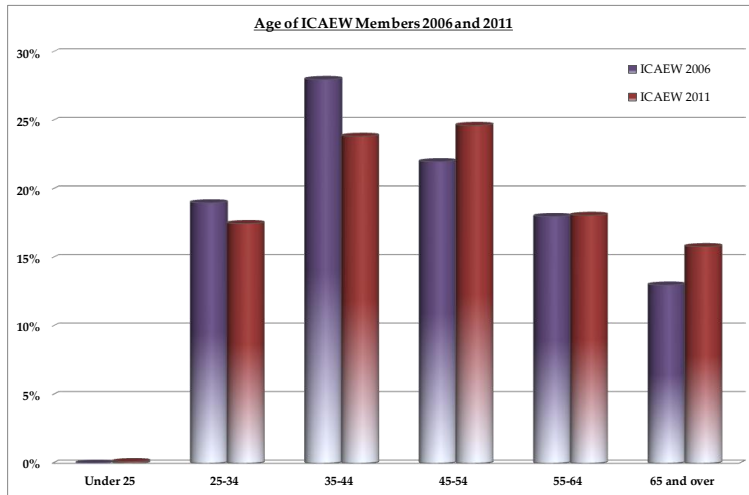


Chart 7

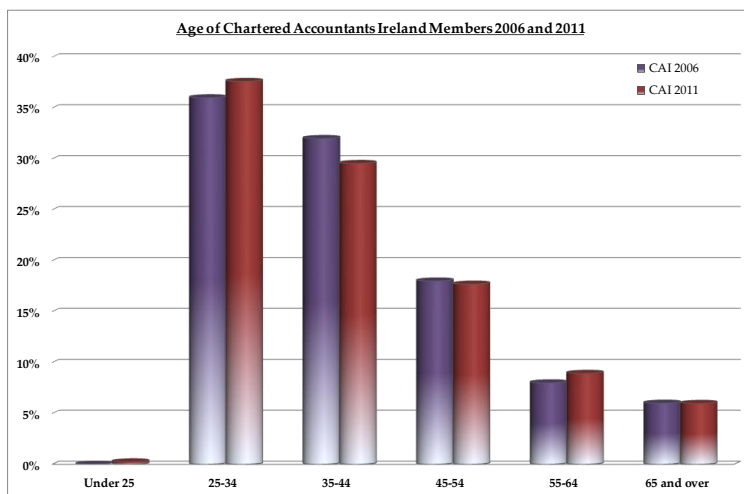


Chart 8

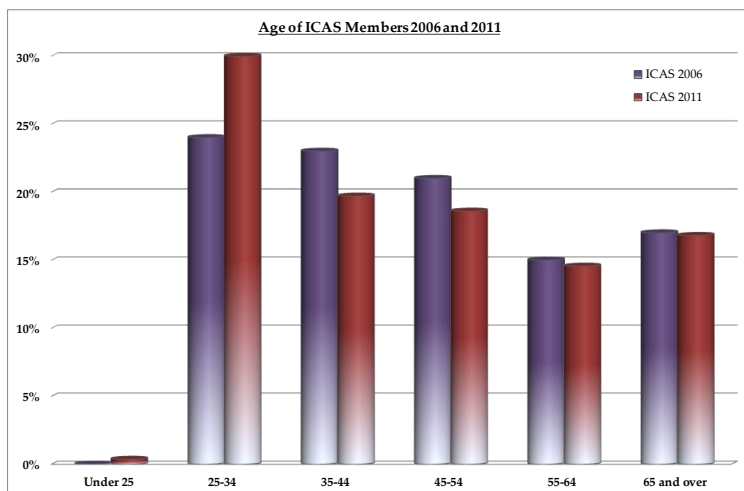


Chart 9

## Recognised Supervisory Bodies (RSBs)

There are five Recognised Supervisory Bodies (RSBs)<sup>6</sup> recognised in the UK to register and supervise audit firms in line with the requirements of Schedule 10 to the Companies Act 2006. The requirements outlined in Schedule 10 to the Act mean that RSBs must have procedures in place to register and de-register statutory auditors and supervise work undertaken by these individuals and firms. The RSBs fulfil the requirements of the Act through four main processes; audit registration, audit monitoring, arrangements for the investigation of complaints, and procedures to ensure that those eligible for appointment as a statutory auditor continue to maintain an appropriate level of competence.

Table 7 details the number of registered audit firms for the five RSBs as at 31 December for each of the six years to 31 December 2011.

### Number of firms registered with the Recognised Supervisory Bodies

Number of Principals in Firm	ACCA	AAPA	ICAEW	CAI	ICAS	TOTAL
1	1,342	56	1,715	604	88	3,805
2 - 6	857	1	1,878	367	127	3,230
7 - 10	18	0	154	12	12	196
11 -50	7	0	99	9	7	122
50+	0	0	18	3	1	22
<b>Total as at 31.12.11</b>	<b>2,224</b>	<b>57</b>	<b>3,864</b>	<b>995</b>	<b>235</b>	<b>7,375</b>
<b>Total as at 31.12.10</b>	<b>2,217</b>	<b>61</b>	<b>3,958</b>	<b>986</b>	<b>235</b>	<b>7,457</b>
<b>Total as at 31.12.09</b>	<b>2,436</b>	<b>67</b>	<b>4,113</b>	<b>985</b>	<b>242</b>	<b>7,843</b>
<b>Total as at 31.12.08</b>	<b>2,489</b>	<b>80</b>	<b>4,279</b>	<b>991</b>	<b>260</b>	<b>8,099</b>
<b>Total as at 31.12.07</b>	<b>2,618</b>	<b>79</b>	<b>4,526</b>	<b>1,006</b>	<b>266</b>	<b>8,495</b>
<b>Total as at 31.12.06</b>	<b>2,741</b>	Not Available	<b>4,859</b>	<b>1,028</b>	<b>300</b>	<b>8,928</b>

Table 7

<sup>6</sup> Association of Authorised Public Accountants (AAPA)  
 Association of Chartered Certified Accountants (ACCA)  
 Institute of Chartered Accountants in England & Wales (ICAEW)  
 Chartered Accountants Ireland (CAI)  
 Institute of Chartered Accountants of Scotland (ICAS)



- The number of firms registered to carry out statutory audit work in the UK continues gradually to decline year-on-year, although the rate of decrease appears to have slowed. The number of registered audit firms fell by 17.4% between 2006 and 2011 and by 1.1% between 2010 and 2011.
- There was a 3% decrease in the number of sole practitioners between 2010 and 2011. The number of sole practitioners has continued to decline each year since 2003. This information is collated from previous versions of Key Facts and Trends in the Accountancy Profession. Between 2006 and 2011 the number of sole practitioners has declined by 27% compared with a drop of 34% between 2005 and 2010.
- The overall decrease in the number of registered audit firms between 2006 and 2011 can largely be explained by the increase in the audit threshold which has resulted in a lower number of entities requiring an audit. The proportion of annual accounts filed at Companies House that are audit exempt has increased from 68.1% in 2006/07 to 71.1% in 2010/11<sup>7</sup>.
- The reduction in the number of entities having an audit and the regulatory requirements have meant that some firms have found there is no longer a good business case for retaining their audit registration. Many have merged with other firms or passed on this work to larger firms where there are greater economies of scale with respect to quality assurance and Continuing Professional Development (CPD).

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<sup>7</sup> The data above was taken from the Companies House publication ‘Statistical Tables on Companies Registration Activities 20010-11’ which can be found on their website.

## Statutory Audit Directive

The Statutory Audit Directive (effective from April 2008 in the UK) introduced a requirement that the RSBs should monitor the activities undertaken by audit firms at least once every six years. This replaced the less prescriptive requirements in the 1989 Companies Act that RSBs had procedures in place to monitor their registrants and the frequency of these visits was left to the individual RSB to decide. Table 8 below provides details of the number of monitoring visits conducted by the RSBs during the years ended 31 December 2008 to 31 December 2011 and the proportion of registered audit firms that were visited during these years.

		ACCA	AAPA	ICAEW	CAI <sup>8</sup>	ICAS	TOTAL
Number of registered audit firms monitored during the year ended 31 December	2008	395	11	988	95	54	1,543
% of Registered Audit Firms monitored		15.9	13.8	23.1	9.6	20.8	19.1
Number of registered audit firms monitored during the year ended 31 December	2009	416	9	757	102	51	1,335
% of Registered Audit Firms monitored		17.1	13.4	18.4	10.4	21.1	17.0
Number of registered audit firms monitored during the year ended 31 December	2010	350	7	751	84	49	1,241
% of Registered Audit Firms monitored		15.8	11.5	19.0	8.5	20.9	16.6
Number of registered audit firms monitored during the year ended 31 December	2011	369	4	716	22	56	1,167
% of Registered Audit Firms monitored		16.6	7.0	18.5	2.2	23.8	15.8

Table 8

- This table highlights the challenge for Chartered Accountants Ireland to meet the requirements of the Statutory Audit Directive.

<sup>8</sup> The statutory Audit Directive was implemented in the Republic of Ireland on 24 May 2010.



## **SECTION THREE**

# **STUDENTS OF ACCOUNTANCY BODIES**

### THREE – STUDENTS OF ACCOUNTANCY BODIES

#### Students registered worldwide 2006 - 2011

Table 9 shows the number of students for seven accountancy bodies on a comparable basis. The figures exclude individuals who have passed their final admittance examination and completed their training contracts but have not yet applied for membership.

	ACCA	CIMA	CIPFA	ICAEW <sup>1</sup>	CAI	ICAS	AIA	TOTAL
2006	234,528	80,521	2,996	11,680	4,525	2,707	8,648	345,605
2007	256,693	81,569	2,928	13,299	5,559	2,776	7,337	370,161
2008	287,815	82,737	2,828	13,728	5,575	2,672	6,514	401,869
2009	312,676	83,120	2,930	14,219	5,702	2,426	6,566	427,639
2010	333,591	88,782	2,722	14,390	5,304	2,313	7,202	454,304
2011	322,028	96,051	2,469	15,791	5,484	2,472	7,824	452,119
% growth (10 - 11)	-3.5	8.2	-9.3	9.7	3.4	6.9	8.6	-0.5
% growth (06 - 11)	37.3	19.3	-17.6	35.2	21.2	-8.7	-9.5	30.8
% compound annual growth (06-11)	6.5	3.6	-3.8	6.2	3.9	-1.8	-2.0	5.5

Table 9

- There continue to be wide differences in the numbers and rates of growth in the student membership worldwide.
- Overall student numbers decreased by 0.5% in 2011 which is largely due to a decrease in the number of ACCA students. ACCA has informed us the main reason for this is the number of students enrolling with ACCA has been affected by the introduction of more flexible registration processes. The overall number of ACCA students registering is on a par with previous years but the removal of a December deadline allowed students the opportunity to register for their exams in January 2012.
- The ACCA, CIMA, ICAEW and CAI have all experienced substantial growth in student numbers of between 19% and 37% between 2006 and 2011.

<sup>1</sup> Since 2009 student figures for the ICAEW include students from the date they register with the ICAEW rather than the date of commencement of their training agreement and include students who have completed their training agreement but have not passed all examinations.

**Number of Individuals who have passed their final admittance examination and completed all necessary practical training but have not yet applied for membership**

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	19,642	8,787	57	2,437	383	794	N/A	32,100
2009	21,747	9,789	48	2,298	469	693	591	35,635
2010	24,361	10,482	42	3,263	467	691	611	39,917
2011	27,297	10,561	81	3,282	877	552	607	43,257

*Table 10*

**Total number of Students and Individuals including those who have passed their final admittance examination and completed all necessary practical training but have not yet applied for membership**

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	307,457	91,524	2,885	16,165	5,958	3,466	6,514	433,969
2009	334,423	92,909	2,978	16,517	6,171	3,119	7,157	463,274
2010	357,952	99,264	2,764	17,653	5,771	3,004	7,813	494,221
2011	349,325	106,612	2,550	19,073	6,361	3,024	8,431	495,376

*Table 11*

Any references to students in the remainder of Section 3 are based on the figures in Table 11. Table 11 shows the total number of students and individuals who have passed their final admittance examination and completed all necessary practical training but have not yet applied for membership and is the sum of tables 9 and 10.

There may be a variety of reasons why an individual may choose not to take up membership despite meeting all the requirements. Some individuals choose not to apply for membership as soon as possible despite meeting all the requirements perhaps for financial reasons or logistical reasons, maybe because they are working abroad. The bodies have not made this data available to us if they have it.

## Location of Students

Table 12 shows the location<sup>2</sup> (UK and Republic of Ireland, and the rest of the world) of students of seven accountancy bodies as at 31 December 2008 to 2011.

		ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
UK & Republic of Ireland	2008	86,515	56,427	2,849	14,560	5,947	3,437	136	169,871
	2009	88,082	54,373	2,913	14,206	6,171	3,075	143	168,963
	2010	91,690	54,470	2,687	14,510	5,771	2,962	151	172,241
	2011	89,220	54,645	2,437	15,014	6,348	2,994	155	170,813
Rest of the World	2008	220,942	35,097	36	1,605	11	29	6,378	264,098
	2009	246,341	38,536	65	2,311	0	44	7,014	294,311
	2010	266,262	44,794	77	3,143	0	42	7,662	321,980
	2011	260,105	51,967	113	4,059	13	30	8,276	324,563
TOTAL	2008	307,457	91,524	2,885	16,165	5,958	3,466	6,514	433,969
	2009	334,423	92,909	2,978	16,517	6,171	3,119	7,157	463,274
	2010	357,952	99,264	2,764	17,653	5,771	3,004	7,813	494,221
	2011	349,325	106,612	2,550	19,073	6,361	3,024	8,431	495,376

Table 12

- Student numbers in the UK and Republic of Ireland have seen a decline of 0.8% since last year as explained on page 24.
- Student numbers in the rest of the world have increased by 1% in 2011.
- CIPFA, Chartered Accountants Ireland and ICAS continue to have the lowest proportions of students based outside of the UK and ROI.
- The majority of the AIA's students are based outside of the UK and ROI with only 2% in the UK and ROI.

<sup>2</sup> The location of students is based on the registered address supplied to the accountancy body and may be either their place of employment or their place or residence.

## Profile of Students worldwide of seven accountancy bodies 2011

Table 13 sets out on a worldwide basis the length of time that individuals have been registered as students with these accountancy bodies.

Length of time since registering as a Student	ACCA	CIMA <sup>3</sup>	CIPFA <sup>4</sup>	ICAEW	CAI	ICAS	AIA	TOTAL
≤ 1 Year	67,685	25,107	360	5,820	1,354	992	733	102,051
≤ 2 but > 1 Years	66,404	18,531	339	4,726	1,202	779	823	92,804
≤ 3 but > 2 Years	49,769	10,425	1,851	3,807	1,115	641	674	68,282
≤ 4 but > 3 Years	44,243	8,715	N/A	3,391	1,292	414	977	59,032
≤ 5 but > 4 Years	26,276	5,381	N/A	819	678	134	669	33,957
> 5 Years	94,948	38,453	N/A	510	720	64	4,555	139,250
<b>TOTAL</b>	<b>349,325</b>	<b>106,612</b>	<b>2,550</b>	<b>19,073</b>	<b>6,361</b>	<b>3,024</b>	<b>8,431</b>	<b>495,376</b>

Table 13

- Whilst the table above provides interesting indicators about the length of time between registering as a student and achieving the requirements for membership, it is difficult to make comparisons between the Bodies as they do not keep information on the same basis.
- It is important to note that a large number of students at ACCA, CIMA and AIA do not undertake intensive study and typically take longer to complete the requirements for membership.
- A large percentage of ICAEW, Chartered Accountant Ireland and ICAS students complete or end their training in 4 years or less with only 7%, 22% and 7% respectively of students as at 31 December 2011 being registered for more than 4 years.

<sup>3</sup> Individuals who are entitled to membership but have not yet been admitted (passed finalists) are included in the figures according to the length of time they have been either a student or a passed finalist.

<sup>4</sup> The information from CIPFA is only available since their move to a new business system in late 2009. The number of students shown in the <3 but >2 years includes students transferred from their previous system.



## Age of Students worldwide of seven accountancy bodies 2011

Table 14 compares the age profile of students for seven accountancy bodies as a percentage of their total student membership as at 31 December 2011.

	ACCA <sup>5</sup>	CIMA	CIPFA	ICAEW <sup>5</sup>	CAI	ICAS	AIA	TOTAL
<b>Under 25</b>	24	24	4	49	40	52	26	<b>25</b>
<b>25 - 34</b>	53	46	42	45	53	37	37	<b>51</b>
<b>35 - 44</b>	18	22	26	5	6	0	26	<b>18</b>
<b>45 and over</b>	5	8	22	1	1	0	11	<b>6</b>
<b>Unknown</b>	0	0	6	0	0	11	0	<b>0</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table 14

- CIPFA, AIA and CIMA have a higher proportion of mature students than the other bodies with 54%, 37% and 30% respectively of students aged 35 or over.
- ICAEW, Chartered Accountants Ireland and ICAS have the highest proportion of students aged 34 or under.
- Whilst the table above shows that 76% of the overall student numbers were aged 34 or younger, Charts 10 to 15 shows that, for the majority of the bodies, the average age of their students has increased between 2006 and 2011.

<sup>5</sup> ACCA and ICAEW figures relate to the age of the student intake, not the ages of all students.

## Age comparison of Students of the Chartered Accountancy Bodies 2006 - 2011

The following charts compare the age distribution of students of the Chartered Accountancy Bodies as at 31 December 2006 and 2011<sup>6</sup>.

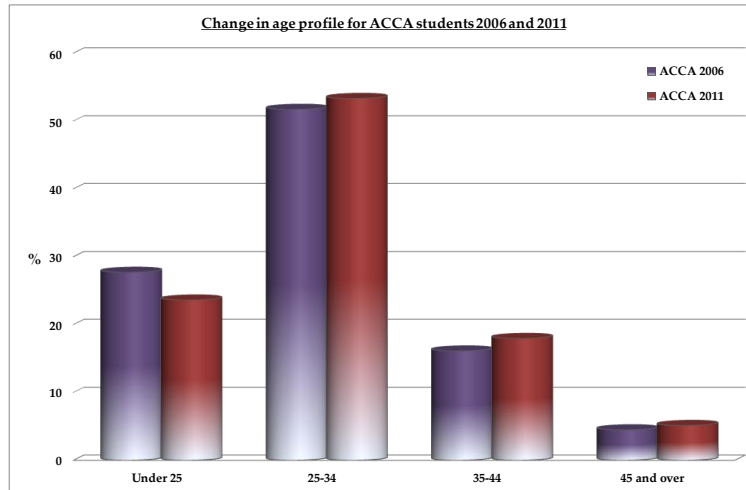


Chart 10

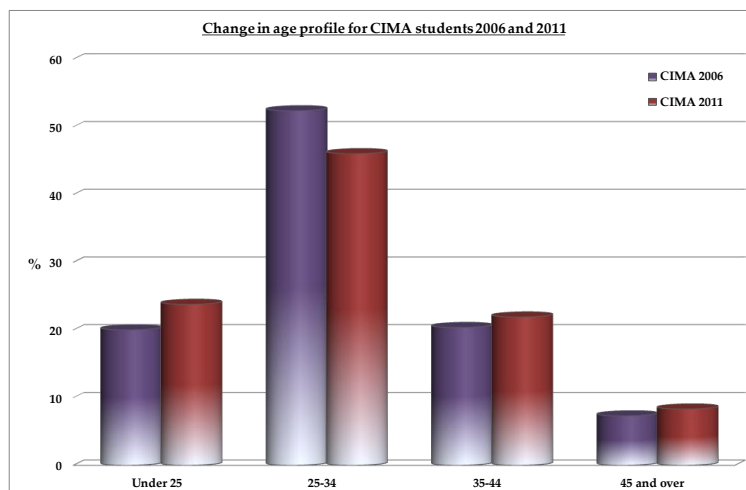


Chart 11

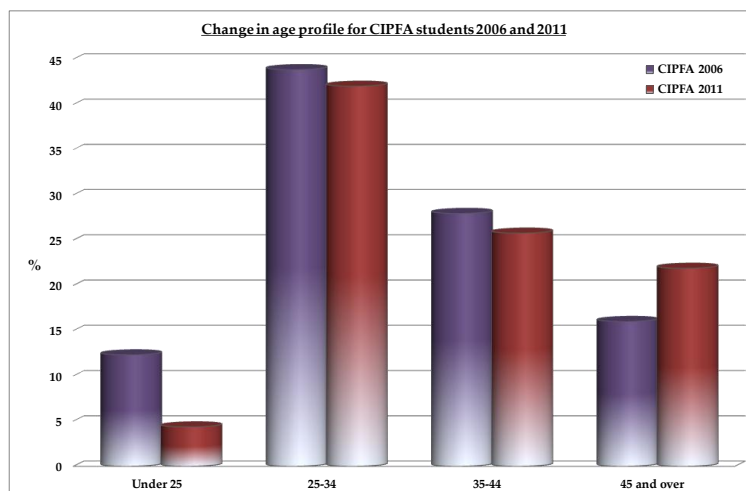


Chart 12

<sup>6</sup> There is no comparison available for the AIA as the age profile of students in 2006 is not available.

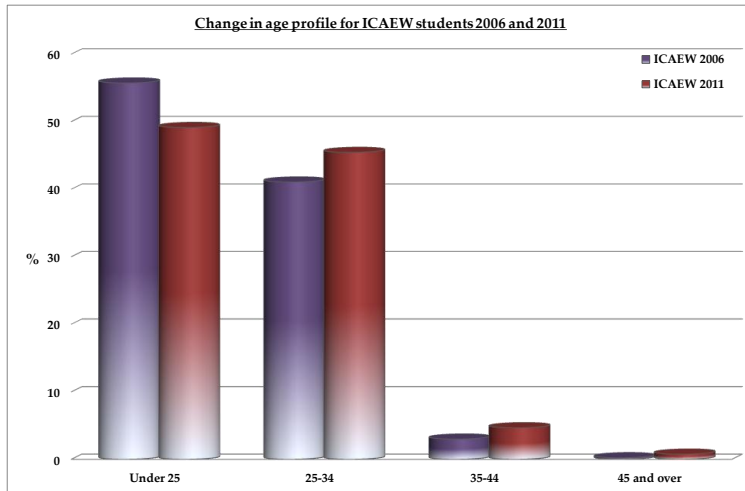


Chart 13

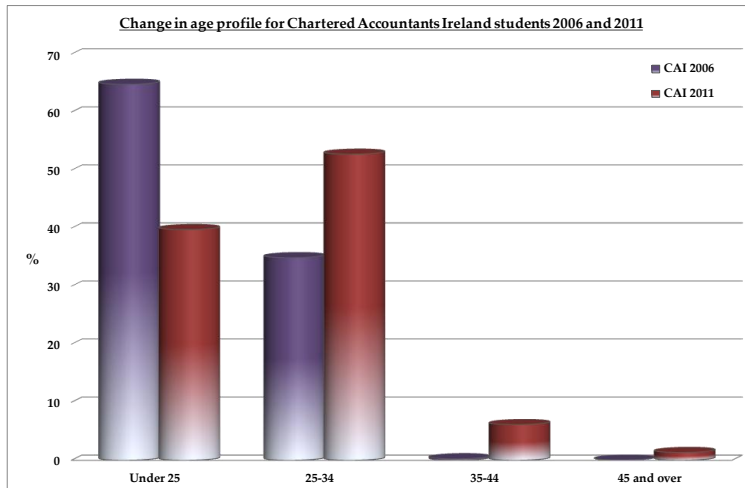


Chart 14

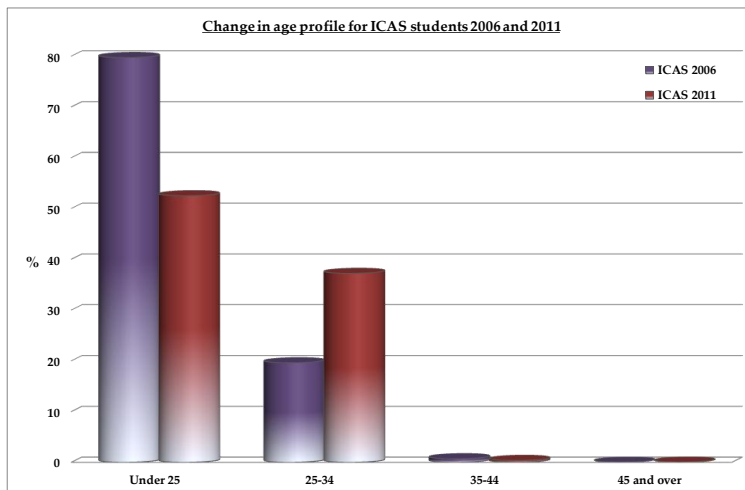


Chart 15

*Note: The ICAEW included in their student age numbers from 2006 onwards those students that had passed their final admittance exam but had not yet been admitted to membership.*

## Sectoral employment of students worldwide 2011

Table 15 shows the sectoral employment of worldwide students of each of the accountancy bodies as at 31 December 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS <sup>7</sup>	AIA	TOTAL
<b>Public Practice</b>	67,794	0	0	15,874	5,315	2,892	61	<b>91,936</b>
<b>Industry &amp; Commerce</b>	177,239	91,686	78	602	227	132	4,669	<b>274,633</b>
<b>Public Sector</b>	49,152	14,926	2,472	281	16	0	59	<b>66,906</b>
<b>Other<sup>8</sup></b>	55,140	0	0	2,316	803	0	3,642	<b>61,901</b>
<b>TOTAL</b>	<b>349,325</b>	<b>106,612</b>	<b>2,550</b>	<b>19,073</b>	<b>6,361</b>	<b>3,024</b>	<b>8,431</b>	<b>495,376</b>

Table 15

- Of the RQBs, ICAEW, Chartered Accountants Ireland and ICAS each have over 80% of their students in public practice. In contrast only 19% of ACCA's students, and fewer than 1% of AIA's students, are employed in public practice.
- Of the employment sectors, the public sector has the smallest proportion of students overall at 14%, compared with 19% for public practice and 55% for industry and commerce.
- Whilst 51% of ACCA's students are employed in industry and commerce, their students continue to be the most widely dispersed across the various employment sectors of the profession. CIMA has the largest proportion of students in industry & commerce at 86%.

<sup>7</sup> The ICAS figure for industry and commerce includes students working within the public sector.

<sup>8</sup> 'Other' includes students not in employment, employed in other sectors, those in full time education, independent students for whom no information on their employment is available and those individuals who have passed their final examination and are entitled to membership but have not yet been admitted.

## Gender of students worldwide 2011

Table 16 shows the percentage worldwide of female students of each of the accountancy bodies as at 31 December 2011.

	ACCA	CIMA	CIPFA	ICAEW	CAI <sup>9</sup>	ICAS <sup>9</sup>	AIA	TOTAL
2006	50	44	50	41	54	46	55	48
2007	50	45	49	40	52	46	59	48
2008	50	45	48	41	53	47	57	49
2009	50	44	50	41	53	47	63	49
2010	49	44	50	40	52	45	64	49
2011	50	44	48	38	51	44	63	48

Table 16

- The total proportion of female students worldwide has remained broadly constant between 2006 and 2011.
- The percentage of female students remains significantly higher than the percentage of female members (see Table 5).

<sup>9</sup> Chartered Accountants Ireland and ICAS figures refer to the proportion of females in the student intake, not in the student body as a whole.

## Graduate entrants to training with seven accountancy bodies

Chart 16 shows the percentages of students worldwide of each body who, at the time of registration as students, were (i) graduates of any discipline and, of those, (ii) graduates who held a relevant degree, or (iii) graduates who held a post-graduate qualification.

It should be noted that differences in the educational qualifications of those entering the various training schemes are often a reflection of the selection policies adopted by employers rather than the result of strategic decisions of the bodies.

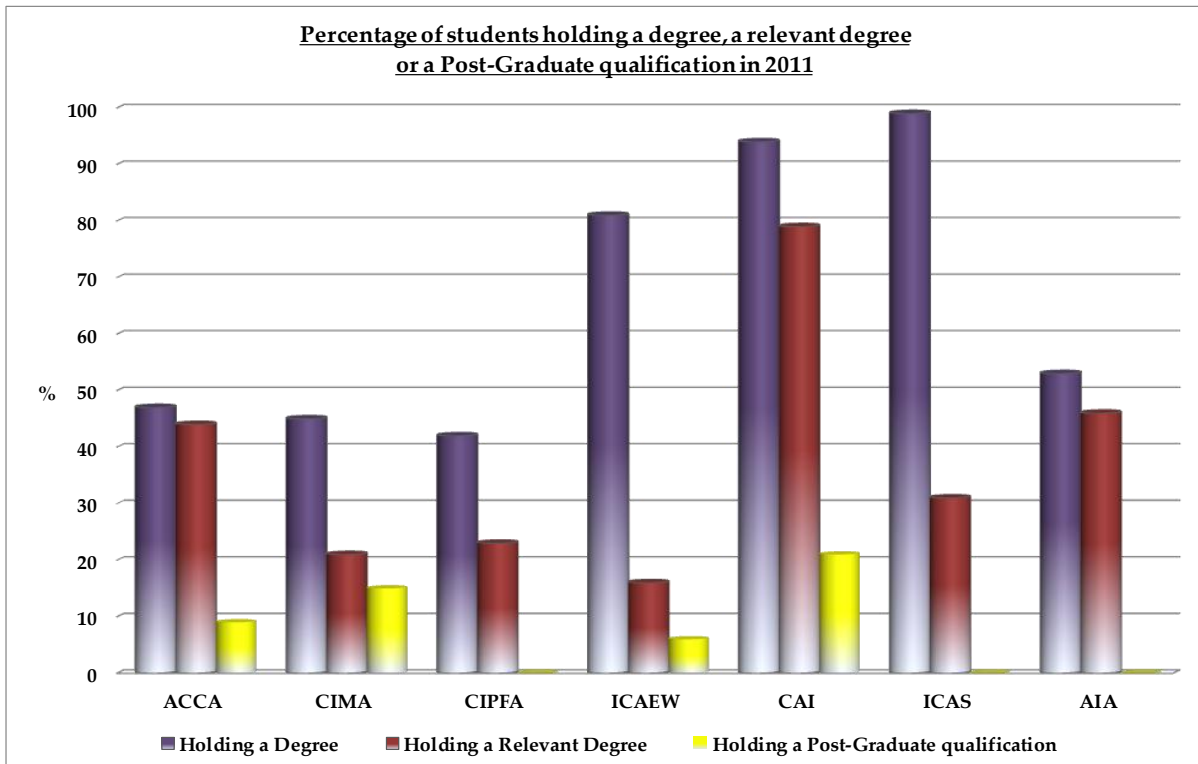


Chart 16

- Comparisons of the percentage of students holding “relevant degrees” are difficult to draw, because the accountancy bodies use different definitions of a “relevant degree”.
- Chartered Accountants Ireland have a larger proportion of students holding a relevant degree due to:
  - The recruitment strategy of firms in Ireland which tends to favour such graduates;
  - Chartered Accountants Ireland accrediting a number of relevant masters’ programmes which upon completion shorten the length of a student’s training contract and provide exemptions from all exams except the final stage exams; and
  - Irish universities historically having strong business faculties.

The accountancy Bodies’ definitions of a “relevant degree” are as follows:

ACCA	Accountancy, Business
CIMA	Business Studies, Business Administration, Finance, Accountancy
CIPFA	Accountancy
ICAEW	Accountancy, Finance, and Accounting & Finance
CAI	Accountancy, Business & Commerce, Finance
ICAS	Accountancy
AIA	Accountancy, Business, Finance, and Accounting & Finance

## Pass rates 2007 - 2011

Table 17 shows the percentage of candidates who passed the final examination, for the period 2007 to 2011 and the percentage of those that were first time passes.

		ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA
Percentage of passes at the final examination	2007	47	54	71	79	83	74	44
	2008	48	55	70	77	76	76	15
	2009	44	59	70	75	76	76	22
	2010	47	64	65	77	62	82	17
	2011	55	60	65	75	54	77	9
Percentage of those passes that were first time passes	2007	52	60	N/A	61	74	N/A	N/A
	2008	51	54	N/A	85	82	N/A	N/A
	2009	43	63	N/A	84	74	N/A	N/A
	2010	49	58	N/A	80	62	N/A	N/A
	2011	57	56	74	78	55	N/A	N/A

Table 17

- It is important to note that the pass rates recorded in Table 17 are difficult to compare both across the bodies and year-on-year. The syllabus and the topics examined at each stage of each body's qualification differ and this makes comparability of pass rates at the final examination difficult. Please note that where N/A is stated the information is not currently available.
- The composition of the student populations across the bodies varies significantly reflecting a number of factors including entrance level requirements of the bodies and/or firms and international reach of the bodies.
- The decrease in Chartered Accountants Ireland pass rate may reflect syllabus changes as 2010 was the first year of the new syllabus for the Final Admitting Exam.
- The low pass rate for AIA may reflect that many of their students study part-time and the examinations are in English which is not the first language for a number of their students.

## Recognised Qualifying Bodies (RQBs)

There are six bodies<sup>10</sup> in the UK recognised to offer the audit qualification in line with the requirements of Schedule 11 to the Companies Act 2006. RQBs must have rules and arrangements in place to register students and track their progress, administer examinations and ensure that appropriate training is given to students in an approved environment.

Table 18 below shows the number of students registered with each RQB as at 31 December 2011, and the number of students following the audit route who would be eligible for the recognised professional qualification if successful.

	ACCA	CIPFA	ICAEW	CAI	ICAS	AIA
Number of students in the UK and ROI as at 31 December 2011	89,220	2,437	15,010	6,348	2,994	155
Number of students following the audit route or eligible for the recognised professional qualification	N/A <sup>11</sup>	N/A	13,258	3,925	N/A	8
Number of students who became members during 2011 (Worldwide)	9,155	N/A	3,118	1,064	804	22
The number of members who were awarded the recognised professional qualification	106	N/A	25,730 <sup>12</sup>	800	980 <sup>13</sup>	0
Total number of approved training offices in the UK and ROI	4,872	N/A	2,906	834	175 <sup>14</sup>	130 <sup>15</sup>
Total number of training offices in the UK and ROI approved for training audit students	3,656	N/A	1,529	449	N/A	0

Table 18

With the exception of the ICAEW and Chartered Accountants Ireland, the number of members awarded the audit qualification is significantly smaller than the number of students becoming members. In most cases this is because many members do not apply for the audit qualification until they wish to be able to sign audit reports. In addition, due to the rise in the audit threshold and the reduction in the availability of audit work, fewer students are able to meet the practical training requirements to be awarded this qualification.

*Note: Due to CIPFA's RQB status being in abeyance they have not provided the figures for Table 18.*

<sup>10</sup> Association of Chartered Certified Accountants (ACCA)  
 Association of International Accountants (AIA)  
 Chartered Institute of Public Finance and Accountancy (CIPFA)  
 Institute of Chartered Accountants in England and Wales (ICAEW)  
 Chartered Accountants Ireland (CAI)  
 Institute of Chartered Accountants of Scotland (ICAS)

<sup>11</sup> Where N/A is stated the information is not collected by the body.

<sup>12</sup> The ICAEW figures include 740 students admitted to membership who were granted the audit qualification upon application. Additionally, ICAEW made a retrospective award of the Audit Qualification to 24,990 members whose records already logged with the ICAEW showed that they had met the Companies Act requirements.

<sup>13</sup> ICAS figure includes 27 members who were granted the audit qualification upon application. A further 953 members were granted the audit qualification on the basis of an award to all those members who qualified in 2009 and 2010 who had met eligibility requirements.

<sup>14</sup> ICAS figure includes a number of group authorisations. ICAS treats group authorisations as one office. The 175 approved training offices noted above include 29 group authorisations covering 123 individual offices.

<sup>15</sup> The AIA has identified 130 firms as being suitable firms for training its students. However, these firms have not yet been formally approved by the AIA for training purposes.





**SECTION FOUR**

**OTHER INFORMATION ON SEVEN  
ACCOUNTANCY BODIES**

## FOUR – OTHER INFORMATION ON SEVEN ACCOUNTANCY BODIES

### Income of seven accountancy bodies 2006 - 2011

Table 19 and Chart 17 show the income of seven accountancy bodies in £m over the period 2006 to 2011.

	ACCA <sup>1</sup>	CIMA	CIPFA	ICAEW	CAI <sup>2</sup>	ICAS	AIA	TOTAL
2006	79.1	36.5	38.5	63.6	17.1	13.7	1.2	249.7
2007	87.7	40.4	39.3	69.0	21.5	15.0	1.3	274.2
2008	104.5	43.1	40.5	73.6	29.5	15.1	1.3	307.6
2009	119.0	42.7	40.6	73.7	25.6	16.7	1.1	319.4
2010	133.0	42.3	35.6	76.4	23.0	16.9	1.2	328.4
2011	144.0	45.5	28.3	82.4	21.1	17.0	1.3	339.7

Table 19

### Income of seven accountancy bodies between 2006 and 2011

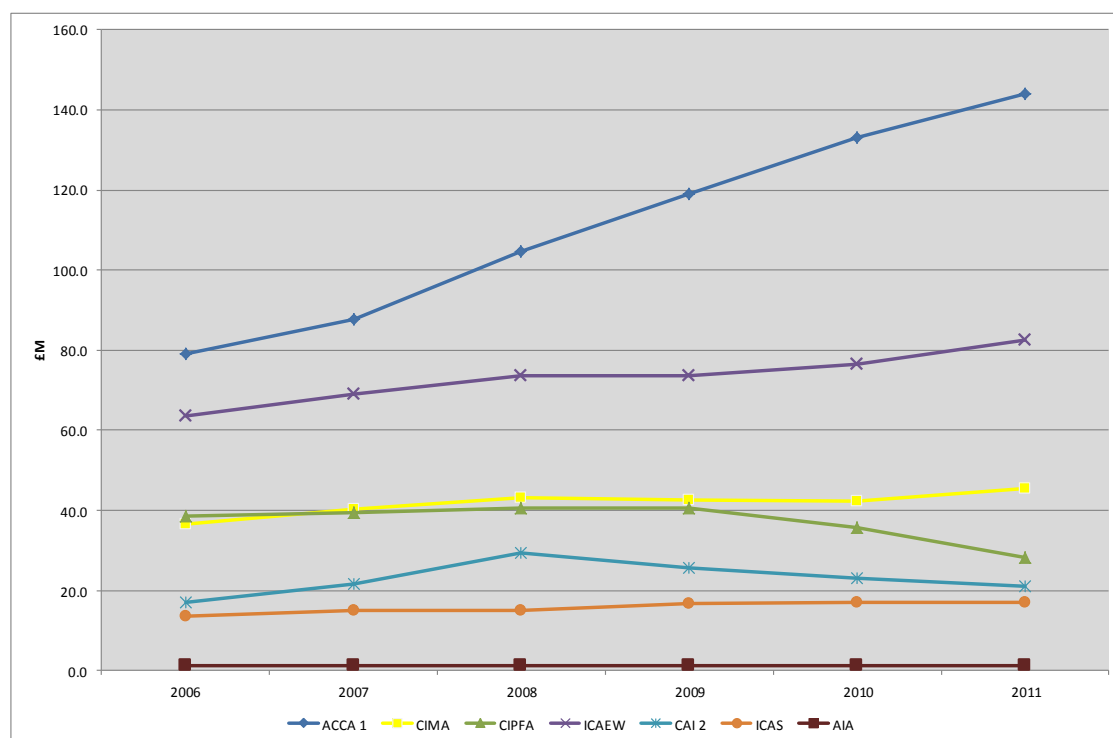


Chart 17

<sup>1</sup> The ACCA's income and costs are for the year to 31 March 2012. They have also restated their income for 2010 (i.e. to 31 March 2011) due to consolidating CAET (Certified Accountants Educational Trust) income of £4 million.

<sup>2</sup> Chartered Accountants Ireland income for 2011 has been converted from Euros at the year end 31 December 2011 rate of £1.00 = €1.2

- Chart 17 and Table 19 show that the most significant increase in income is for ACCA whose income has risen at a compound annual rate of 12.7% over the period 2006 to 2011.
- The compound annual growth rate of the income of all the bodies was 6.3% in the period of 2006 to 2011.

**Income and costs for the Bodies for the year ended 31 December 2011<sup>3</sup>**

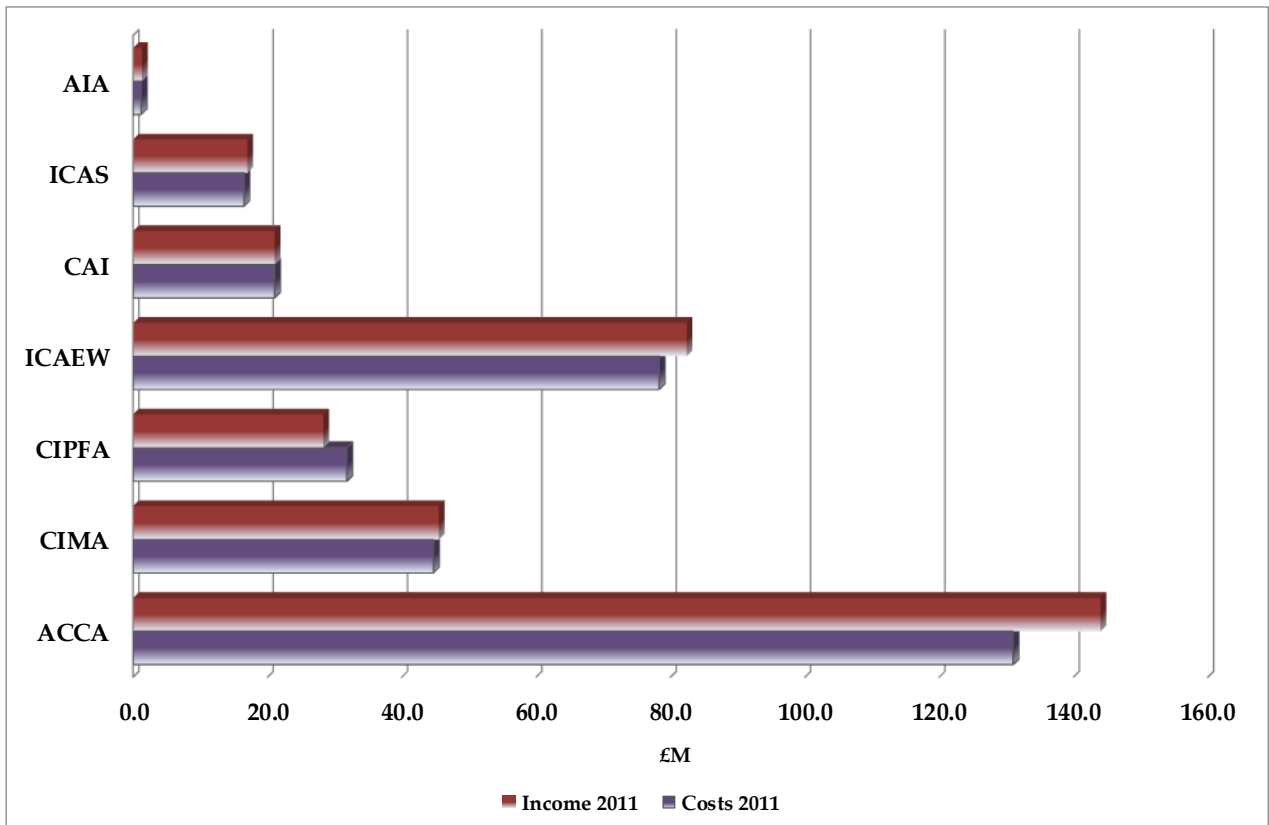


Chart 18

- All but two bodies achieved a small surplus of income over expenditure in 2011.

<sup>3</sup> The ACCA's income and costs are for the year to 31 March 2012. They have also restated their income for 2010 (i.e. 31 March 2011) due to consolidating CAET (Certified Accountants Educational Trust) income of £4 million.

### The analysis of income for seven accountancy bodies in 2011

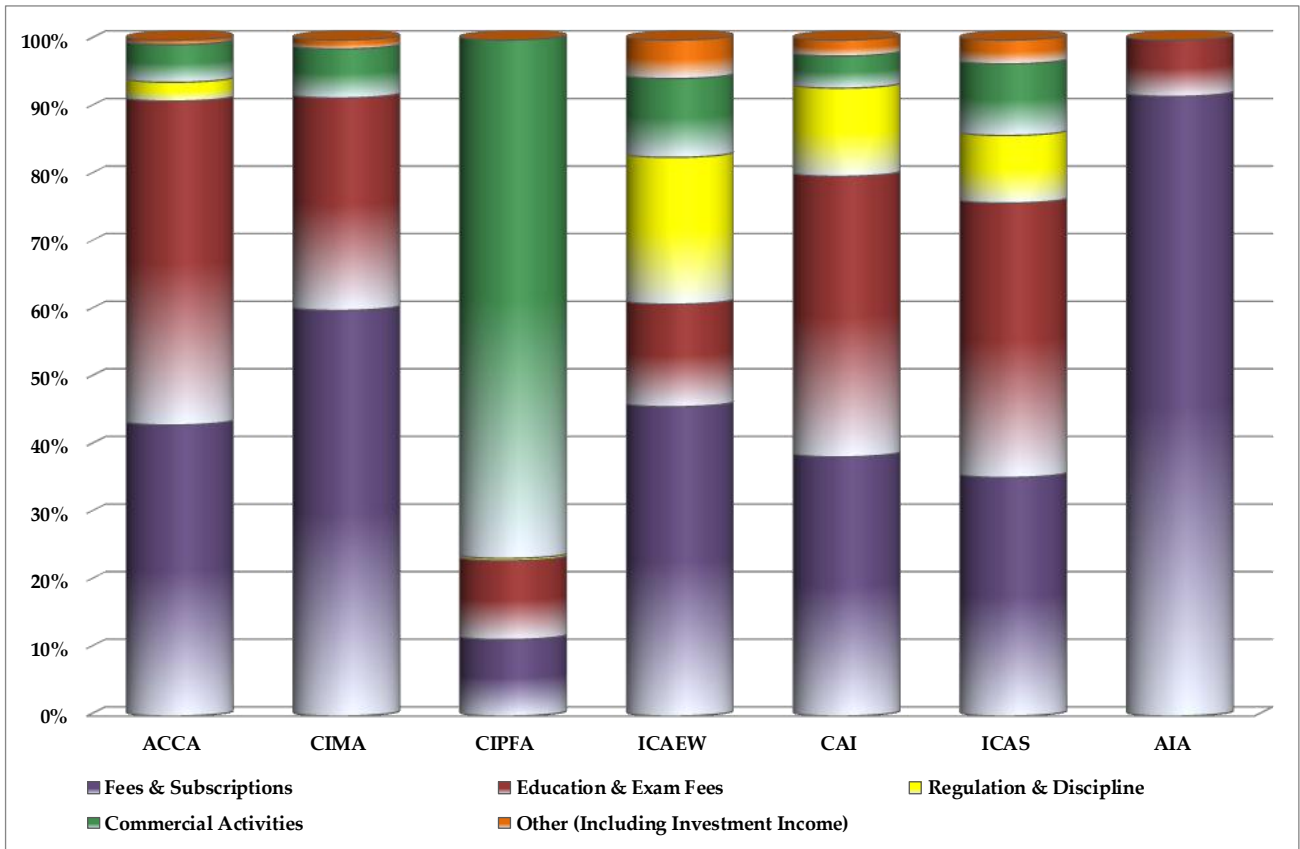


Chart 19

- Fees and subscriptions taken together with education and exam fees from members and students are the main sources of income for each of the bodies other than CIPFA. CIPFA derives significant income from its trading subsidiary which has been included within the commercial activities category in Chart 19. The activities of the trading subsidiary include consultancy, events, publications and training.
- Income from commercial activities includes income from activities such as conferences, training courses and publications.
- Other income includes investment income.
- The analysis of income has changed little from previous years.

## Staffing of seven accountancy bodies 2006 - 2011

Table 20 shows the number of staff (full time equivalent) employed worldwide by seven accountancy bodies over the period 2006 to 2011.

	ACCA	CIMA <sup>4</sup>	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2006	727	250	319	541	114	137	25	2,113
2007	763	265	314	579	129	143	25	2,218
2008	824	283	308	623	135	142	25	2,340
2009	902	362	304	599	133	129	25	2,454
2010	981	371	304	619	138	141	25	2,579
2011	1032	378	272	657	135	135	25	2,634
% growth (10-11)	5.2	1.9	-10.5	6.1	-2.2	-4.3	0.0	2.1
% growth (06-11)	42.0	51.2	-14.7	21.4	18.4	-1.5	0.0	24.7

Table 20

- The total number of staff employed by the bodies has increased by a net 24.7% in the period 2006 to 2011. This increase in staff is largely accounted for by ACCA, CIMA and ICAEW.
- Whilst some bodies have seen an increase in staff levels in the year CIPFA, CAI and ICAS have had a decrease in staff levels of 10.5%, 2.2% and 4.3% respectively.

<sup>4</sup> Please note that CIMA staff for 2007 onwards have been included on a global basis. Prior to this the figures only included the UK and ROI.



# **SECTION FIVE**

## **AUDIT FIRMS**



## FIVE – AUDIT FIRMS

### Introductory Note: Major Audit Firms

Tables 21 to 23 show fee income for audit and non-audit services for 35 of the larger registered audit firms for the years 2009-11. Most of these have clients who are defined as UK public interest entities. Firms have been listed in order of fee income from audit, rather than total fee income.

The information has been provided on a voluntary basis and we would like to thank all the firms who responded to our requests. Some of this information is otherwise publicly available – for example those firms which have adopted LLP status must publish accounts which meet the requirements of the Companies Act 2006 as applied to Limited Liability Partnerships, and file these at Companies House.

In addition, firms which have audit clients whose securities are admitted to trading on a regulated market are required to produce a transparency statement. This meets the requirements of the Statutory Auditors (Transparency) Instrument which implements a requirement of the Statutory Audit Directive<sup>1</sup>. As at 31 May 2011, of the 35 larger registered audit firms in table 21, the 23 registered audit firms who are required by the above regulation to produce a statement have done so.

The tables should not be seen as league tables. Not all the firms we approached were willing to disclose information on fee income or considered that they could provide sufficiently reliable information in the desired form. It is likely therefore that there are firms not included in the tables that have a higher audit fee income than some of those that are shown. Also, we have not included accountancy firms that are not registered as statutory auditors.

Total audit fee income of many firms that submitted data to us increased by a small amount in 2010-11. However, the performance of firms varies considerably. An overall increase of 0.2% comprises an increase in audit fee income of 0.9% for the Big Four firms but a decrease of 2.2% in audit income for audit firms outside of the Big Four. (Table 24)

It is not possible to make reliable detailed comparisons between firms using the information in Tables 21 to 23. Some firms do not analyse their fee income in this manner and have made an informed estimate of the figures. In addition, firms may have classified their audit and non-audit income in slightly different ways.

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<sup>1</sup> Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts

## Key Points: Major Audit Firms

Chart 20 shows the split of fee income for the Big Four firms for the six years to 2011 based on the detailed information in the fee income tables (Tables 21-23) and similar tables in both the 8<sup>th</sup> and 9<sup>th</sup> editions of Key Facts and Trends. Chart 20 shows that the percentage of fee income derived from non-audit clients has been rising over the past six years. This has been mirrored by a decline in the percentage of fee income from non-audit work to audit clients. A number of factors have contributed to the fall in fees for non-audit services to audit clients including more active audit committee involvement and more demanding ethical standards both in the UK and overseas.

- Chart 21 shows the change in the split of fee income for many of the larger firms outside the Big Four (as included within Tables 21-23). The trend in fee income over the past five years is consistent with that of the Big Four (Chart 20), with fee income from non-audit work to audit clients declining over the period shown. In particular 63% of total income is now generated from non-audit clients.
- Whilst the percentage of total fee income from audit for the Big Four has increased by 5.7% there has been a decrease of 0.5% for many of the larger registered firms outside of the Big Four in 2010-11. (Table 24). The total fee income from audit per Responsible Individual (RI) has seen little change with only a 1% growth for the Big Four firms and no change for many of the larger registered firms outside of the Big Four. (Table 25)
- There has been little change in the proportion of listed companies audited by non Big Four firms in 2010-11 compared with previous years. (Table 28)

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2011 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-11	843	230	369	547	363	1,371	2,281
Deloitte <sup>4</sup>	LLP	31-May-11	696	179	207	439	175	1,299	1,913
KPMG <sup>5</sup>	LLP	30-Sep-11	579	178	272	405	291	1,011	1,707
Ernst & Young	LLP	30-Jun-11	528	111	174	311	206	948	1,465
Grant Thornton	LLP	30-Jun-11	209	72	100	103	38	236	377
BDO <sup>6</sup>	LLP	30-Jun-11	190	61	92	89	48	138	275
PKF (UK)	LLP	31-Mar-11	97	49	49	58	32	51	140
Baker Tilly <sup>7</sup>	LLP	31-Mar-11	255	108	116	53	30	96	179
Mazars	LLP	31-Aug-11	108	54	57	46	18	46	110
RSM Tenon Audit <sup>8</sup>	Company	30-Jun-11	5	4	88	24	0	0	24

<sup>1</sup> Principals are partners or members of an LLP or directors of a company.

<sup>2</sup> RIs are those individuals who are able to sign audit reports and includes Audit Principals and Employees

<sup>3</sup> The definition used of 'audit-services' and 'non-audit services' is set out in paragraph 12 of the Auditing Practices Board's 'Ethical Standard 5' – published December 2010

<sup>4</sup> Deloitte LLP figures for 2011 relate to practising activities in the UK, Channel Islands and Isle of Man only.

<sup>5</sup> Includes both KPMG LLP and KPMG Audit Plc

<sup>6</sup> Name changed from BDO Stoy Hayward from 1 October 2010

<sup>7</sup> Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

<sup>8</sup> RSM Bentley Jennison merged with Tenon Audit on 29 December 2010 and is now called RSM Tenon Audit.

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2011 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Crowe Clark Whitehill <sup>9</sup>	LLP	31-Mar-11	74	48	49	23	9	18	50
Moore Stephens	LLP	30-Apr-11	65	31	31	13	4	50	67
Nexia Smith & Williamson Audit	Company	30-Apr-11	37	29	29	12	N/A	45	57
Kingston Smith	LLP	30-Apr-11	51	43	43	12	7	12	31
MHA MacIntyre Hudson <sup>10</sup>	LLP	31-Mar-11	42	28	28	10	N/A	N/A	32
UHY Hacker Young	Group of Partnerships	30-Apr-11	94	55	58	10	6	29	45
HW Group	Partnership	31-Mar-11	159	79	84	9	7	42	58
Chantrey Vellacott DFK	LLP	30-Jun-11	51	22	22	9	2	17	28
Haysmacintyre	Partnership	31-Mar-11	23	19	19	9	3	4	16
Buzzacott	LLP	30-Sept-11	24	12	12	8	1	15	24
Saffery Champness	Partnership	31-Mar-11	54	35	36	7	3	26	36
Menzies	LLP	31-Mar-11	35	20	20	6	7	15	28

<sup>9</sup> Name changed as of 1 October 2010 from Horwath Clark Whitehill

<sup>10</sup> Name changed from MacIntyre Hudson with effect from 21 November 2011.

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2011 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Littlejohn <sup>11</sup>	LLP <sup>12</sup>	31-May-11	28	17	17	6	2	7	15
Scott Moncrieff	Partnership	30-Apr-11	17	8	9	5	1	7	13
Johnston Carmichael	LLP <sup>13</sup>	31-May-11	47	13	20	4	N/A	N/A	25
Cooper Parry	LLP	30-Apr-11	23	10	11	4	4	5	13
Anderson Anderson & Brown	LLP	31-Mar-11	12	5	5	4	3	6	13
Reeves & Co	LLP	31-May-11	40	17	17	4	2	14	20
James Cowper	LLP <sup>14</sup>	30-Apr-11	16	7	8	2	2	6	10
Chiene & Tait	Scottish Partnership	30-Sep-11	7	3	3	2	0	4	6
Francis Clark	LLP	31-Mar-11	33	20	20	2	N/A	N/A	16
Armstrong Watson	Partnership	31-Mar-11	26	6	6	1	N/A	N/A	17
Lovewell Blake	LLP	30-Sep-11	21	7	7	1	1	10	12

<sup>11</sup> Name changed from CLB Littlejohn Frazer with effect from 31 January 2010

<sup>12</sup> Littlejohn changed from a Partnership to an LLP with effect from 31 January 2010

<sup>13</sup> Johnston Carmichael changed from a Partnership to an LLP from 1 June 2011.

<sup>14</sup> James Cowper has changed its structure from a Partnership to an LLP with effect from 2 February 2010

**UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2011**  
**(By fee income from audit)**

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Montpelier Audit Ltd <sup>15</sup>	Limited Company	31-Dec-11	14	14	14	1	N/A	N/A	1
Mercer & Hole	Partnership	30-Sep-11	19	8	8	1	N/A	8	9

*Table 21*

<sup>15</sup> The figures stated for Montpelier Audit Ltd are the unaudited figures.

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2010 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-10	845	241	373	548	358	1,287	2,193
KPMG <sup>4</sup>	LLP	30-Sep-10	545	149	253	417 <sup>5</sup>	303 <sup>5</sup>	882	1,602
Deloitte <sup>6</sup>	LLP	31-May-10	678	181	204	418	187	1,215	1,820
Ernst & Young	LLP	30-Jun-10	533	117	189	303	206	847	1,356
Grant Thornton	LLP	30-Jun-10	231	76	98	107	38	235	380
BDO <sup>7</sup>	LLP	30-Jun-10	202	63	89	90	51	145	286
PKF (UK)	LLP	31-Mar-10	94	50	50	59	32	49	140
Baker Tilly <sup>8</sup>	LLP	31-Mar-10	263	120	119	58	32	98	188
Mazars	LLP	31-Aug-10	109	52	57	44	13	46	103

<sup>1</sup> Principals are partners or members of an LLP

<sup>2</sup> RIs are those individuals who are able to sign audit reports and includes Audit Principals and Employees.

<sup>3</sup> The definition used of 'audit-services' and 'non-audit services' is set out in paragraph 12 of the Auditing Practices Board's 'Ethical Standard 5' – published December 2010.

<sup>4</sup> Includes both KPMG LLP and KPMG Audit Plc

<sup>5</sup> These figures have been restated to reflect the impact of internal re-organisation across functions in KPMG.

<sup>6</sup> Deloitte LLP figures for 2010 relate to practising activities in the UK, Channel Islands and Isle of Man only.

<sup>7</sup> Name changed from BDO Stoy Hayward from 1 October 2010

<sup>8</sup> Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2010 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Crowe Clark Whitehill <sup>9</sup>	LLP	31-Mar-10	69	43	44	25	11	11	47
RSM Tenon Audit <sup>10</sup>	Company	30-Jun-10	5	4	95	19	0	0	19
Nexia Smith & Williamson Audit	Company	30-Apr-10	42	34	34	15	N/A	39	54
Moore Stephens	LLP	30-Apr-10	62	29	31	14	4	48	66
Kingston Smith	LLP	30-Apr-10	52	44	45	13	8	11	32
MacIntyre Hudson	LLP	31-Mar-10	50	34	34	12	N/A	N/A	31
HW Group	Partnership	31-Mar-10	146	90	92	10	7	39	56
UHY Hacker Young	Group of Partnerships	30-Apr-10	92	54	56	10	5	30	45
Chantrey Vellacott DFK	LLP	30-Jun-10	51	25	25	9	2	17	28
Haysmacintyre	Partnership	31-Mar-10	24	20	20	8	4	4	16
Saffery Champness	Partnership	31-Mar-10	57	35	35	7	3	25	35
Menzies	LLP	31-Mar-10	39	23	24	6	6	14	26

<sup>9</sup> Name changed as of 1 October 2010 from Horwath Clark Whitehill

<sup>10</sup> RSM Bentley Jennison merged with Tenon Audit on 29 December 2010 and is now called RSM Tenon Audit.



## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2010 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Johnston Carmichael	Partnership	31-May-10	45	15	21	6	N/A	N/A	25
Buzzacott	LLP	30-Sept-10	24	12	12	6	1	15	22
Littlejohn <sup>11</sup>	LLP <sup>12</sup>	31-May-10	29	19	19	5	2	9	16
Scott Moncrieff	Partnership	30-Apr-10	17	8	8	5	1	7	13
Cooper Parry	LLP	30-Apr-10	22	9	11	4	3	7	14
Price Bailey	LLP	31-Mar-10	23	12	12	3	2	7	12
James Cowper	LLP <sup>13</sup>	30-Apr-10	15	7	7	2	2	5	9
Chiene & Tait	Scottish Partnership	30-Sep-10	7	4	4	2	0	4	6
Francis Clark	LLP	31-Mar-10	33	20	20	2	N/A	N/A	16
DTE Business Advisory	Company	30-Apr-10	6	3	9	1	1	3	5
Armstrong Watson	Partnership	31-Mar-10	27	7	7	1	N/A	N/A	17

*Table 22*

<sup>11</sup> Name changed from CLB Littlejohn Frazer with effect from 31 January 2010

<sup>12</sup> Littlejohn changed from a Partnership to an LLP with effect from 31 January 2010

<sup>13</sup> James Cowper has changed its structure from a Partnership to an LLP with effect from 2 February 2010

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2009 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-09	873	269	382	558 <sup>4</sup>	406 <sup>4</sup>	1,239 <sup>4</sup>	2,203 <sup>4</sup>
KPMG <sup>5</sup>	LLP	30-Sep-09	569	157	254	455	282	889	1,626
Deloitte <sup>6</sup>	LLP	31-May-09	671	192	216	409	203	1,240 <sup>7</sup>	1,852 <sup>7</sup>
Ernst & Young	LLP	30-Jun-09	506	140	223	302	227	854	1,383
Grant Thornton	LLP	30-Jun-09	280	98	114	112	40	226	378
BDO <sup>8</sup>	LLP	30-Jun-09	235	87	113	97	51	158	306
Baker Tilly <sup>9</sup>	LLP	31-Mar-09	276	118	118	63	37	103	203
PKF (UK)	LLP	31-Mar-09	98	54	54	59	38	44	141
Mazars	LLP	31-Aug-09	105	55	62	43	14	44	101

<sup>1</sup> Principals are partners or members of an LLP

<sup>2</sup> RIs are those individuals who are able to sign audit reports

<sup>3</sup> The definition used of 'audit-services' and 'non-audit services' is set out in paragraph 6 of the Auditing Practices Board's 'Ethical Standard 5'

<sup>4</sup> These figures have been restated to exclude turnover from non-UK subsidiary undertakings.

<sup>5</sup> Includes both KPMG LLP and KPMG Audit Plc

<sup>6</sup> Name changed from Deloitte & Touche LLP as of 1 December 2008

<sup>7</sup> These figures have been restated to exclude income from practising activities outside the UK, Chanel Islands and Isle of Man.

<sup>8</sup> Name changed from BDO Stoy Hayward from 1 October 2009

<sup>9</sup> Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2009 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Horwath Clark Whitehill	LLP	31-Mar-09	69	44	45	25	11	11	47
RSM Bentley Jennison <sup>10</sup>	Partnership	31-Dec-09	71	28	32	15	9	50	74
Tenon Audit <sup>8</sup>	Company	30-Jun-09	4	3	46	15	0	0	15
Nexia Smith & Williamson Audit	Company	30-Apr-09	42	34	34	14	0	48	62
Moore Stephens	LLP	30-Apr-09	60	26	28	14	5	38	57
Kingston Smith	LLP	30-Apr-09	49	42	44	12	8	12	32
MacIntyre Hudson	LLP	31-Mar-09	50	34	34	11	N/A	N/A	31
HW Group	Partnership	31-Mar-09	146	92	95	10	8	40	58
UHY Hacker Young	Group of Partnerships	30-Apr-09	88	56	58	10	6	29	45
HLB Vantis Audit plc	Plc	31-May-09	3	3	55	10	0	0	10
Chantrey Vellacott DFK	LLP	30-Jun-09	51	24	24	8	2	16	26
Haysmacintyre	Partnership	31-Mar-09	24	20	22	8	4	4	16

<sup>10</sup> RSM Bentley Jennison merged with Tenon Audit on 29 December 2009 and is now called RSM Tenon Audit.

## UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2009 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals <sup>1</sup>	No of Audit Principals	No of Responsible Individuals <sup>2</sup>	Fee Income: Audit <sup>3</sup> (£m)	Fee Income: Non-Audit Work <sup>3</sup> to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Saffery Champness	Partnership	31-Mar-09	54	31	31	7	4	24	35
Menzies	LLP <sup>11</sup>	31-Mar-09	34	20	20	6	6	14	26
Littlejohn <sup>12</sup>	LLP <sup>13</sup>	31-May-09	28	16	16	6	3	9	18
Johnston Carmichael	Partnership	31-May-09	45	14	20	5	N/A	N/A	23
Cooper Parry	LLP	30-Apr-09	23	10	12	5	4	6	15
Scott Moncrieff	Partnership	30-Apr-09	18	7	8	5	1	7	13
James Cowper	LLP <sup>14</sup>	30-Apr-09	17	8	8	2	2	5	9
Chiene & Tait	Scottish Partnership	30-Sep-09	7	4	4	2	0	4	6
DTE Business Advisory	Company	30-Apr-09	6	3	10	2	1	3	6
Armstrong Watson	Partnership	31-Mar-09	35	7	7	1	N/A	N/A	19
Begbies Chettle Agar	Partnership	31-Mar-09	5	4	4	1	N/A	1	2

<sup>11</sup> Menzies changed from a Partnership to an LLP with effect from 1 July 2008

<sup>12</sup> Name changed from CLB Littlejohn Frazer with effect from 31 January 2009

<sup>13</sup> Littlejohn changed from a Partnership to an LLP with effect from 31 January 2009

<sup>14</sup> James Cowper has changed its structure from a Partnership to an LLP with effect from 2 February 2009

*Table 23*

### Analysis of Big 4 Fee Income (2006-2011)

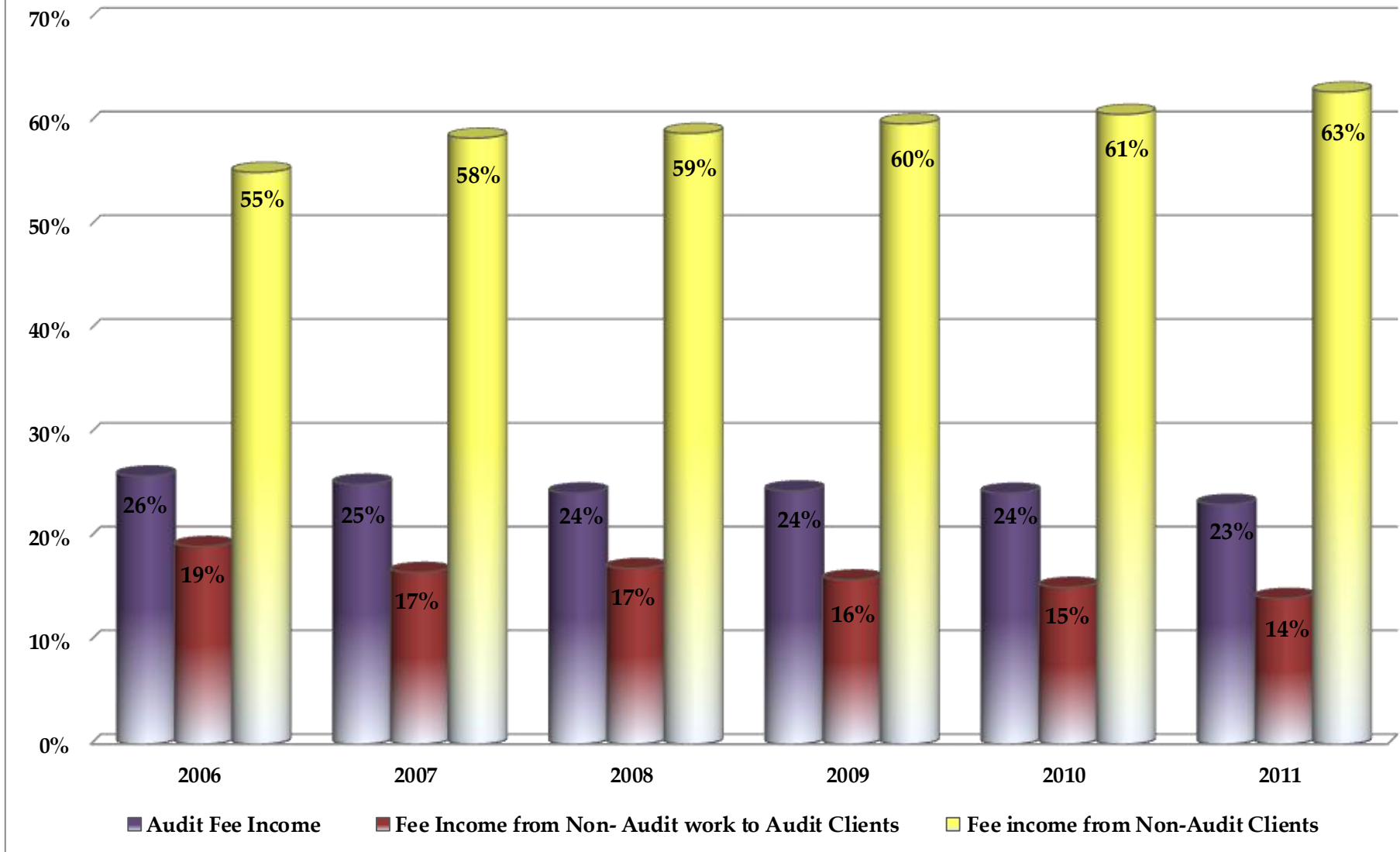


Chart 20

**Analysis of the Fee Income (2006-2011) of many of the larger registered audit firms outside of the Big Four**

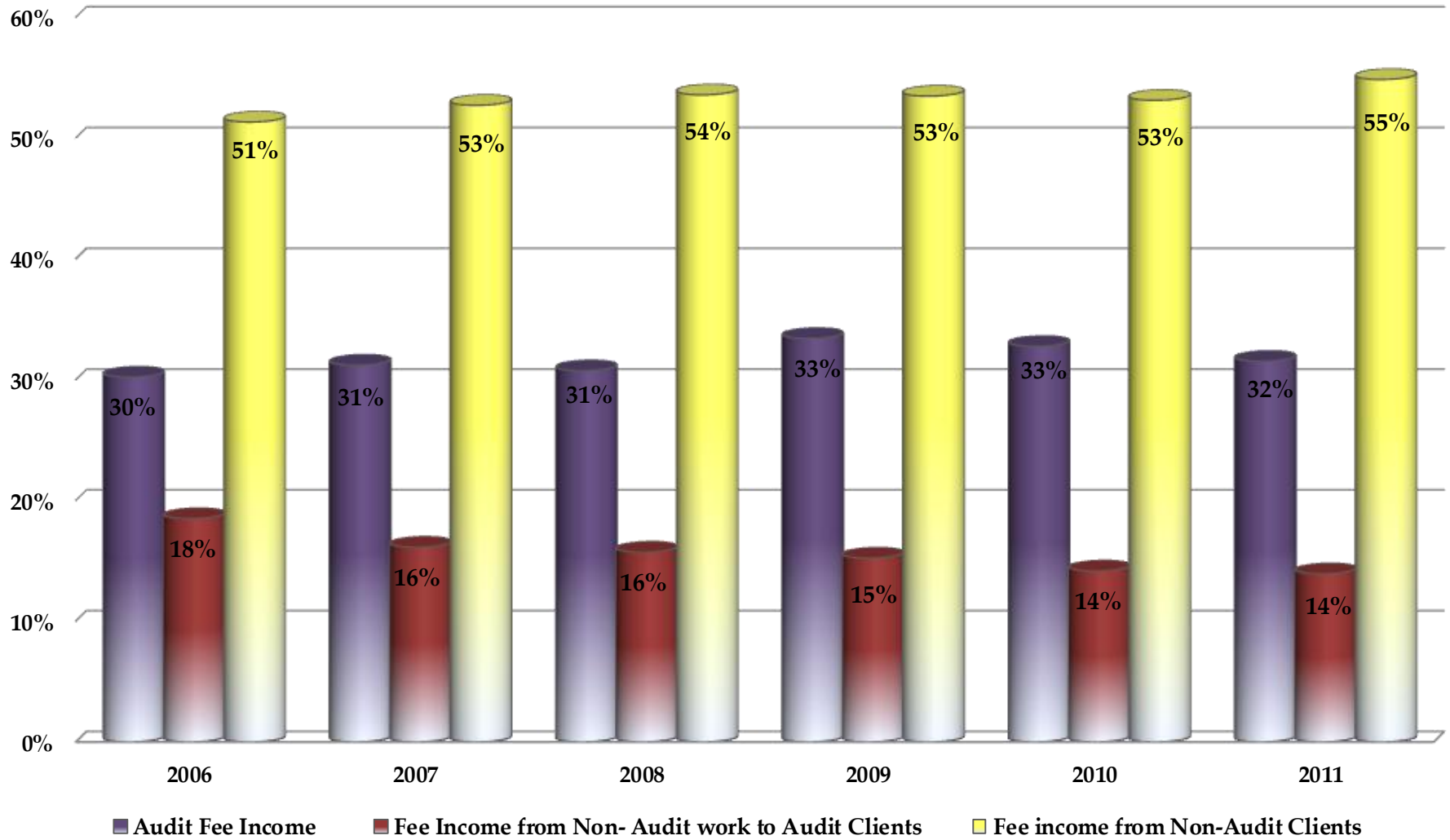


Chart 21

## Growth of Fee Income

Table 24<sup>1</sup> shows the growth rate of fee income for each of the years from 2006/07 to 2010/11 for many of the largest registered audit firms with clients which are defined as UK public interest entities. This information is split further between the Big Four audit firms and the largest firms outside of the Big Four and between audit and non-audit income.

To ensure consistency in the table below, we have only included income figures for those firms where data has been submitted for all five years for both audit and non-audit income.

<b>Growth Rate %</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-9</b>	<b>2007-8</b>	<b>2006-7</b>
<b>Total fee income for the largest registered audit firms with UK public interest entities as clients<sup>1</sup></b>	4.6	-2.4	-0.1	5.0	10.2
<b>Total fee income for the Big Four Firms</b>	5.7	-1.3	0.4	4.4	10.1
<b>Total fee income for the Non Big Four Firms</b>	-0.5	-7.0	-1.9	7.6	10.5
<b>Audit fee income for the largest registered audit firms with UK public interest entities as clients<sup>1</sup></b>	0.2	-3.3	0.6	4.2	8.2
<b>Audit fee income for the Big Four Firms</b>	0.9	-2.2	1.2	0.9	6.8
<b>Audit fee income for the Non Big Four Firms</b>	-2.2	-6.9	0.5	8.1	14.0
<b>Non-audit fee income for the largest registered audit firms with UK public interest entities as clients<sup>1</sup></b>	6.1	-2.0	-0.5	7.1	10.9
<b>Non-audit fee income for the Big Four Firms</b>	7.2	-1.0	0.1	5.6	11.3
<b>Non-audit fee income for the Non Big Four Firms</b>	0.4	-7.0	-3.1	7.3	8.9

Table 24

- There has been a marked increase in non-audit fee income for the Big Four firms which is reflected in total fee income for the Big Four firms.

*Note: Due to the figures for some firms being restated for 2007-08 to 2009-10, the data from 2006-7 is not comparable with the data from 2007-8 onwards. The data will also be different in some cases from that published in earlier versions of Key Facts and Trends in the Accountancy Profession.*

<sup>1</sup> This is based on the information provided to the Professional Oversight Board and which is shown in the detailed tables on fee income of major audit firms.

## Audit Fee Income per Responsible Individual

Table 25<sup>2</sup> illustrates audit fee generated per Responsible Individual (RI)<sup>3</sup> for 2006 to 2011 (inclusive). This information is split further between the Big Four audit firms and the largest firms outside of the Big Four.

<b>Audit Fee Income Per RI (£m)</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Largest registered audit firms with UK public interest entities as clients</b>	1.07	1.06	1.05	0.99	0.97
<b>Big Four Firms</b>	1.67	1.65	1.60	1.54	1.52
<b>Non Big Four Firms</b>	0.50	0.50	0.51	0.48	0.43

Table 25

- Audit fee income generated per RI has grown between 2007 and 2011 for Big Four audit firms and the largest firms outside of the Big Four.
- Audit fee income per RI has slowed this year, showing a small increase of 1% between 2010 and 2011 for the Big Four and no change for the largest firms outside the Big Four.

<sup>2</sup> The historic information in this table has been updated as a result of changes in a number of submissions made by some of the larger registered audit firms outside of the Big Four.

<sup>3</sup> RIs have been awarded the recognised professional qualification in audit and hold a practising certificate. An RI can sign an audit report on behalf of his/her firm.



## Responsible Individual Status

Table 26<sup>4</sup> shows the percentage of RIs for 2006 to 2011 (inclusive) within the Big Four firms and the largest firms outside of the Big Four who are audit principals<sup>5</sup> and who are employees. This information is obtained from the firms included both within Tables 21 to 23 and previous editions of Key Facts and Trends.

	Big Four		Many of the larger registered audit firms outside of the Big Four	
	Audit Principals	Employees	Audit Principals	Employees
2006	79.6%	20.4%	82.3%	17.7%
2007	78.3%	21.7%	80.8%	19.2%
2008	72.2%	27.8%	83.3%	16.7%
2009	70.5%	29.5%	84.1%	15.9%
2010	67.5%	32.5%	84.6%	15.4%
2011	68.3%	31.7%	83.9%	16.1%

Table 26

- The percentage of Responsible Individuals who are employees has shown a small decline for the first time in 2011 for the Big Four firms. This shows a change in the trend as it has been steadily increasing since 2006.
- In contrast the percentage of employee Responsible Individuals within the larger registered audit firms outside of the Big Four has risen slightly in 2011 which shows a change to the trend of declining in previous years.

<sup>4</sup> The historic information in this table has been updated as a result of changes in a number of submissions made by some of the larger registered audit firms outside of the Big Four.

<sup>5</sup> An audit principal is an audit partner or both a partner and a member of an LLP.

## CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2011

(By Number of Listed Clients – FTSE 100, FTSE 250, UK Equity Listed on Regulated Markets and AIM)

UK Firm Name	UK Structure	Year End	No of FTSE 100 Audit Clients <sup>1</sup>	No of FTSE 250 Audit Clients <sup>1</sup>	Total No of Other Clients listed on Regulated Markets <sup>1</sup>	No of AIM Audit Clients <sup>1</sup>
PricewaterhouseCoopers	LLP	30-Jun-11	39	69	220	106
Deloitte	LLP	31-May-11	22	64	94	70
KPMG <sup>2</sup>	LLP	30-Sep-11	21	48	138	56
Ernst & Young	LLP	30-Jun-11	18	43	153	44
BDO	LLP	30-Jun-11	1	5	26	122
Grant Thornton	LLP	30-Jun-11	0	5	84	160
PKF (UK)	LLP	31-Mar-11	0	0	54	38
Baker Tilly <sup>3</sup>	LLP	31-Mar-11	0	0	13	52
James Cowper	LLP <sup>4</sup>	30-Apr-11	0	0	6	0
Kingston Smith	LLP	30-Apr-11	0	0	4	10
UHY Hacker Young	Group of Partnerships	30-Apr-11	0	0	3	22

<sup>1</sup> The number of clients reported relates to entities whether incorporated in the UK or elsewhere that are audit clients of the UK firm. The figures for 'Other clients listed on Regulated Markets' include clients which have equity listed on one or more regulated markets.

<sup>2</sup> Includes both KPMG LLP and KPMG Audit Plc

<sup>3</sup> Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

<sup>4</sup> James Cowper has changed its structure from a Partnership to an LLP with effect from 2 February 2010

## CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2011

(By Number of Listed Clients – FTSE 100, FTSE 250, UK Equity Listed on Regulated Markets and AIM)

UK Firm Name	UK Structure	Year End	No of FTSE 100 Audit Clients <sup>1</sup>	No of FTSE 250 Audit Clients <sup>1</sup>	Total No of Other Clients listed on Regulated Markets <sup>1</sup>	No of AIM Audit Clients <sup>1</sup>
Scott Moncrieff	Partnership	30-Apr-11	0	0	3	3
Nexia Smith & Williamson Audit	Company	30-Apr-11	0	0	3	28
Chiene & Tait	Scottish Partnership	30-Sep-11	0	0	3	0
Chantrey Vellacott DFK	LLP <sup>5</sup>	30-Jun-11	0	0	3	12
Buzzacott	LLP	30-Sept-11	0	0	3	1
Mazars	LLP	31-Aug-11	0	0	2	21
Haysmacintyre	Partnership	31-Mar-11	0	0	2	7
Moore Stephens	LLP	30-Apr-11	0	0	2	8
Saffery Champness	Partnership	31-Mar-11	0	0	1	8
Crowe Clark Whitehill <sup>6</sup>	LLP	31-Mar-11	0	0	1	30
Menzies	LLP	31-Mar-11	0	0	1	2

<sup>5</sup> Chantrey Vellacott DFK changed from a Partnership to an LLP in 2010

<sup>6</sup> Name changed as of 1 October 2010 from Horwath Clark Whitehill

## CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2011

(By Number of Listed Clients – FTSE 100, FTSE 250, UK Equity Listed on Regulated Markets and AIM)

UK Firm Name	UK Structure	Year End	No of FTSE 100 Audit Clients <sup>1</sup>	No of FTSE 250 Audit Clients <sup>1</sup>	Total No of Other Clients listed on Regulated Markets <sup>1</sup>	No of AIM Audit Clients <sup>1</sup>
Littlejohn <sup>7</sup>	LLP <sup>8</sup>	31-May-11	0	0	0	14
RSM Tenon Audit <sup>9</sup>	Limited Company	30-Jun-11	0	0	0	18
HW Group	Partnership	31-Mar-11	0	0	0	2
MHA MacIntyre Hudson <sup>10</sup>	LLP	31-Mar-11	0	0	0	2
Armstrong Watson	Partnership	31-Mar-11	0	0	0	0
Cooper Parry	LLP	30-Apr-11	0	0	0	0
Johnston Carmichael	LLP <sup>11</sup>	31-May-11	0	0	0	0
Francis Clark	LLP	31-Mar-11	0	0	0	1
Anderson Anderson & Brown	LLP	31-Mar-11	0	0	0	0
Lovewell Blake	LLP	30-Sep-11	0	0	0	0
Montpelier Audit Ltd	Limited Company	31-Dec-11	0	0	0	0

<sup>7</sup> Name changed from CLB Littlejohn Frazer with effect from 31 January 2010

<sup>8</sup> Changed from Partnership to an LLP with effect from 31 January 2010

<sup>9</sup> Tenon Audit merged with RSM Bentley Jennison with effect from 29 December 2010 and is now called RSM Tenon Audit

<sup>10</sup> Name changed from MacIntyre Hudson with effect from 21 November 2011.

<sup>11</sup> Johnston Carmichael changed from a Partnership to an LLP from 1 June 2011.

## CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2011

(By Number of Listed Clients – FTSE 100, FTSE 250, UK Equity Listed on Regulated Markets and AIM)

UK Firm Name	UK Structure	Year End	No of FTSE 100 Audit Clients <sup>1</sup>	No of FTSE 250 Audit Clients <sup>1</sup>	Total No of Other Clients listed on Regulated Markets <sup>1</sup>	No of AIM Audit Clients <sup>1</sup>
Reeves & Co	LLP	31-May-11	0	0	0	3
Mercer & Hole	Partnership	20-Sep-11	0	0	0	0

Table 27

## Concentration of listed Companies' Audits<sup>1</sup>

Table 28 illustrates the percentage of the number of audits undertaken by the Big Four firms, the next six firms<sup>2</sup> (based on number of listed audit clients) and other audit firms, with UK equity listed companies as audit clients.

For the purposes of Table 28, where a listed company is audited by a firm from the Crown Dependencies it has been given the same classification as its UK counterpart.

	Big Four Firms (%)				Next Six Firms (%) <sup>2</sup>				Other Firms (%)			
	28/02/12	28/02/11	28/02/10	28/02/09	28/02/12	28/02/11	28/02/10	28/02/09	28/02/12	28/02/11	28/02/10	28/02/09
FTSE 100 <sup>1</sup>	99.0	99.0	99.0	99.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
FTSE 250 <sup>1</sup>	95.2	95.6	94.8	94.4	4.8	4.4	4.4	5.2	0.0	0.0	0.8	0.4
Other UK Main Market	68.7	66.6	67.6	70.8	23.9	25.1	23.9	21.2	7.4	8.3	8.5	8.0
All Main Market	78.4	78.5	77.3	78.7	16.8	16.5	16.9	15.7	4.8	5.0	5.8	5.6

Table 28

Source: Audit Inspection Unit

Note: Due to changes in market constituents and factors such as share suspensions, the table above is not entirely comparable year-on-year but illustrates the underlying levels and trends of auditor concentration.

<sup>1</sup> Includes International Main Market Companies.

<sup>2</sup> The 2012 data is for the next six firms instead of the next five. The data for previous years in this section has not been restated so is not entirely comparable.

## Audit Firms

Table 29 analyses fee income of audit firms by size using information either supplied to us by firms or from their annual returns for ICAEW registered firms (Please note that in some cases this date is different from the firm's year end).

<b>Firms ranked by size</b>	<b>Average Total Fee Income (£'000)</b>
<b>1 to 4</b>	1,841,500
<b>5 to 9</b>	216,200
<b>10 to 30</b>	28,158
<b>31 to 100</b>	8,468
<b>101 to 500</b>	2,428
<b>501 to 1000</b>	1,018
<b>1001 to 2000</b>	490
<b>2001 to 3000</b>	195
<b>3001 to 3886</b>	39

Table 29

*Note: Information for the largest 9 firms is drawn from information supplied to us by the firms. The remaining information relates only to those firms registered with the ICAEW.*

Approximately 67% of the total fee income of audit firms is attributable to the Big Four. The information in Table 29 is only directly comparable with the figures shown in Tables 21-23 for the largest 9 firms, which consolidate the income of all the entities through which the firm operates i.e. both audit registered entities and other entities.

### Third Country Auditor Registration (As at 31 May 2012)

Following the coming into force in the UK of the requirements of the Statutory Audit Directive (SAD) in July 2008, the auditors of companies outside the European Union that have securities admitted to trading on UK regulated markets are required to register with the Professional Oversight Board for their audit to be valid for UK regulatory purposes.

Tables 30, 31 and 32 below show the number of firms that have registered by country and the number of relevant audit clients. There are three types of registration:

- Equivalent Registration: where the European Commission has concluded that the country has a system of audit regulation equivalent to that required by the SAD.
- Transitional Registration: where the European Commission has concluded that the third country has firm plans in place to introduce such a system.
- Article 45 Registration: other countries, where the audit firm must register in accordance with the full requirements of Article 45 of the SAD.

There is more information on our web-site at:

[http://www.frc.org.uk/pob/regulation/third\\_party\\_entity/terms\\_conditions.cfm](http://www.frc.org.uk/pob/regulation/third_party_entity/terms_conditions.cfm)

Equivalent Registration	No of Audit Firms	No of Relevant Clients
Australia	5	13
Canada	4	12
China	1	1
Croatia	2	3
Japan	4	24
Singapore	2	3
South Africa	4	12
South Korea	3	9
Switzerland	4	6
USA	4	31
<b>TOTAL</b>	<b>33</b>	<b>114</b>

Table 30



<b>Transitional Registration</b>	<b>No of Audit Firms</b>	<b>No of Relevant Clients</b>
<b>Abu Dhabi</b>	3	9
<b>Bermuda</b>	3	4
<b>Brazil</b>	0	0
<b>Cayman Islands</b>	2	4
<b>The Dubai International Finance Centre</b>	1	2
<b>Egypt</b>	2	8
<b>Guernsey</b>	0	0
<b>Hong Kong</b>	8	9
<b>India</b>	7	10
<b>Indonesia</b>	1	1
<b>Isle of Man</b>	0	0
<b>Israel</b>	5	7
<b>Jersey</b>	0	0
<b>Malaysia</b>	0	0
<b>Mauritius</b>	0	0
<b>New Zealand</b>	1	2
<b>Russia</b>	8	49
<b>Taiwan</b>	0	0
<b>Thailand</b>	0	0
<b>Turkey</b>	3	7
<b>TOTAL</b>	<b>44</b>	<b>112</b>

*Table 31*

<b>'Article 45' Registration</b>	<b>No of Audit Firms</b>	<b>No of Relevant Clients</b>
<b>Argentina</b>	2	2
<b>Bahamas</b>	0	0
<b>Bahrain</b>	2	4
<b>Barbados</b>	1	1
<b>Chile</b>	1	1
<b>Curacao</b>	1	1
<b>Georgia</b>	2	1
<b>Kazakhstan</b>	3	11
<b>Kenya</b>	1	1
<b>Kuwait</b>	2	3
<b>Lebanon</b>	3	7
<b>Maldives</b>	0	0
<b>Nigeria</b>	3	2
<b>Oman</b>	0	0
<b>Pakistan</b>	2	2
<b>Papua New Guinea</b>	1	1
<b>Saudi Arabia</b>	2	4
<b>Ukraine</b>	0	0
<b>Vietnam</b>	0	0
<b>Zimbabwe</b>	2	2
<b>TOTAL</b>	<b>28</b>	<b>43</b>

*Table 32*



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