Professional Oversight Board

Key Facts and Trends in the Accountancy Profession

June 2010

Contents

Chair's Foreword

This is the eighth 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. Its functions are exercised principally by its Operating Bodies including the Professional Oversight Board (POB). This Board has the following responsibilities:

- it oversees the regulation of 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.

This document is produced to provide helpful data on the accountancy profession and in so doing provides context to the Oversight Board's work. It provides statistical information principally on the members, students, income, costs and staffing of the six Chartered Accountancy Bodies[1] as at 31 December 2009. It also includes more limited information on two other bodies, one of which offers the recognised professional qualification[2] and the other which supervises the work of statutory auditors[3].

The information in Section Five relates to a number of the larger registered audit firms which are auditors of nearly all listed companies and of many other public interest entities. We have included details of firms' fee income and client base in respect of their financial years ended in 2009. This section also includes for the first time information about third country audit firms who have clients that are admitted to trading on a regulated market in the UK. Under the Statutory Audit Directive all these firms must now register with the POB for their audit to be valid for UK regulatory purposes. We have included a table showing by country the numbers of these firms registered with the POB as at 31 May 2010 together with the numbers of their relevant clients.

[1] 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)
[2] Association of International Accountants (AIA)
[3] Association of Authorised Public Accountants (AAPA)

'Key Facts and Trends' provides information and, where appropriate, some clarification and comment on possible limitations of the data. It is difficult to make comparisons between the different accountancy bodies or between audit firms, as a result of a number of factors including differing entry requirements and different classifications of income. Accordingly the document should not be used to rank the firms or the accountancy bodies.

As anticipated in the previous edition of 'Key Facts and Trends', the economic downturn has significantly reduced the rate of growth in fee income for the larger registered audit firms. The accountancy profession is not immune from the recession but, despite this, the profession remains attractive with the overall number of members and worldwide students continuing to increase.

The changes we have made to this edition reflect comments received on previous editions. We would welcome comments on what information you think may improve future editions. Your comments should be sent to Christina Trickett (c.trickett@frc-pob.org.uk). Further information about the FRC and its Operating Bodies including the POB is available at www.frc.org.uk.

Barbara Mills

Dame Barbara Mills DBE QC
Chair of the Professional Oversight Board
June 2010

SECTION ONE

MAIN HIGHLIGHTS

One - Main Highlights

The Accountancy Bodies 2004 - 2009

- The number of members of the accountancy bodies continues to grow in the UK although at a slightly slower rate than last year. There has also been a small decline in student numbers. The six Chartered Bodies have over 293,000 members and over 168,000 students in the UK and Republic of Ireland. In 2009 membership grew by 2.5% and student numbers fell by 0.5%. (Table 1, Chart 1 and Table 12)

- The six Chartered Bodies have over 402,000 members and over 421,000 students worldwide. The compound annual growth rate of members between 2004 and 2009 was 3.4%. Worldwide membership grew by 3.4% in 2009. (Table 2, Chart 2 and Table 9)

- Worldwide, student numbers have been growing more quickly than membership numbers, (compound annual growth in members was 2.3% (06-09) compared to 7.7% (06-09)[4] for students). Worldwide student numbers grew by 6.5%[4] in 2009. (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. The overall number of audit firms registered in 2009 (7,843) is 21.2% lower than the number in 2004 (9,950). However, the rate of decline continues to slow, and the number of registered audit firms fell by 3.2% in 2009 compared with 4.7% in 2008. (Table 7)

- The proportion of members awarded the recognised professional qualification for audit is much smaller than the number of students who become members. (Table 18). In most cases this is because 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.

[4] This figure excludes individuals who have passed their final admittance examination and completed their training contracts but have not yet applied for membership.

The Audit Firms 2004 – 2009

- Over the past six years, the Big Four 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 barely grew at all in 2008-9 and at much slower rate than before. (Table 24). The growth rate of the Big Four firms was slightly higher than that of the non Big Four where fee income actually decreased in some cases. This represents a change from the previous years when the growth rate of audit income of the Non Big Four firms was greater. (Table 24)

- Audit fee income per Responsible Individual in the Big Four firms and the larger registered audit firms outside of the Big Four has grown in 2009 by 4.5% and 10.4% respectively. (Table 25)

- Table 28 shows that there has been a further small increase 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 2004 – 2009

Table 1 and Chart 1 show the number of members of each of the six Chartered Accountancy Bodies in the UK and the Republic of Ireland as at 31 December for each of the six years to 31 December 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	TOTAL
2004	56,837	51,386	13,266	110,776	12,757	13,811	**258,833**
2005	59,059	53,697	13,317	111,114	13,523	14,255	**264,965**
2006	61,386	55,580	13,381	110,894	14,329	14,535	**270,105**
2007	64,260	58,370	13,400	111,707	15,121	14,903	**277,761**
2008	67,593	60,870	13,374	112,738	16,237	15,322	**286,134**
2009	68,907	63,513	13,440	114,468	17,076	15,858	**293,262**
% growth (08 - 09)	**1.9**	**4.3**	**0.5**	**1.5**	**5.2**	**3.5**	**2.5**
% growth (04 - 09)	**21.2**	**23.6**	**1.3**	**3.3**	**33.9**	**14.8**	**13.3**
% compound annual growth (04-09)	**3.9**	**4.3**	**0.3**	**0.7**	**6.0**	**2.8**	**2.5**

Table 1

- The total number of members of the six Chartered Accountancy Bodies in the UK and Republic of Ireland has continued to grow steadily at a compound annual growth rate of 2.5% for the period 2004 to 2009. Total membership has grown by 2.5% from 2008 to 2009 which is slightly lower than the 3% growth achieved from 2007 to 2008.

- There are significant differences in growth rates of the individual Bodies. Chartered Accountants Ireland's membership in the UK and the ROI has shown the strongest growth with an average of 6% per year between 2004 and 2009. The memberships of ACCA and CIMA have also grown strongly over the same period at 3.9% and 4.3% respectively.

- 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 Chartered Accountancy Bodies and may be either the place of employment or the place of residence.

Members in the United Kingdom and Republic of Ireland 2004 - 2009

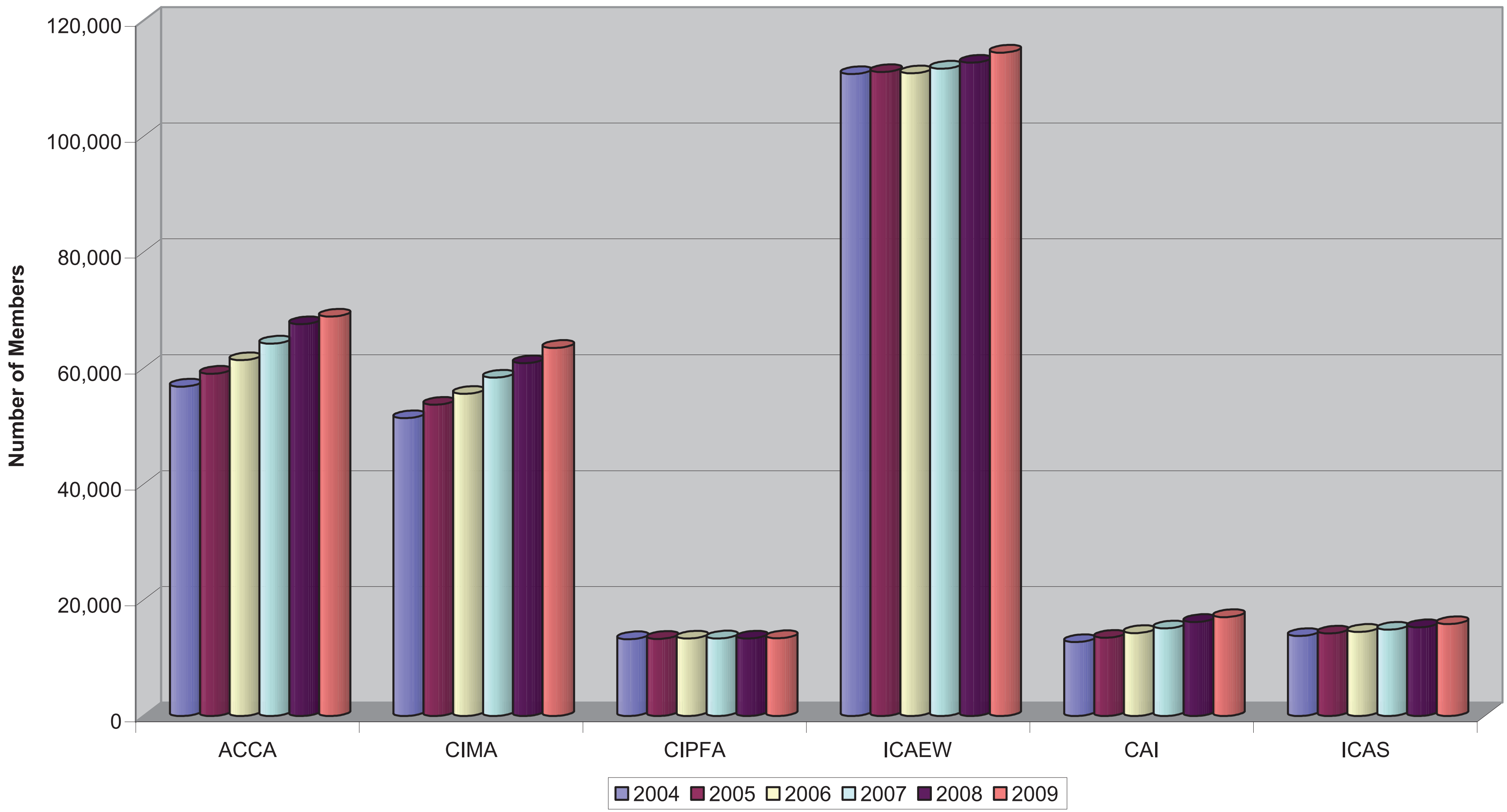

Chart 1

Members Worldwide 2004 – 2009

Table 2 and Chart 2 show the number of members of each of the six Chartered Accountancy Bodies worldwide as at 31 December for each of the six years to 31 December 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	TOTAL
2004	104,613	65,053	13,499	126,597	14,193	15,931	**339,886**
2005	109,588	67,670	13,565	127,826	14,973	16,388	**350,010**
2006	115,345	70,016	13,661	128,416	15,791	16,710	**359,939**
2007	122,426	73,356	13,689	130,243	16,691	17,083	**373,488**
2008	131,398	76,368	13,697	132,411	17,843	17,671	**389,388**
2009	137,233	79,757	13,790	134,698	18,802	18,278	**402,558**
% growth (08 - 09)	**4.4**	**4.4**	**0.7**	**1.7**	**5.4**	**3.4**	**3.4**
% growth (04 - 09)	**31.2**	**22.6**	**2.2**	**6.4**	**32.5**	**14.7**	**18.4**
% compound annual growth (04-09)	**5.6**	**4.2**	**0.4**	**1.2**	**5.8**	**2.8**	**3.4**

Table 2

- The total worldwide membership of the six Chartered Accountancy Bodies has grown at a faster rate than the UK and ROI membership alone. (3.4% compared with 2.5% compound annual growth for the period 2004 to 2009).

- The worldwide growth rate is mainly driven by the strong growth of ACCA which has 49.8% of its members outside the UK and ROI compared with 45.7% in 2004 (Table 3).

- Chartered Accountants Ireland continues to experience a strong growth rate in total members due to its strong growth in members in the UK & ROI (Table 1). Chartered Accountants Ireland has only 9.2% of its members outside the UK and ROI (Table 3)

Note: The location of members is based on the registered address supplied to the Chartered Accountancy Bodies and may be either the place of employment or the place of residence.

Note: Compound Annual Growth 06-09 is 2.3%

Confidence in actuaries and actuarial information

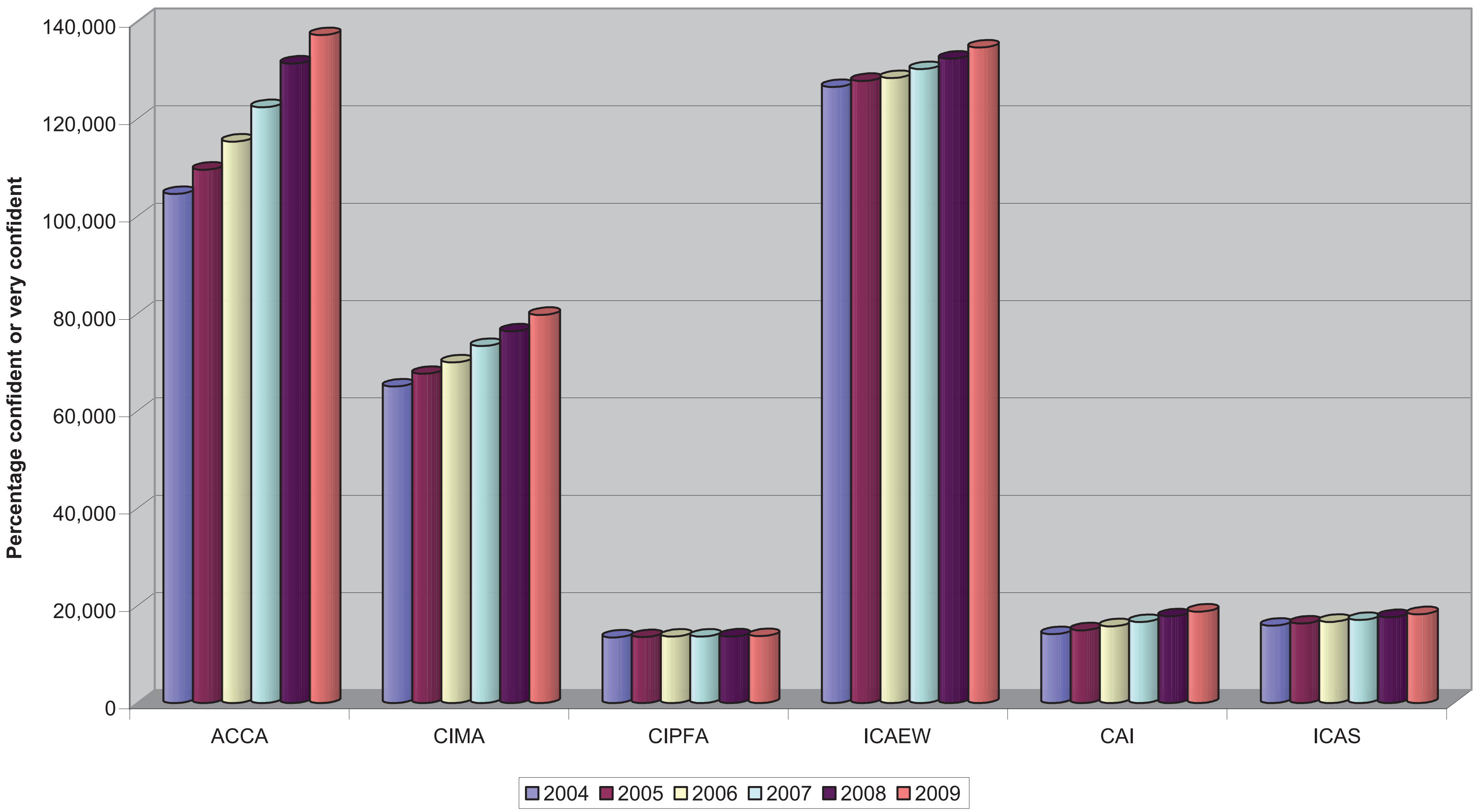

Chart 2

Members outside the UK and the Republic of Ireland 2004 – 2009

Table 3 shows the number of members of each of the six Chartered Accountancy Bodies outside the UK and the Republic of Ireland as at 31 December for each of the six years to 31 December 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	TOTAL
2004	47,776	13,667	233	15,821	1,436	2,120	**81,053**
2005	50,529	13,973	248	16,712	1,450	2,133	**85,045**
2006	53,959	14,436	280	17,522	1,462	2,175	**89,834**
2007	58,166	14,986	289	18,536	1,570	2,180	**95,727**
2008	63,805	15,498	323	19,673	1,606	2,349	**103,254**
2009	68,326	16,244	350	20,230	1,726	2,420	**109,296**
% growth (08 - 09)	**7.1**	**4.8**	**8.4**	**2.8**	**7.5**	**3.0**	**5.9**
% of total worldwide membership outside UK/ROI 2004	**45.7**	**21.0**	**1.7**	**12.5**	**10.1**	**13.3**	**23.8**
% of total worldwide membership outside UK/ROI 2009	**49.8**	**20.4**	**2.5**	**15.0**	**9.2**	**13.2**	**27.2**

Table 3

- For all the Chartered Accountancy Bodies in 2009, except for ICAS, the growth rate of the number of members outside the UK and ROI exceeded the growth rate of members inside the UK and ROI.

- ACCA continues to have the largest percentage of members outside the UK and Republic of Ireland with the number of such members increasing by 43% from 2004 to 2009.

Note: The location of members is based on the registered address supplied to the Chartered Accountancy Bodies and may be either the place of employment or the place of residence.

Sectoral employment of members worldwide 2009

Table 4 shows the percentages of members of each of the six Chartered Accountancy Bodies worldwide, according to their sectoral employment at the end of 2009.

	ACCA	CIMA	CIPFA	ICAEW [1]	CAI	ICAS	TOTAL
Public Practice	27	2	2	32	32	29	**23**
Industry & Commerce	56	70	8	43	58	42	**52**
Public Sector	10	18	65	3	6	3	**11**
Retired	4	10	23	14	4	18	**10**
Other [2]	3	0	2	8	0	8	**4**
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 4

- There continue to be very few CIPFA members and CIMA members employed in public practice.
- CIPFA is the only body with a sizeable proportion of members employed in the public sector. The majority of members in the other bodies are employed in industry and commerce or public practice.
- There has been very little change for any of the bodies in 2009 with regard to sectoral employment compared with 2008.

[1] The ICAEW includes members working within the charity sector under 'Other'.
[2] '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.

Gender of members worldwide 2004 – 2009[3]

Table 5 shows the percentage of female members of each of the six Chartered Accountancy Bodies worldwide as at 31 December for each of the six years to 31 December 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI[3]	ICAS	TOTAL
2004	39	26	26	21	28	24	**28**
2005	40	27	26	22	29	25	**29**
2006	40	28	27	23	31	26	**30**
2007	41	29	28	23	31	27	**31**
2008	42	30	29	24	33	28	**32**
2009	43	30	30	24	35	29	**33**

Table 5

- Overall the percentage of female members of all six Chartered Accountancy Bodies has risen from 28% in 2004 to 33% in 2009.
- The ACCA continues to have the largest percentage of female members.

[3] The percentage of female members for the Chartered Accountants Ireland in 2008 has been restated.

Age of members worldwide 2009

Table 6 shows the number of members of each of the six Chartered Accountancy Bodies worldwide by age as at 31 December 2009. Chart 3 shows this information in a graphical format. Charts 4 to 9 compare the age distribution for each body as at 31 December 2004 compared to the age distribution as at 31 December 2009.

	ACCA	CIMA	CIPFA[4]	ICAEW	CAI	ICAS	TOTAL
Under 25	356	59	1	199	17	98	**730**
25 - 34	37,327	15,472	1,087	24,205	6,886	4,995	**89,972**
35 - 44	53,432	28,698	3,122	34,668	5,771	3,940	**129,631**
45 - 54	27,285	18,310	3,907	31,651	3,328	3,513	**87,994**
55 - 64	12,273	9,879	3,398	24,386	1,722	2,686	**54,344**
65 and over	6,560	7,339	2,204	19,589	1,078	3,046	**39,816**
TOTAL	**137,233**	**79,757**	**13,719**	**134,698**	**18,802**	**18,278**	**402,487**

Table 6

- There are significant differences in the age profiles of worldwide members of the six Chartered Accountancy Bodies. ACCA and Chartered Accountants Ireland have the youngest population of members, with 66% and 67% respectively of their membership younger than 45 years.

- ICAEW, CIPFA and ICAS all have over 50% of their members aged 45 or over. (Chart 3). CIPFA has the oldest population of members with 69% aged 45 or over.

- The most marked change in age profile between 2004 and 2009 relates to CIPFA (Chart 6) where the percentage of members aged below 45 years in 2004 was 47% compared to 31% in 2009.

[4] The age is not known for 71 CIPFA members.

Comparison of Age Profile of Members of Accountancy Bodies 2009

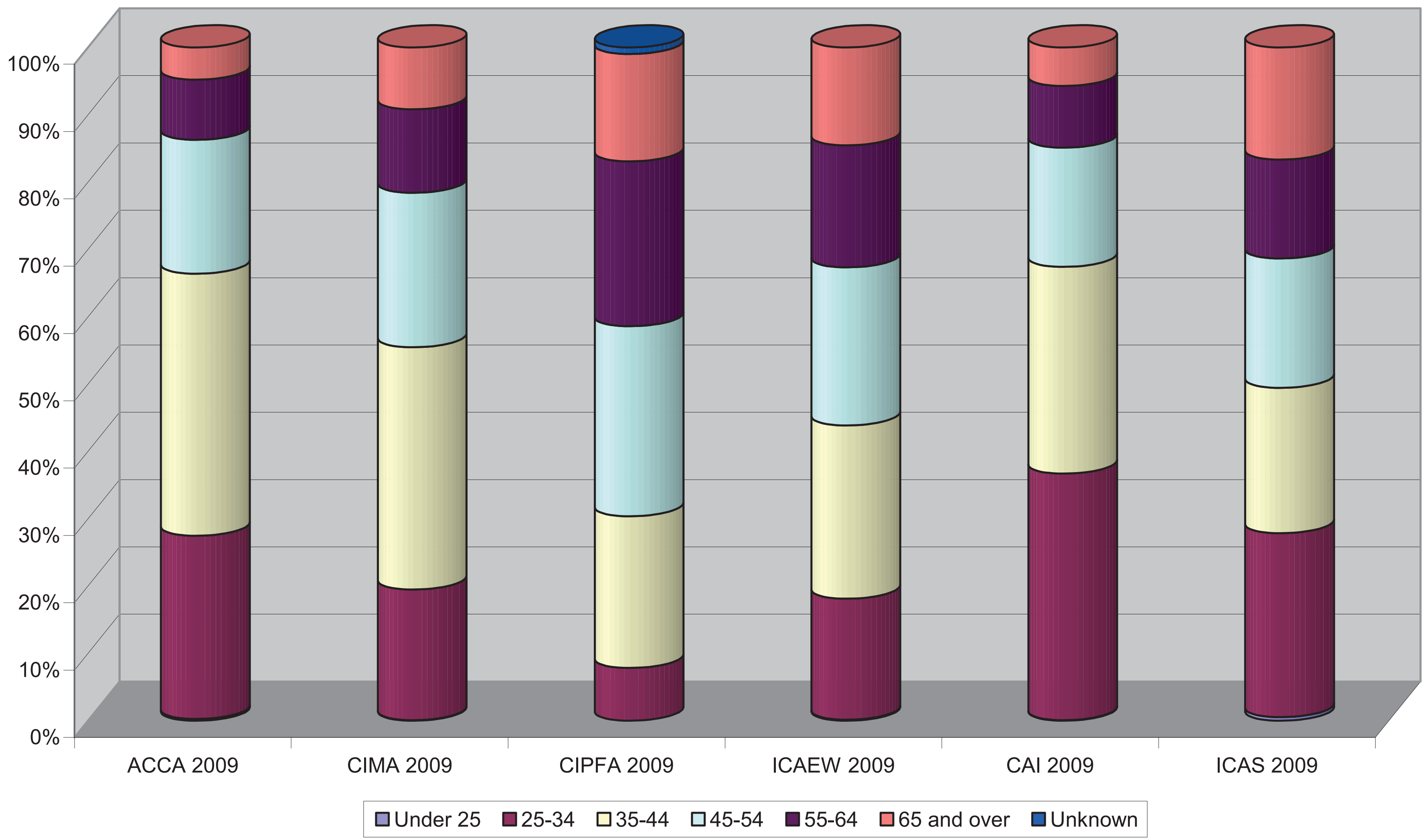

Chart 3

Age of members of the six Chartered Accountancy Bodies 2004 and 2009

The following charts compare the percentage age distribution of members of the Bodies for 2004 and 2009.

<u>**Age of ACCA Members 2004 and 2009**</u>

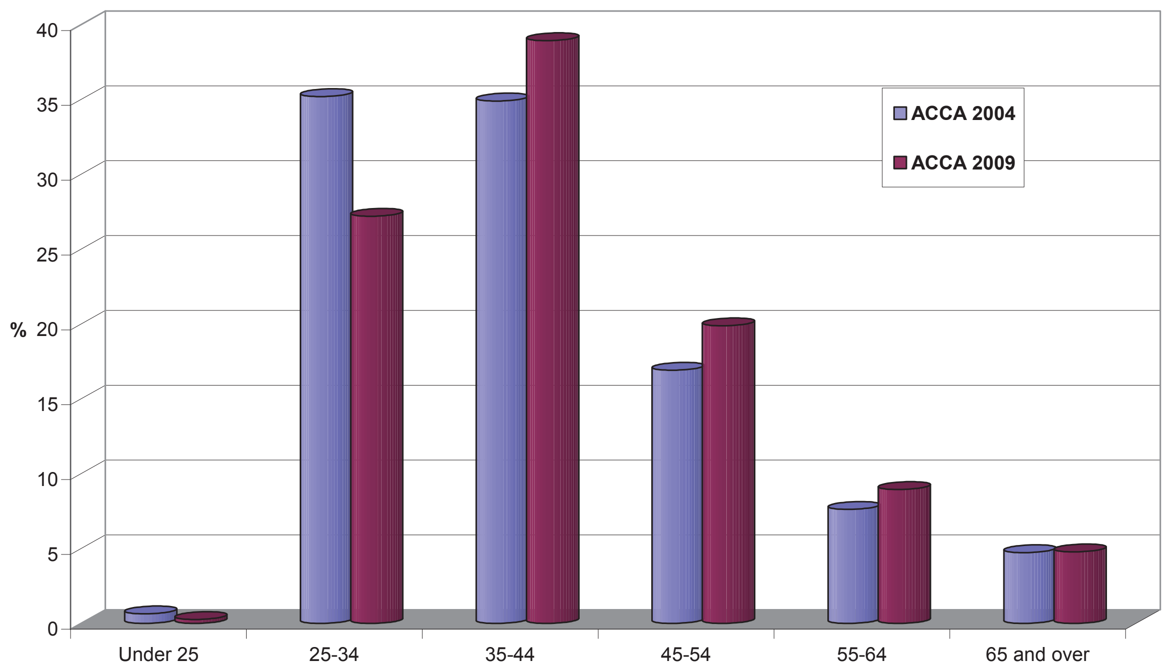

Chart 4

<u>**Age of CIMA Members 2004 and 2009**</u>

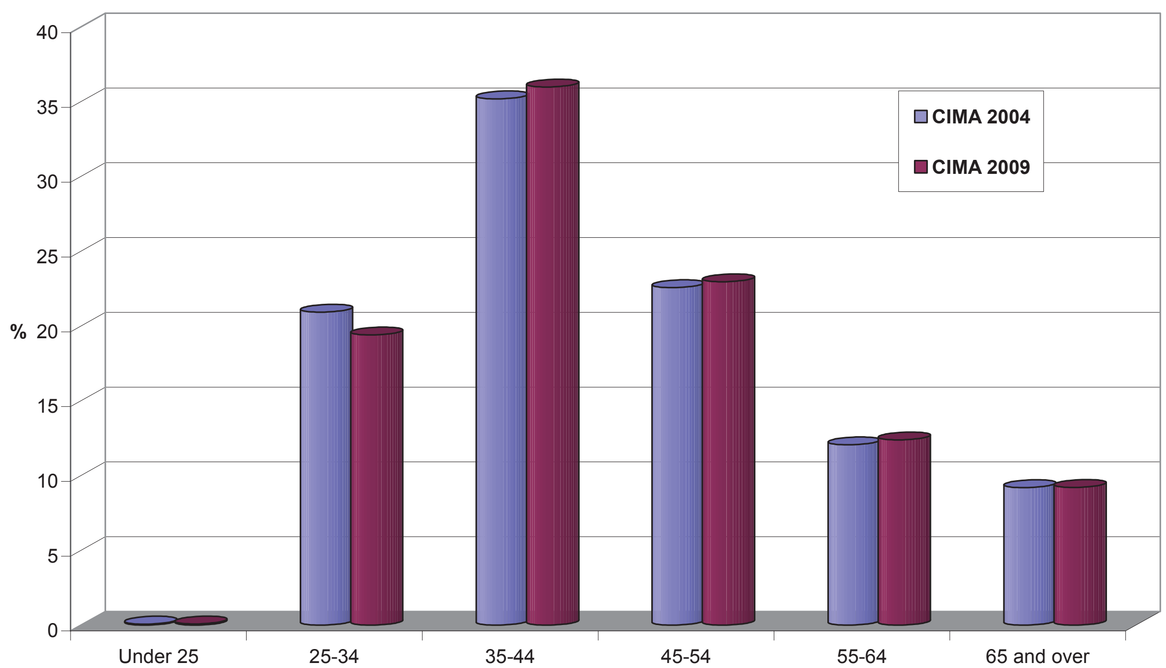

Chart 5

Age of CIPFA Members 2004 and 2009

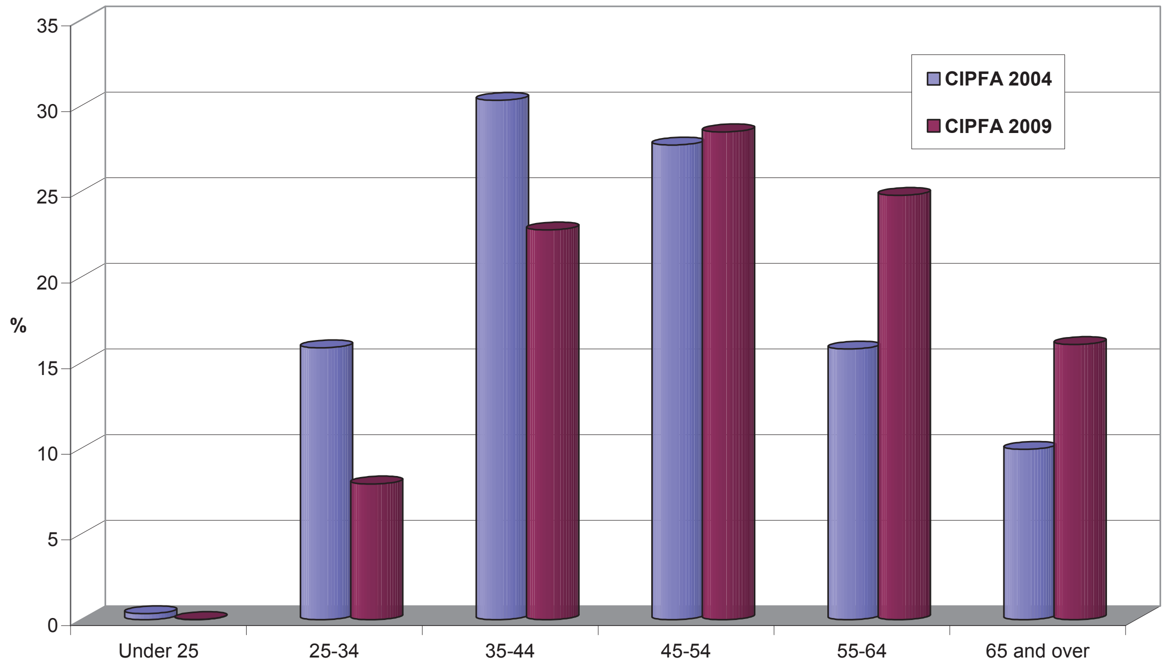

Chart 6

Age of ICAEW Members 2004 and 2009

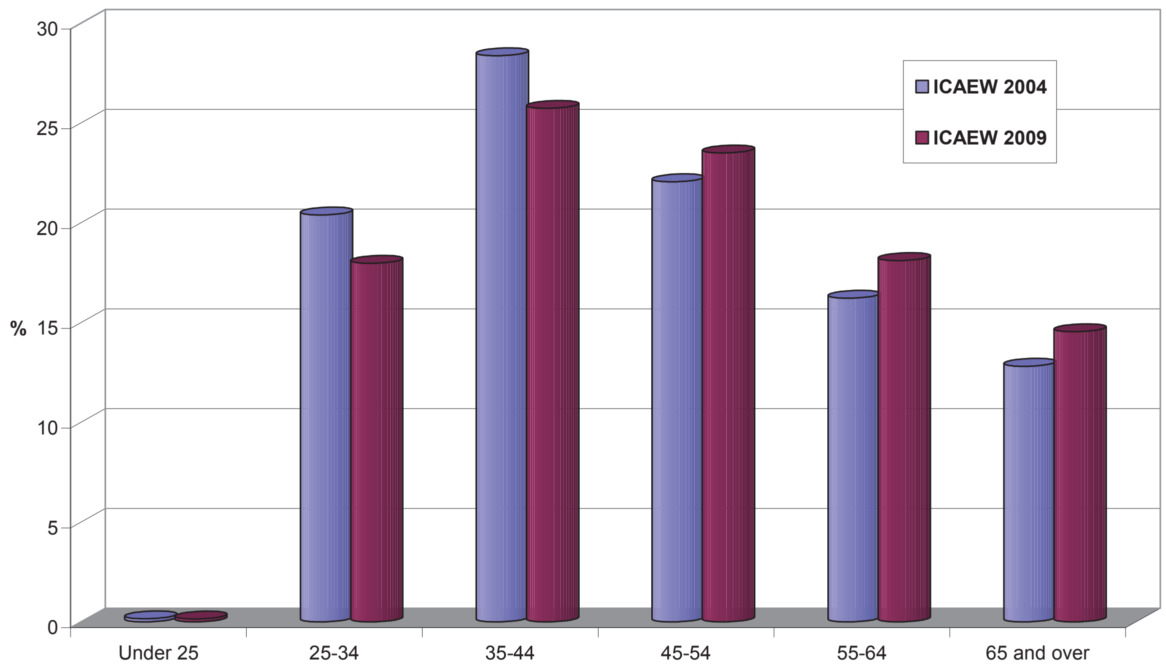

Chart 7

Age of Chartered Accountants Ireland Members 2004 and 2009

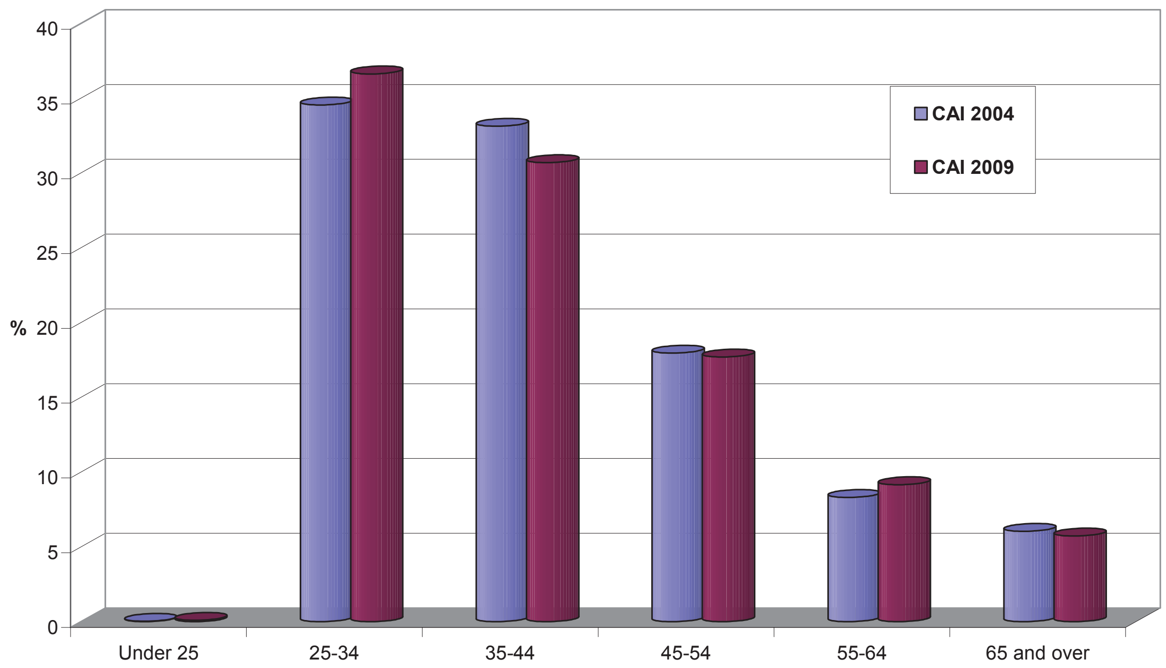

Chart 8

Age of ICAS Members 2004 and 2009

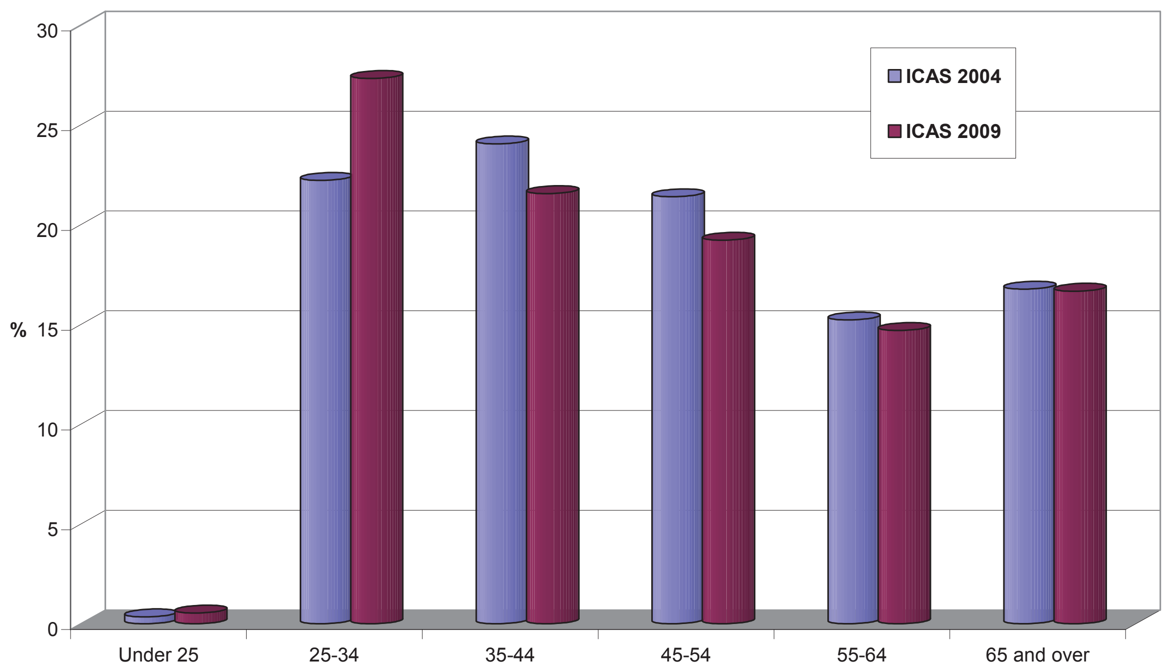

Chart 9

Recognised Supervisory Bodies (RSBs)

There are five Bodies in the UK recognised to register and supervise audit firms in line with the requirements of Schedule 10 to the Companies Act 2006 – Recognised Supervisory Bodies (RSBs)[5]. The requirements as 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 statutory auditor continue to maintain an appropriate level of competence.

Table 7 below details the number of registered audit firms for the five RSBs as at 31 December for each of the six years to 31 December 2009.

Number of firms registered with the Recognised Supervisory Bodies

Number of Principals in Firm	ACCA	AAPA	ICAEW	CAI	ICAS	TOTAL
1	1,565	66	1,945	621	88	**4,285**
2 - 6	838	1	1,897	343	132	**3,211**
7 - 10	26	0	154	12	15	**207**
11 -50	7	0	99	7	6	**119**
50+	0	0	18	2	1	**21**
Total as at 31.12.09	**2,436**	**67**	**4,113**	**985**	**242**	**7,843**
Total as at 31.12.08	2,489	80	4,279	991	260	**8,099**
Total as at 31.12.07	2,618	79	4,526	1,006	266	**8,495**
Total as at 31.12.06	2,741	Not Available	4,859	1,028	300	**8,928**
Total as at 31.12.05	2,968	Not Available	5,193	1,044	343	**9,548**
Total as at 31.12.04	2,946	107	5,475	1,048	374	**9,950**

Table 7

5 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 to gradually decline year on year. The number of registered audit firms fell by over 21.2% between 2004 and 2009 and by 3.2% between 2008 and 2009.

- There was an 8% decrease in the number of sole practitioners between 2008 and 2009. The number of sole practitioners has declined each year since 2003 although the rate of decline has reduced. Between 2003[6] to 2008 the number of sole practitioners decreased by 30% compared to a 28% drop between 2004 and 2009.

- The overall decrease in the number of registered audit firms between 2004 and 2009 can largely be explained by the increase in the audit threshold from 2004 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 61.9% in 2004/05 to 69.5% in 2008/09[7]. It should also be noted that the number of annual accounts subject to audit and filed at Companies House between 2004/05 and 2008/09 has fallen by 15%[7].

- The reduction in the number of entities having an audit has meant that some firms have found that there is no longer a good business case for retaining their audit registration, merged with other firms or passed on this work to larger firms where there are greater economies of scale in relation to matters such as quality assurance and Continuing Professional Development.

[6] The number of sole practitioners registered with ACCA as at 31 December 2003 is not available; we have therefore used the figure as at 31 December 2004.
[7] The data above was taken from the Companies House publication 'Statistical Tables on Companies Registration Activities 2008-09' which can be found on their website.

Statutory Audit Directive

The Statutory Audit Directive (effective 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 requirement in the 1989 Companies Act that RSBs had procedures in place to monitor their registrants; 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 and 2009 and the proportion of registered audit firms that were visited during these years.

		ACCA	AAPA	ICAEW	CAI[8]	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**

Table 8

[8] 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

Student registered worldwide 2006 - 2009

Table 9 shows the number of students for all 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. These figures are not available pre-2006.

	ACCA	CIMA	CIPFA	ICAEW[1]	CAI	ICAS	TOTAL
2006	234,528	80,521	2,996	11,680	4,525	2,707	**336,957**
2007	256,693	81,569	2,928	13,299	5,559	2,776	**362,824**
2008	287,815	82,737	2,828	13,728	5,575	2,672	**395,355**
2009	312,676	83,120	2,930	14,219	5,702	2,426	**421,073**
% growth (08 - 09)	**8.6**	**0.5**	**3.6**	**3.6**	**2.3**	**-9.2**	**6.5**
% growth (06 - 09)	**33.3**	**3.2**	**-2.2**	**21.7**	**26.0**	**-10.4**	**25.0**
% compound annual growth (06-09)	**10.1**	**1.1**	**-0.7**	**6.8**	**8.0**	**-3.6**	**7.7**

Table 9

- There continue to be wide differences in the numbers and rates of growth in the student membership worldwide of the Chartered Accountancy Bodies.

- Student numbers grew by 6.5% in 2009 primarily due to the growth in overseas students. (Table 12). The 9.2% decline in ICAS students between 2008 and 2009 can be largely explained by the UK economic climate. 98.6% of the ICAS student population is based in the UK and ROI (Table 12). Therefore the decline in student numbers is more evident than for those bodies that have a greater proportion of students in the rest of the world.

- The growth in the student numbers between 2008 and 2009 is less than between 2007 and 2008. (9%)

- ACCA, ICAEW and Chartered Accountants Ireland have all experienced growth rates of over 20% between 2006 and 2009. Of these bodies, ACCA has seen the most significant growth.

[1] The 2009 students figure for the ICAEW includes students from the date they register with the ICAEW rather than the date of commencement of their training agreement and includes students who have completed their training agreement but have not passed all examinations.

The remaining tables and charts in Section 3 and any reference to students are based on the figures in Table 11. Table 11 includes all students (Table 9) and individuals who have passed their final admittance examination and completed all necessary practical training but have not yet applied for membership. (Table 10)

Number of Individuals

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	TOTAL
2008	19,642	8,787	57	2,437	383	794	**32,100**
2009	21,747	9,789	48	2,298	469	693	**35,044**

Table 10

Students and Individuals combined

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	TOTAL
2008	307,457	91,524	2,885	16,165	5,958	3,466	**427,455**
2009	334,423	92,909	2,978	16,517	6,171	3,119	**456,117**

Table 11

Location of Students

Table 12 shows the location[2] (UK, Republic of Ireland and the rest of the world) of students of the six Chartered Accountancy Bodies as at 31 December 2008 and 2009.

		ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	TOTAL
UK & Republic of Ireland	**2008**	86,515	56,427	2,849	14,560	5,947	3,437	**169,735**
	2009	88,082	54,373	2,913	14,206	6,171	3,075	**168,820**
Rest of the World	**2008**	220,942	35,097	36	1,605	11	29	**257,720**
	2009	246,341	38,536	65	2,311	0	44	**287,297**
TOTAL	**2008**	**307,457**	**91,524**	**2,885**	**16,165**	**5,958**	**3,466**	**427,455**
	2009	**334,423**	**92,909**	**2,978**	**16,517**	**6,171**	**3,119**	**456,117**

Table 12

- Student numbers in the UK and Republic of Ireland have fallen by 0.5% since last year.

- In contrast student numbers in the Rest of the World have increased by 11.5% in 2009. This increase can be attributed to ACCA and CIMA who represent 86% and 13% of the student population outside of the UK and ROI respectively.

- CIPFA, Chartered Accountants Ireland and ICAS continue to have the lowest proportion of students based outside of the UK and ROI.

[2] The location of students is based on the registered address supplied to the Chartered Accountancy Bodies and may be either their place of employment or their place of residence.

Profile of Students of the six Chartered Accountancy Bodies worldwide 2009

Table 13 sets out on a worldwide basis the length of time that individuals have been registered as students with the six Chartered Accountancy Bodies.

Length of time since registering as a Student	ACCA	CIMA[3]	CIPFA	ICAEW[4]	CAI	ICAS	TOTAL
≤ 1 Year	80,827	17,561	1,189	4,722	1,432	720	106,451
≤ 2 but > 1 Years	70,779	14,274	413	4,188	1,502	941	92,097
≤ 3 but > 2 Years	39,994	9,952	263	3,920	1,526	919	56,574
≤ 4 but > 3 Years	38,475	8,031	232	3,165	1,313	432	51,648
≤ 5 but > 4 Years	27,700	6,637	182	345	398	73	35,335
> 5 Years	76,648	36,454	699	177	0	34	114,012
TOTAL	**334,423**	**92,909**	**2,978**	**16,517**	**6,171**	**3,119**	**456,117**

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 some of the bodies do not undertake full time study and typically take longer to complete the requirements for membership.

[3] 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.
[4] The ICAEW figure excludes 132 students who registered and cancelled within 2009, or who registered and were admitted to membership before 31 December.

Age of Students of the six Chartered Accountancy Bodies worldwide 2009

Table 14 compares the age profile of students for the six Chartered Accountancy Bodies as a percentage of their total student membership as at 31 December 2009.

	ACCA[5]	CIMA	CIPFA	ICAEW[5]	CAI	ICAS	TOTAL
Under 25	26	20	7	51	51	58	**26**
25 - 34	52	50	40	44	47	40	**51**
35 - 44	17	22	26	4	2	1	**17**
45 and over	5	8	18	1	0	0	**5**
Unknown	0	0	9	0	0	1	**1**
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Table 14

- CIPFA and CIMA have a higher proportion of mature students than the other Bodies. CIPFA having 44% and CIMA 30% of students aged 35 and older.
- ICAEW, Chartered Accountants Ireland and ICAS have the highest proportion of students aged 34 and under.
- Whilst the table above shows that 77% of the overall student numbers were aged 34 or younger, Charts 10 to 15 shows that, for most of the six Chartered Accountancy Bodies, the average age of their students has increased between 2004 and 2009.

[5] 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 2004 – 2009

The following charts compare the age distribution of students of the Chartered Accountancy Bodies as at 31 December 2004 and 2009.

Change in age profile for ACCA students 2004 and 2009

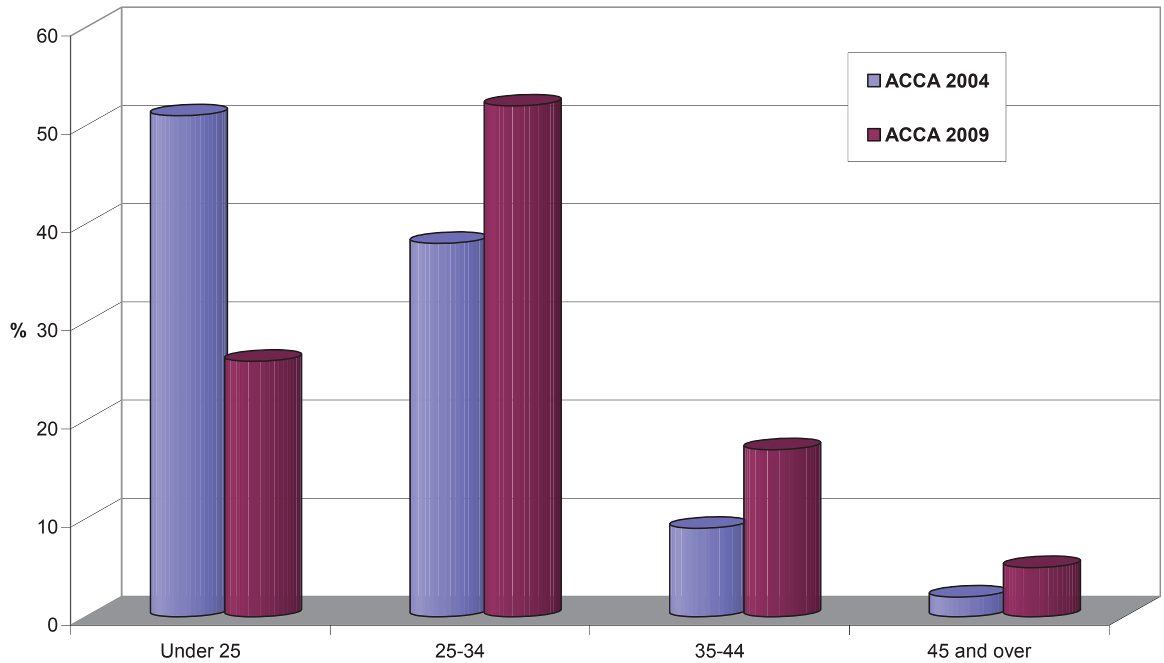

Chart 10

Change in age profile for CIMA students 2004 and 2009

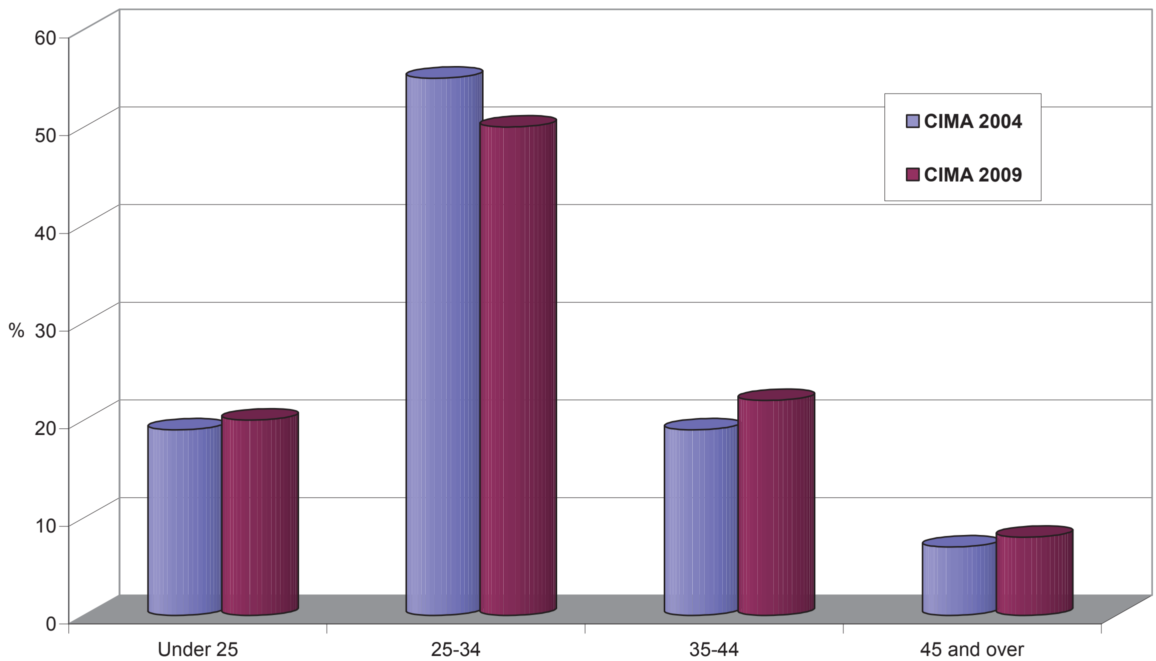

Chart 11

Change in age profile for CIPFA students 2004 and 2009

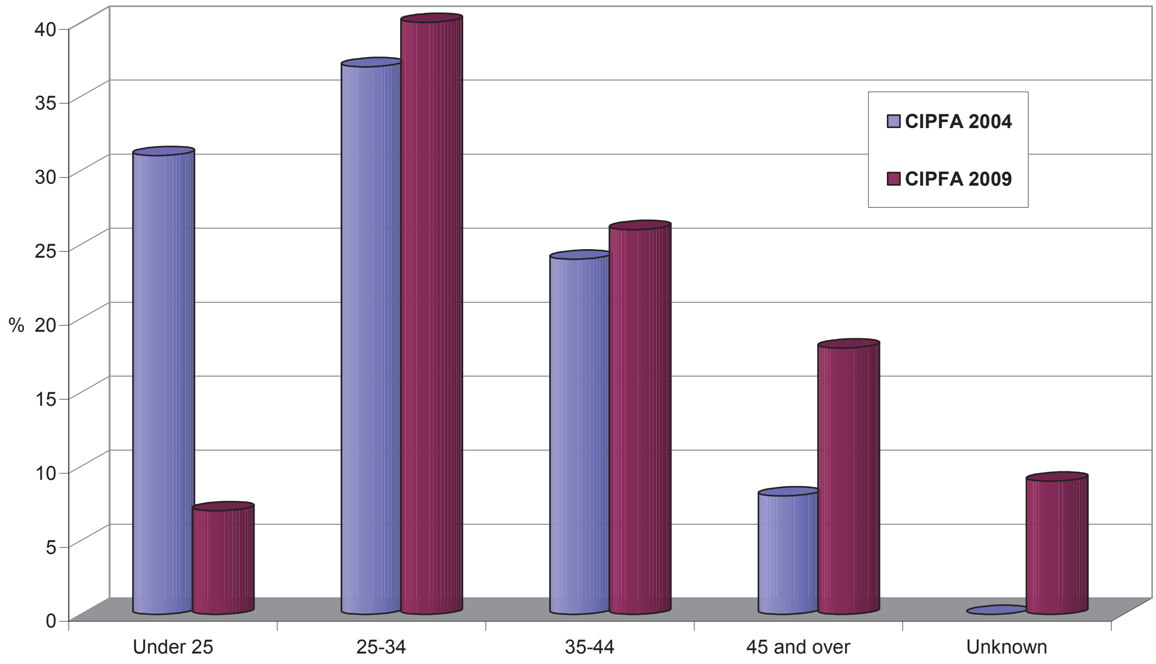

Chart 12

Change in age profile for ICAEW students 2004 and 2009

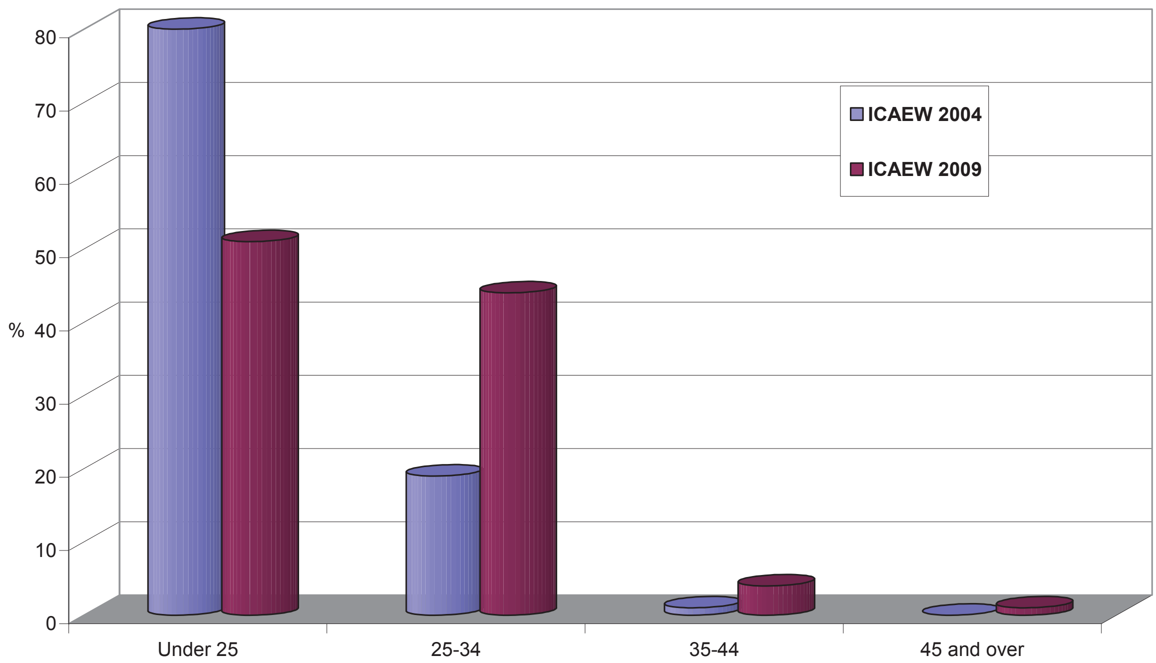

Chart 13

Change in age profile for Chartered Accountants Ireland students 2004 and 2009

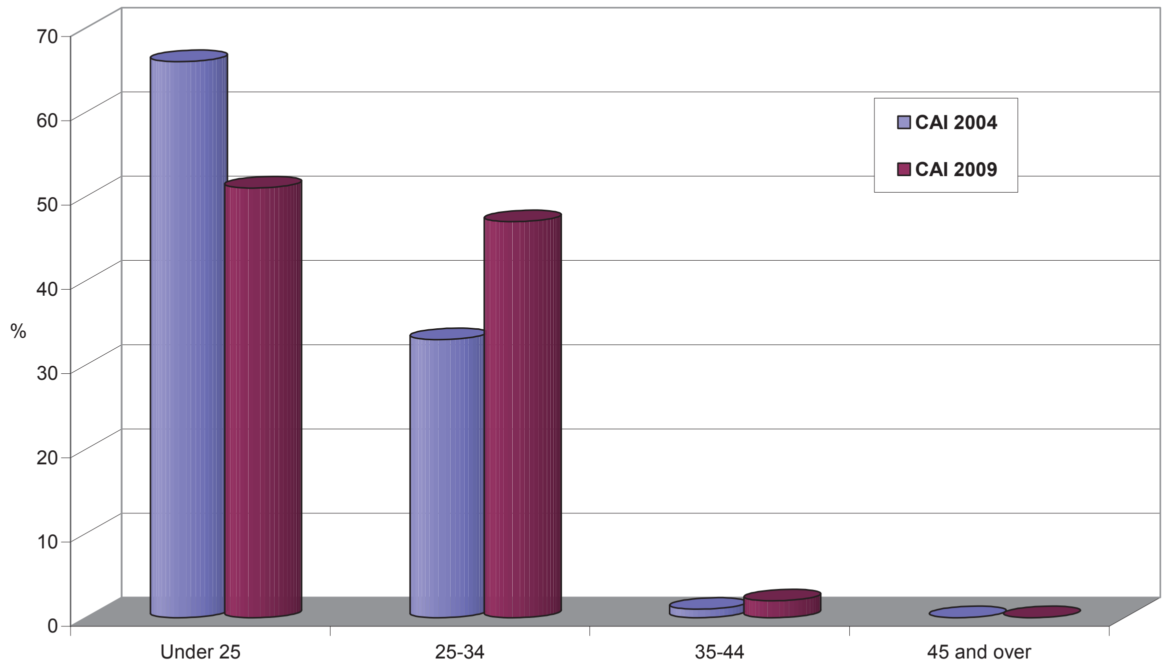

Chart 14

Change in age profile for ICAS students 2004 and 2009

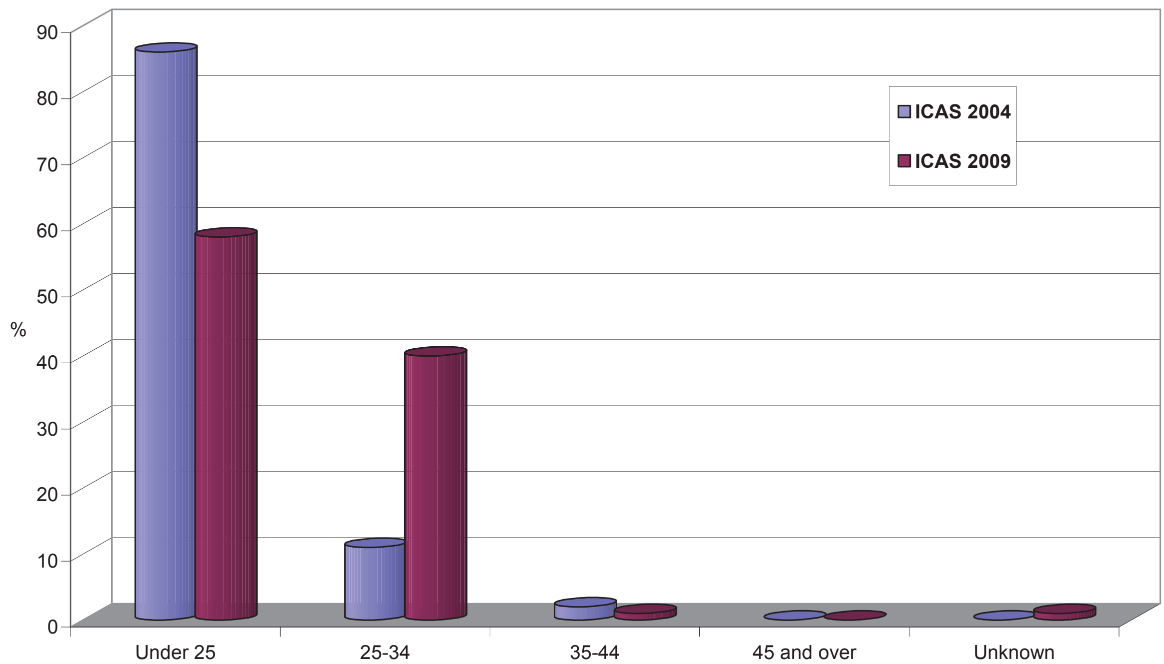

Chart 15

Sectoral employment of students worldwide 2009

Table 15 shows the sectoral employment of worldwide students of each of the accountancy Bodies as at 31 December 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS[6]	TOTAL
Public Practice	67,291	0	0	14,314	5,527	2,996	**90,128**
Industry & Commerce	165,631	74,401	79	405	246	123	**240,885**
Public Sector	43,883	15,960	2,899	224	15	0	**62,981**
Other[7]	57,618	2,548	0	1,574	383	0	**62,123**
TOTAL	**334,423**	**92,909**	**2,978**	**16,517**	**6,171**	**3,119**	**456,117**

Table 15

- ICAEW, Chartered Accountants Ireland and ICAS (taken together) have 88% of their students in public practice. In contrast only 20% of ACCA's students are employed in public practice.

- Of the employment sectors the public sector has the smallest proportion of overall students at 14%, compared with 20% for public practice and 53% for industry and commerce.

- Whilst 50% 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.

[6] The ICAS figure for industry and commerce includes students working within the public sector.
[7] '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 2009

Table 16 shows the percentage of female students of each of the accountancy bodies worldwide as at 31 December 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI[8]	ICAS[8]	TOTAL
2004	50	43	50	44	55	44	**48**
2005	50	44	49	41	52	44	**48**
2006	50	44	50	41	54	46	**48**
2007	50	45	49	40	52	46	**48**
2008	50	45	48	41	53	47	**49**
2009	50	44	50	41	53	47	**48**

Table 16

- The total proportion of female students worldwide has remained constant between 2004 and 2009.
- The biggest changes for the bodies are that the ICAEW percentage of female students has fallen by 3%, whilst the ICAS percentage has risen by 3% between 2004 and 2009. The ACCA is the only body where the percentage of female students has remained unchanged over the last 6 years.
- The percentage of female students remains significantly higher than the percentage of female members (see Table 5)

[8] 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 the six Chartered 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.

Percentage of students holding a degree, a relevant degree or a Post-Graduate qualification in 2009

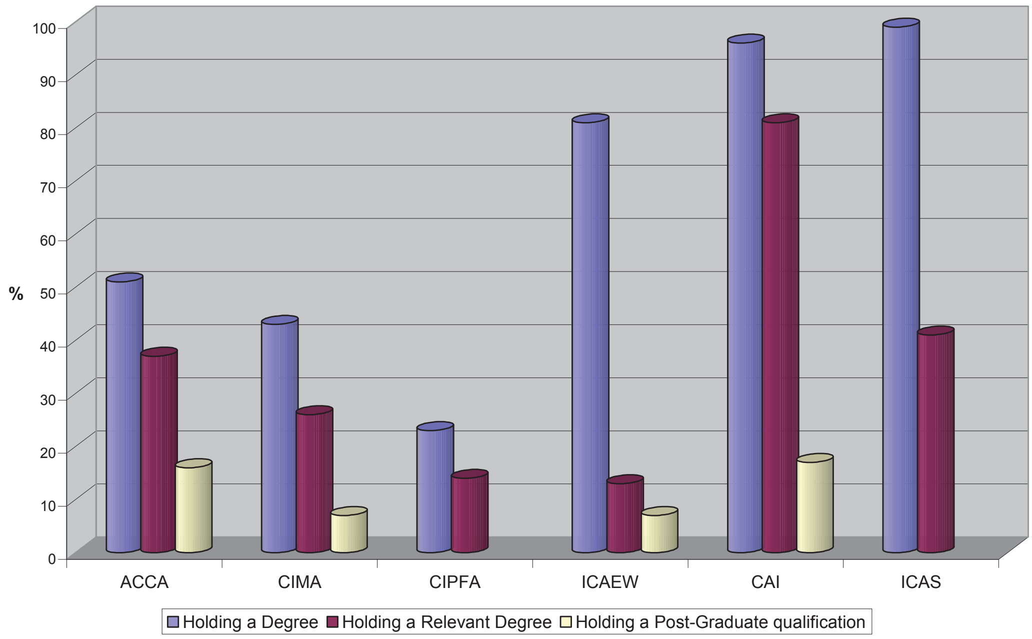

Chart 16

- Comparisons of the percentage of students holding "relevant degrees" are difficult to draw, because the accountancy bodies use different definitions of a "relevant degree" (see below)
- Around one in six of ACCA and Chartered Accountants Ireland students hold a post-graduate qualification. CIPFA and ICAS are currently unable to provide this information.
- Chartered Accountants Ireland have a larger percentage of students holding relevant degrees due to:
  - the recruitment strategy of firms in Ireland which tend 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
  - Irish universities historically having strong business faculties.

Note: 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

Pass rates 2007- 2009

Table 17 shows the percentage of candidates who passed the final examination, for the period 2007 to 2009 and the percentage of those that were first time passes.

		ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS
Percentage of passes at the final examination	**2007**	47	54	71	79	83	74
	2008	48	55	70	77	76	76
	2009	**44**	**59**	**70**	**75**	**76**	**76**
Percentage of those passes that were first time passes	**2007**	52	60	N/A	61	74	N/A
	2008	51	54	N/A	85	82	N/A
	2009	**43**	**63**	**N/A**	**84**	**74**	**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 bodies' qualification differ and this makes comparability of pass rates at the final examination difficult.
- 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.

Recognised Qualifying Bodies (RQBs)

There are six Bodies[9] 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 2009, and the number of students following the audit route who would be eligible for the recognised professional qualification if successful.

	ACCA	AIA	CIPFA	ICAEW	CAI	ICAS
Number of students in the UK and ROI	88,082	270	2,913	14,206	6,171	3,075
Number of students following the audit route or eligible for the recognised professional qualification	N/A[10]	1	0	12,161	5,089	N/A
Number of students who became members during 2009 (Worldwide)	8,934	42	332	3,418	1,093	863
The number of members who were awarded the recognised professional qualification	111	0	0	[11] 2180	998	27
Total number of approved training offices in the UK and ROI	5,404	133	0	2,659	828	[12] 168
Total number of training offices in the UK and ROI approved for training audit students	4,061	0	0	[13] 2,062	578	N/A

Table 18

With the exception of the ICAEW, the number of members awarded the audit qualification is much smaller than the number of students becoming members. In most cases this is because 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.

[9] 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 & Wales (ICAEW)
Chartered Accountants Ireland (CAI)
Institute of Chartered Accountants of Scotland (ICAS)

[10] Where N/A is stated the information is not collected by the body.
[11] ICAEW figure includes 1,702 students admitted to membership who were granted the audit qualification through application. A further 478 members were granted the audit qualification who met eligibility requirements.
[12] ICAS figure includes a number of group authorisations. ICAS treats group authorisations as one office. The 168 approved training offices noted above include 31 group authorisations covering 160 individual offices.
[13] This figure includes 1,325 authorised training offices able to provide sufficient audit experience for their students to be awarded the audit qualification on admittance to membership.

SECTION FOUR

OTHER INFORMATION ON THE SIX CHARTERED ACCOUNTANCY BODIES

FOUR – OTHER INFORMATION ON THE SIX CHARTERED ACCOUNTANCY BODIES

Income of the six Chartered Accountancy Bodies 2004 – 2009

Table 19 and Chart 17 shows the income of each of the six Chartered Accountancy Bodies in £m over the period 2004 – 2009.

	ACCA	CIMA	CIPFA	ICAEW	CAI[1]	ICAS	TOTAL
2004	59.7	29.8	37.2	52.2	13.9	14.1	**206.9**
2005	72.1	33.8	37.5	60.9	15.7	15.7	**235.7**
2006	79.1	36.5	38.5	63.6	17.1	13.7	**248.5**
2007	87.7	40.4	39.3	69.0	21.5	15.0	**272.9**
2008	104.5	43.1	40.5	73.6	29.5	15.1	**306.3**
2009	119.0	42.7	40.6	73.7	25.6	16.7	**318.3**

Table 19

Income of the six Chartered Accountancy Bodies between 2004 and 2009

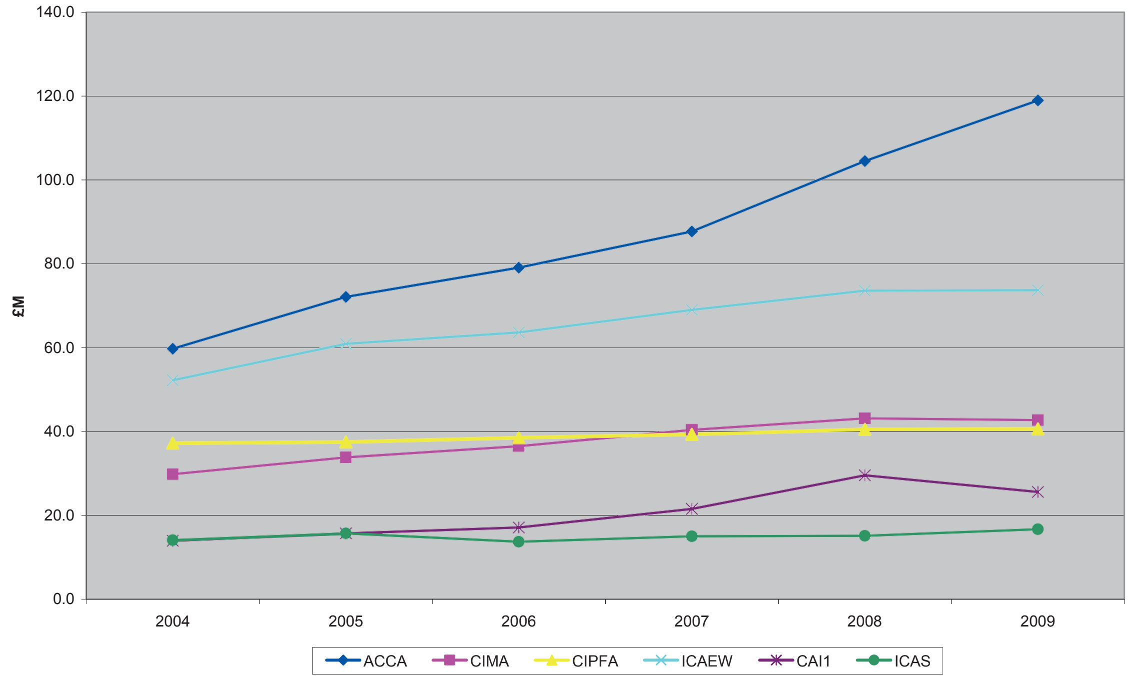

Chart 17

[1] Chartered Accountants Ireland income has been converted from Euros at the year end 31 December 2009 rate of £1.00 = €1.126.

- Chart 17 and Table 19 show the most significant increase in income is for ACCA whose income has risen at a compound annual rate of 14.8% over the period 2004 to 2009. This can be attributed to the growth in number of members and students. (Table 2, Table 9 and Table 11)

- The compound annual growth rate of the income of all the bodies was 9% in the period of 2004 to 2009. The equivalent growth rate for the period 2003 to 2008 was 9.7%.

Income and costs for the Bodies for the year ended 31 December 2009

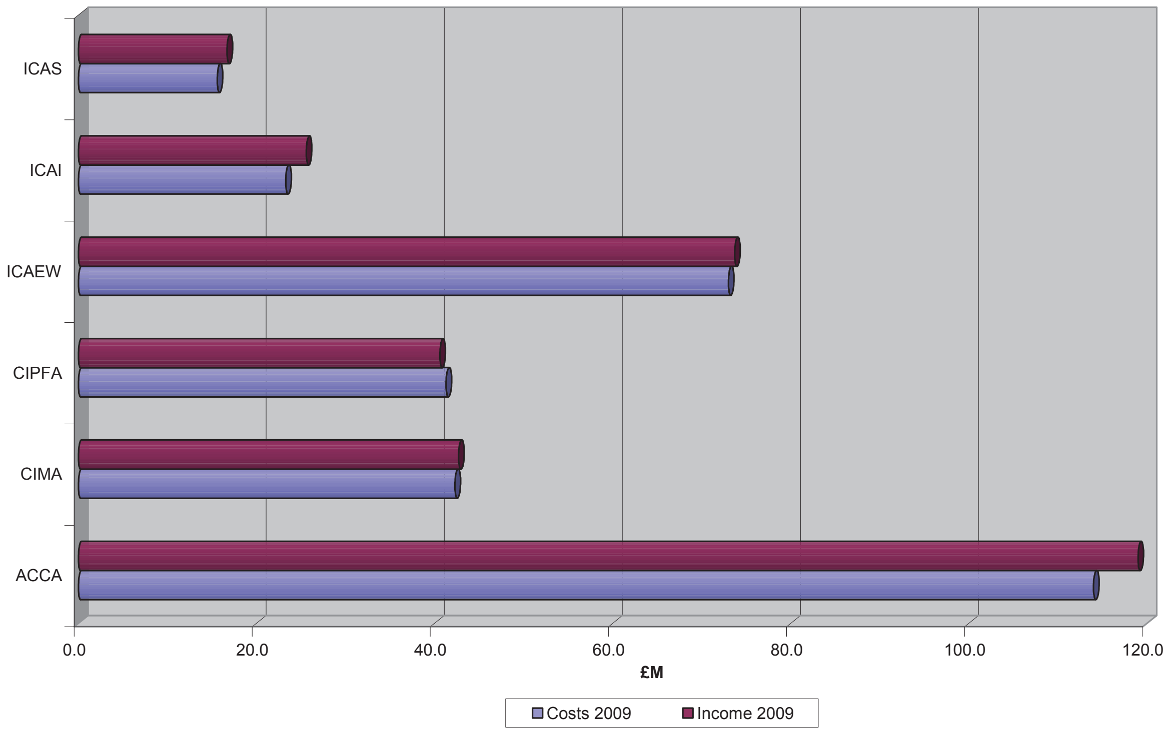

Chart 18

- All but one body achieved a small surplus of income over expenditure in 2009; CIPFA reported a small deficit.

The analysis of income for the six Chartered Accountancy Bodies in 2009

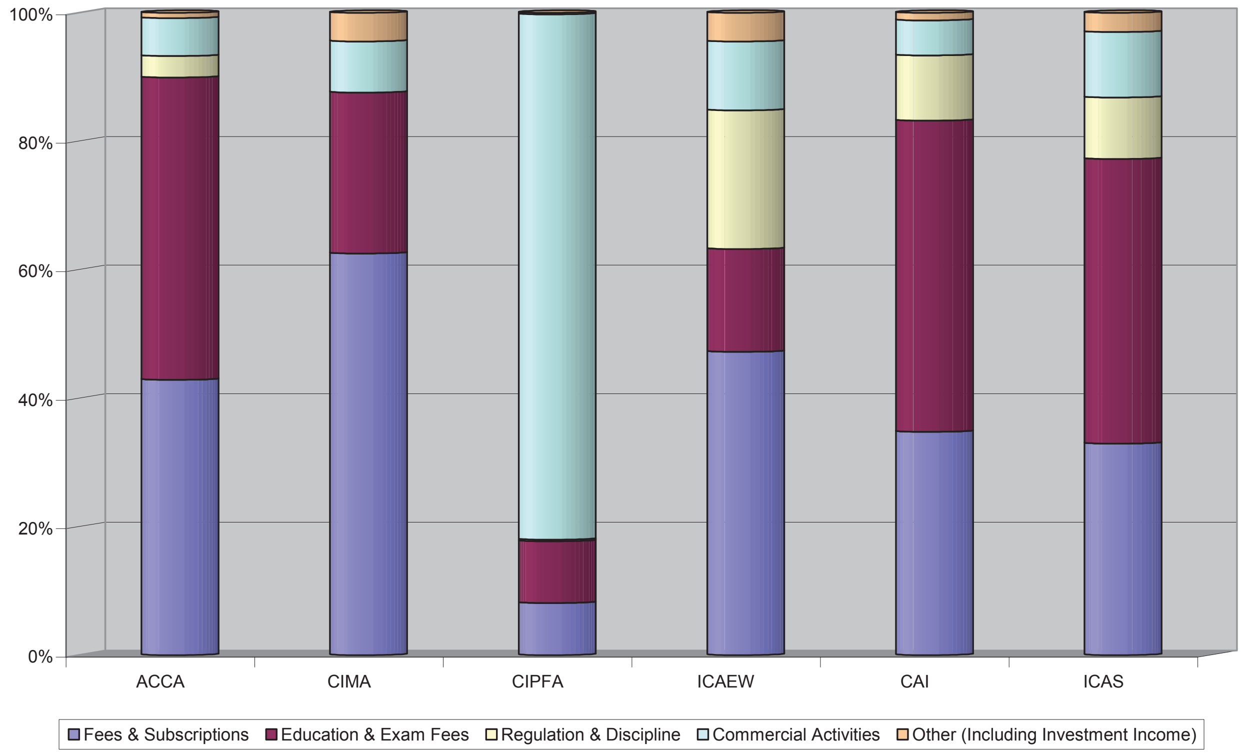

Chart 19

- 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.

- Income from commercial activities includes income from activities such as conferences, training courses and publications.

- Other income includes investment income.

Staffing of the six Chartered Accountancy Bodies 2004 – 2009

Table 20 shows the number of staff (full time equivalent) employed by the six Chartered Accountancy Bodies worldwide over the period 2004 to 2009.

	ACCA	CIMA[2]	CIPFA	ICAEW	CAI	ICAS	TOTAL
2004	640	238	321	491	104	137	**1,931**
2005	694	246	313	538	104	135	**2,030**
2006	727	250	319	541	114	137	**2,088**
2007	763	265	314	579	129	143	**2,193**
2008	824	283	308	623	135	142	**2,315**
2009	902	362	304	599	133	129	**2,429**

Table 20

- The total number of staff employed by the six accountancy Bodies has increased by a net 25.8%[2] for the 2004 to 2009 period despite an increase in independent regulation. This increase in staff is largely accounted for by ACCA, Chartered Accountants Ireland and ICAEW who have shown an increase of 41%, 28% and 22% respectively. In contrast CIPFA and ICAS have had a reduction in staff numbers compared to 2004.

- ACCA is the only body that has seen an increase in staff between 2008 and 2009.

- The bodies have in the past recruited staff in order to improve services to members and students. The overall decrease in staff numbers is a response to income being less than planned due to the recession.

[2] 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 many of the larger registered audit firms for the years 2007-9. 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[1]. As at 31 May 2010, of the 32 larger registered audit firms in table 21, the 22 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 all firms that submitted data to us continued to grow in 2008-09 but only slowly and at a much slower rate than previous years. The growth rate of audit income for the Big Four firms was slightly higher than that for other firms (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.

[1] 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 2009 based on the detailed information in the fee income tables (Tables 21-23) and similar tables in both the 6th and 7th 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 five years. This has been mirrored by a decline in the percentage of fee income from non audit work to audit clients. The APB issued its 'Consultation on Audit Firms providing audit services to listed companies that they audit' in October 2009. This document discusses trends since the APB issued the Ethical Standards for Auditors in October 2004. It seems likely that 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.

- Total fee income for many of the larger registered audit firms grew at a much slower rate and in some cases stopped growing in 2008-9 compared with 2007-8. The growth rate of Big Four firms in 2008-9 is slightly higher than that of the Non Big Four firms. (Table 24)

- Whilst the percentage of total fee income from audit for the Big Four and many of the larger registered firms outside of the Big Four has remained relatively constant since 2004, (Charts 20 and 21), the total fee income from audit per Responsible Individual (RI) has risen. The increase is greater for RIs in Non Big Four firms than in Big Four firms (Table 25). Almost a third of RI's are now employers rather than principals.

- There has been a small increase in the proportion of listed companies audited by non Big Four firms in 2009-10 compared with previous years. (Table 28)

- The figures for 'Other clients listed on Regulated Markets' (Table 27) include clients which have equity listed on one or more regulated markets. These figures are not directly comparable with the figures reported in the same column for 2007 which covered 'Other Main Market Audit Clients' and where the securities listed on the London Stock Exchange included both equity and debt.

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 [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-09	873	269	382	586	411	1,251	2,248
KPMG[4]	LLP	30-Sep-09	569	157	254	455	282	889	1,626
Deloitte[5]	LLP	31-May-09	671	192	216	409	203	1,357	1,969
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[6]	LLP	30-Jun-09	235	87	113	97	51	158	306
Baker Tilly[7]	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
Horwath Clark Whitehill	LLP	31-Mar-09	69	44	45	25	11	11	47

[1] Principals are partners or members of an LLP
[2] RIs are those individuals who are able to sign audit reports
[3] 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'
[4] Includes both KPMG LLP and KPMG Audit Plc
[5] Name changed from Deloitte & Touche LLP as of 1 December 2008
[6] Name changed from BDO Stoy Hayward from 1 October 2009
[7] Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

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 [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
RSM Bentley Jennison[8]	Partnership	31-Dec-09	71	28	32	15	9	50	74
Tenon Audit[8]	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	2	12	8	12	32
MacIntyre Hudson	LLP	31-Mar-09	50	34	34	11	NA	NA	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

[8] RSM Bentley Jennison merged with Tenon Audit on 29 December 2009 and is now called RSM Tenon Audit.

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 [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work[3] 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[9]	31-Mar-09	34	20	20	6	6	14	26
Littlejohn[10]	LLP[11]	31-May-09	28	16	16	6	3	9	18
Johnston Carmichael	Partnership	31-May-09	45	14	20	5	NA	NA	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[12]	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	NA	NA	19

[9] Menzies changed from a Partnership to an LLP with effect from 1 July 2008
[10] Name changed from CLB Littlejohn Frazer with effect from 31 January 2009
[11] Littlejohn changed from a Partnership to an LLP with effect from 31 January 2009
[12] James Cowper has changed its structure from a Partnership to an LLP with effect from 2 February 2009

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 [1]	No of Audit Principals	No of Responsible Individuals [2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work [3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Begbies Chettle Agar	Partnership	31-Mar-09	5	4	4	1	NA	1	2

Table 21

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2008
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-08	853	267	378	593	459	1,192	2,244
KPMG[4]	LLP	30-Sep-08	571	178	284	427	282	910	1,619
Deloitte[5]	LLP	31-May-08	677[6]	203[6]	216[6]	368[7]	245[7]	1,397[7]	2,010
Ernst & Young	LLP	30-Jun-08	513	150	227	338	208	736	1,282
Grant Thornton	LLP	30-Jun-08	315	118	135	115	42	237	394
BDO Stoy Hayward	LLP	30-Jun-08	246	99	133	94	72	159	325
PKF (UK)	LLP	31-Mar-08	98	60	60	62	37	44	143
Baker Tilly[8]	LLP[9]	31-Mar-08	269	120	115	61	36	108	205
Mazars	LLP	31-Aug-08	104	55	61	42	16	46	104

[1] Principals are partners or members of an LLP
[2] RIs are those individuals who are able to sign audit reports
[3] 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’
[4] Includes both KPMG LLP and KPMG Audit Plc
[5] Name changed from Deloitte & Touche LLP as of 1 December 2008
[6] This includes principals who retired from the firm at midnight on the final day of the financial year.
[7] These figures are best estimates for the split of the firm’s total fee income.
[8] Includes both Baker Tilly and Baker Tilly UK Holdings Ltd
[9] Changed from Partnership to LLP in April 2007

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2008
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Horwath Clark Whitehill	LLP	31-Mar-08	68	46	46	26	10	11	47
RSM Bentley Jennison	Partnership	31-Dec-08	71	31	29	15	10	49	74
Nexia Smith & Williamson Audit	Company	30-Apr-08	41	33	33	14	NA[10]	47	61
Tenon Audit	Company	30-Jun-08	4	3	51	14	0[11]	0[11]	14
Moore Stephens	LLP	30-Apr-08	61	30	32	13	4	36	53
UHY Hacker Young	Group of Partnerships	30-Apr-08	86	57	60	10	4	28	43
HW Group	Partnership	31-Mar-08	134	101	104	10	7	43	60
Kingston Smith	LLP	30-Apr-08	49	42	38	10	6	13	29
MacIntyre Hudson	LLP	31-Mar-08	47	34	34	10	NA[12]	NA	27
Vantis Audit plc	Plc	31-May-08	3	3	57	10	0[13]	0[13]	10
Chantrey Vellacott DFK	LLP	30-Jun-08	47	21	21	8	2	15	25

[10] Nexia Smith & Williamson Audit do not separately monitor this.
[11] Tenon Audit's fee income for non-audit work is nil as the firm only provides audit services.
[12] Where NA is stated the information is not available
[13] Vantis Audit's fee income for non-audit work is nil as the firm only provides audit services.

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2008
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Haysmacintyre	Partnership	31-Mar-08	24	18	22	8	4	4	16
Littlejohn[14]	LLP[15]	31-May-08	30	16	16	7	3	8	18
Saffery Champness	Partnership	31-Mar-08	54	31	31	6	4	25	35
Menzies	Partnership	31-Mar-08	35	21	21	5	6	14	25
Cooper Parry	LLP	30-Apr-08	24	10	14	5	4	7	16
Scott Moncrieff	Partnership	30-Apr-08	19	7	7	5	2	6	13
Johnston Carmichael	Partnership	31-May-08	38	15	21	5	NA	NA	20
James Cowper	Partnership	30-Apr-08	16	9	9	2	1	6	9
Chiene & Tait	Scottish Partnership	30-Sep-08	7	4	4	2	0	4	6
DTE Business Advisory	Company	30-Apr-08	8	3	10	2	1	3	6
Armstrong Watson	Partnership	31-Mar-08	36	7	7	1	NA	NA	19
Begbies Chettle Agar	Partnership	31-Mar-08	5	4	4	1	NA	1	2

Table 22

[14] Name changed from CLB Littlejohn Frazer with effect from 31 January 2009
[15] Littlejohn changed from a Partnership to an LLP with effect from 31 January 2009

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2007
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit[3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-07	822	264	360	595	431	1,081	2,107
KPMG[4]	LLP	30-Sep-07	559	249	317	423	264	920	1,607
Deloitte & Touche	LLP	31-May-07	651[5]	202	209	339[6]	255[6]	1,208[6]	1,802
Ernst & Young	LLP	30-Jun-07	481	153	222	332	166	728	1,226
BDO Stoy Hayward	LLP	30-Jun-07	226	98	132	97	56	133	286
Grant Thornton	LLP	30-Jun-07	249	96	106	81	40	193	315
Baker Tilly	Partnership	31-Mar-07	269	132	132	59	33	95	187
PKF (UK)	LLP	31-Mar-07	95	58	58	54	35	42	130
Mazars	LLP	31-Aug-07	104	57	59	34	9	37	80
Horwath Clark Whitehill	LLP	31-Mar-07	62	42	42	19	10[7]	12[7]	41

[1] Principals are partners or members of an LLP
[2] RIs are those individuals who are able to sign audit reports
[3] 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'
[4] Includes both KPMG LLP and KPMG Audit Plc
[5] This includes principals who retired from the firm at midnight on the final day of the financial year
[6] These figures are best estimates for the split of the firm's total fee income
[7] These figures are best estimates for the split of Fee income from Non-Audit Work to Audit Clients and to Non-Audit Clients

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2007
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals[2]	Fee Income: Audit[3] (£m)	Fee Income: Non-Audit Work[3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Nexia Smith & Williamson Audit[8]	Company	30-Apr-07	39	33	34	14	0	43	56
RSM Bentley Jennison	Partnership	31-Dec-07[9]	68	30	34	13	10	42	64
Tenon Audit	Company	30-Jun-07	4	3	54	13	0[10]	0[10]	13
Moore Stephens	LLP	30-Apr-07 6432	32 12				4	33	49
UHY Hacker Young	Group of Partnerships	30-Apr-07	82	45	52	10	5	25	40
HW Group	Partnership	31-Mar-07	129	92	93	9	6	39	54
Kingston Smith	LLP[11]	30-Apr-07	45	41[12]	37[12]	9	6	11	26
MacIntyre Hudson	LLP	31-Mar-07	46	30	30	9	NA[13]	NA	24
CLB Littlejohn Frazer	Partnership	31-May-07	29	16	16	8	2	7	17

[8] Nexia Smith & Williamson changed their name with effect from 1st May 2006
[9] RSM Bentley Jennison's information is provided as at 31st May 2007
[10] Tenon Audit's fee income for non-audit work is nil as the firm only provides audit services.
[11] Kingston Smith changed to an LLP from 1 May 2006
[12] In their 2008 submission Kingston Smith have amended these figures.
[13] Where NA is stated the information is not available.

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2007
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals [2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work [3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
HLB Vantis Audit plc	Plc	31-May-07	3	3	58	8	0 [14]	0 [14]	8
Chantrey Vellacott DFK	LLP	30-Jun-07	50	24	24	7	2	14	23
Hays Macintyre	Partnership	31-Mar-07	24	18	22	7	3	4	14
Saffery Champness	Partnership	31-Mar-07	53	30	30	6	4	21	32
Menzies	Partnership	31-Mar-07	41	22	22	5	11	15	30
Cooper Parry	LLP	30-Apr-07	21	8	10	5	3	7	14
Scott Moncrieff	Partnership	30-Apr-07	21	11	11	5	2	6	13
Johnston Carmichael	Partnership	31-May-07	40	17	21	4	NA	NA	18
James Cowper	Partnership	30-Apr-07	15	10	10	2 [15]	1 [15]	6 [15]	9
Chiene & Tait	Scottish Partnership	30-Sep-07	7	4	4	2	0	4	6
DTE Business Advisory Services	Company	30-Apr-07	11	5	11	2	1	3	6
Jeffreys Henry	LLP	30-Apr-07	8	6	6	2	1	2	5

[14] HLB Vantis Audit's fee income for non-audit work is nil as the firm only provides audit services.
[15] These figures are best estimates for the split of the firm's total fee income

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2007
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals [1]	No of Audit Principals	No of Responsible Individuals [2]	Fee Income: Audit [3] (£m)	Fee Income: Non-Audit Work [3] to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Armstrong Watson	Partnership	31-Mar-07	35	7	7	1	NA	NA	18
Begbies Chettle Agar	Partnership	31-Mar-07	5	4	4	1	NA	1	2

Table 23

Analysis of Big 4 Fee Income (2004-2009)

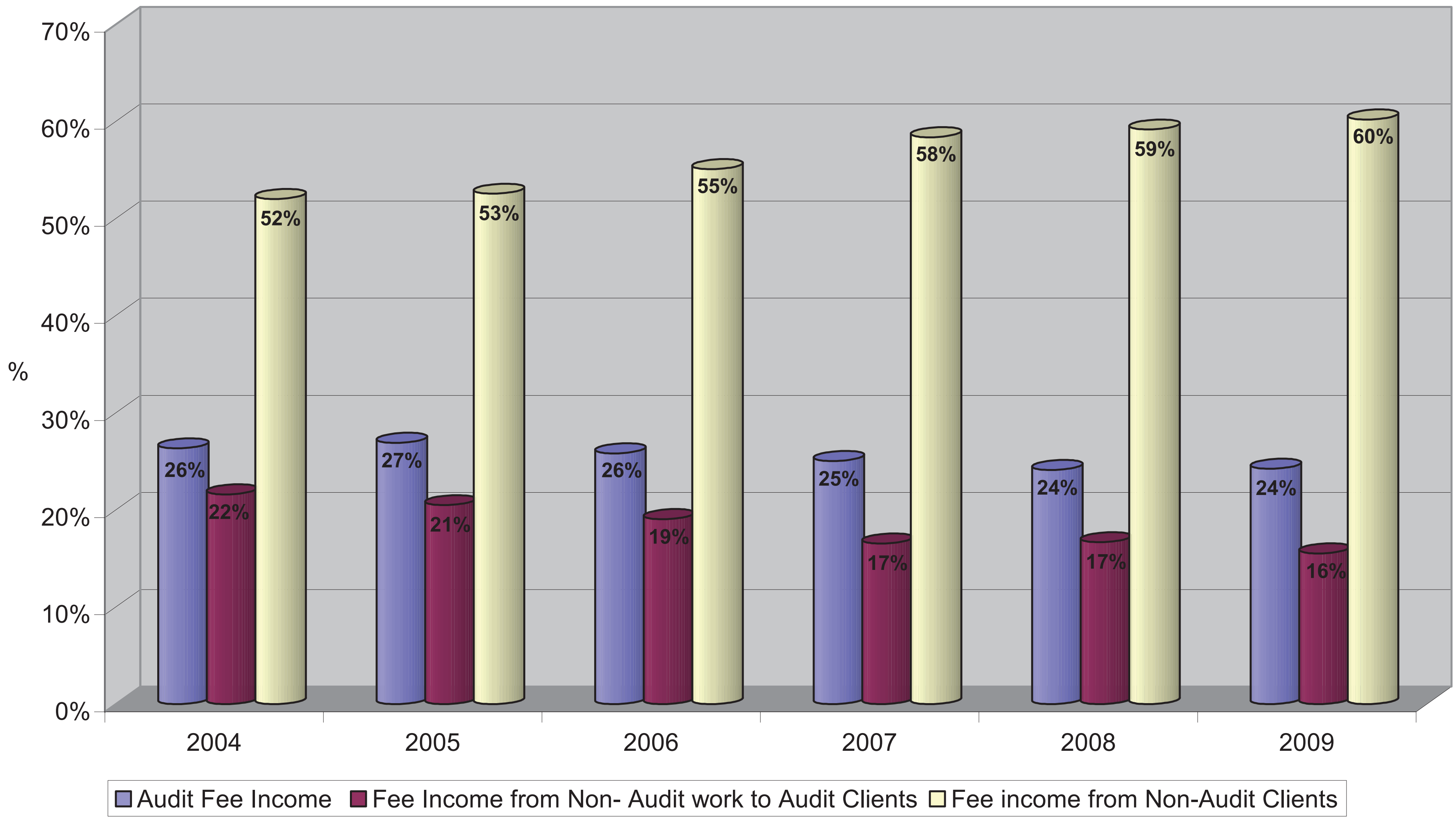

Chart 20

Note: 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'

Analysis of the Fee Income (2004-2009) of many of the larger registered audit firms outside of the Big Four

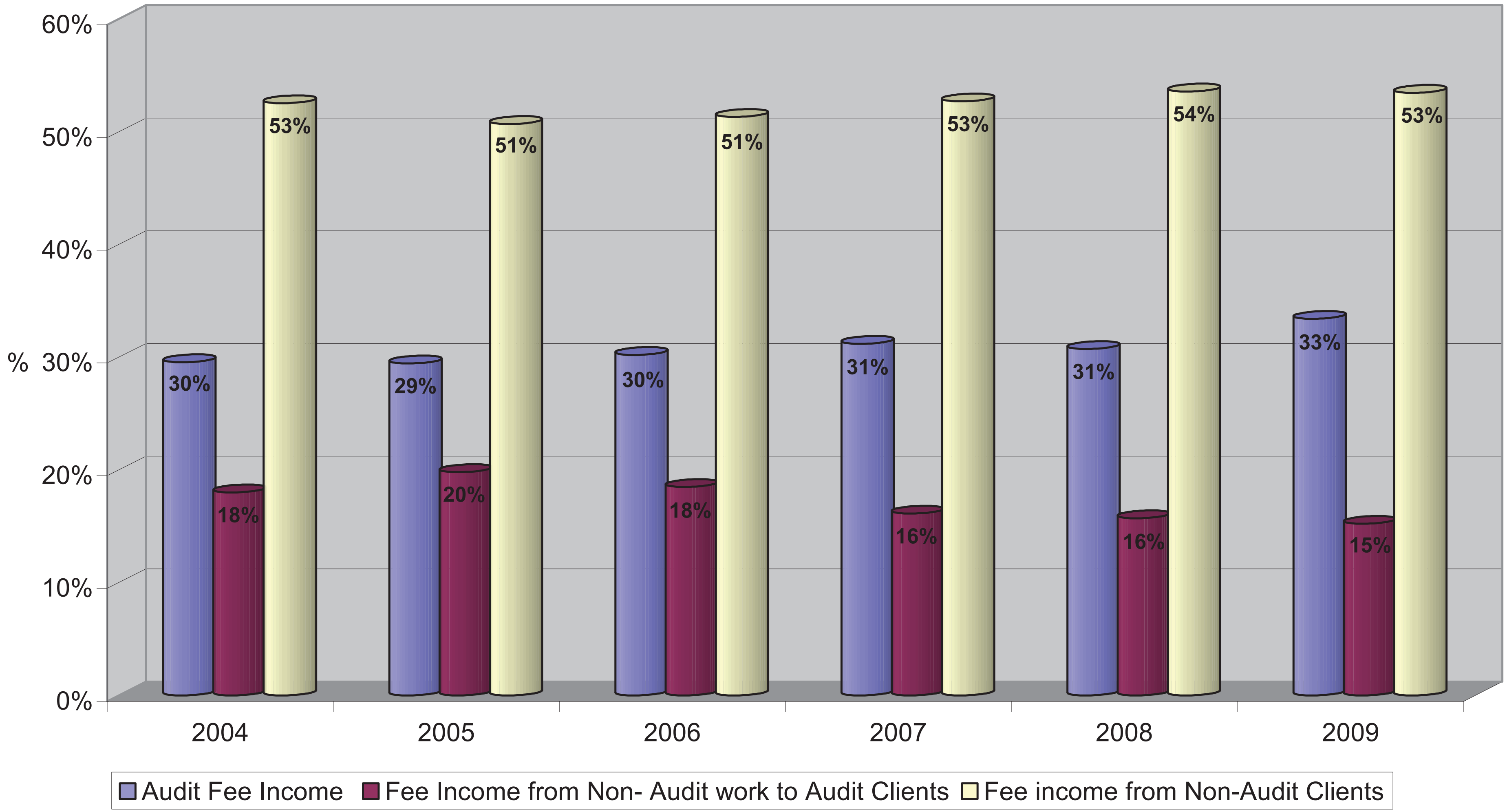

Chart 21

Growth of Fee Income

Table 24 shows the growth rate of fee income between 2005 and 2009 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.

Growth Rate %	2008-9	2007-8	2006-7	2005-6
Total fee income for the largest registered audit firms with UK public interest entities as clients[1]	0.8	7.0	10.2	13.8
Total fee income for the Big Four Firms	1.0	6.1	10.1	14.2
Total fee income for the Non Big Four Firms	-1.8	7.6	10.5	11.7
Audit income for the largest registered audit firms with UK public interest entities as clients[1]	0.9	5.2	8.2	10.8
Audit income for the Big Four Firms	1.5	2.2	6.8	9.6
Audit income for the Non Big Four Firms	0.5	8.1	14.0	15.6
Non-audit income for the largest registered audit firms with UK public interest entities as clients[1]	0.2	8.6	10.9	15.1
Non-audit income for the Big Four Firms	0.8	7.4	11.3	15.9
Non-audit income for the Non Big Four Firms	-3.0	7.3	8.9	10.5

Table 24

- The growth in both audit fee income and non-audit fee income almost completely disappeared in 2008-9 and in some firms fee income has decreased. This is likely to be a reflection of the full impact of the economic downturn. The first signs of the downturn were reflected in the slower rate of growth in total fee income in 2007-08 as compared with previous years.
- Audit fee income of both the Big Four firms and the largest firms outside of the Big Four has held up slightly better than non-audit income in 2008-09. This will reflect the fact that clients' expenditure on non-audit services is more discretionary.
- The rate of growth for both audit and non-audit fee income in 2008-09 is higher within the Big Four firms than for Non Big Four firms.

[1] 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[2] illustrates audit fee generated per Responsible Individual (RI)[3] for 2005 to 2009 (inclusive). This information is split further between the Big Four audit firms and the largest firms outside of the Big Four.

Audit Fee Income Per RI (£m)	2009	2008	2007	2006	2005
Largest registered audit firms with UK public interest entities as clients	1.08	1.00	0.97	0.94	0.89
Big Four Firms	1.63	1.56	1.52	1.47	1.35
Non Big Four Firms	0.53	0.48	0.43	0.40	0.37

Table 25

- Audit fee income generated per RI has grown between 2004 and 2009 for both Big Four audit firms and the largest firms outside of the Big Four.
- Audit fee income per RI has increased by 10.4% between 2008 and 2009 for the largest firms outside the Big Four compared with an increase of 4.5% for Big Four audit firms.

[2] 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.
[3] 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[4] shows the percentage of RIs for 2004 to 2009 (inclusive) within the Big Four firms and the largest firms outside of the Big Four who are audit principals[5] and who are employed. This information is obtained from the firms included both within Tables 19 to 21 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**
2004	78.4%	21.6%	N/A[6]	N/A[6]
2005	80.5%	19.5%	80.8%	19.2%
2006	79.6%	20.4%	82.3%	17.7%
2007	78.3%	21.7%	80.8%	19.2%
2008	72.2%	27.8%	83.7%	16.3%
2009	70.5%	29.5%	87.4%	12.6%

Table 26

- The percentage of Responsible Individuals who are employees has increased more slowly in 2009 for the Big Four firms. This follows a sharp increase in 2008 and continues a trend of increases from 2005 onwards.

- The percentage of employee Responsible Individuals within the larger registered audit firms outside of the Big Four firms shows a substantial decrease in both 2008 and 2009 and the difference is more marked than previously.

[4] The historic information in this table has been updated as a result of changes made in a number of submissions by some of the larger registered audit firms outside of the Big Four.
[5] An audit principal is an audit partner or both a partner and a member of an LLP.
[6] Figures have not been included as complete data for the larger registered audit firms outside of the Big Four in 2004 is not available.

CONCENTRATION OF LISTED COMPANIES’ AUDITS - YEAR ENDED 2009

(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[1]	No of FTSE 250 Audit Clients[1]	Total No of Other Clients listed on Regulated Markets[1]	No of AIM Audit Clients[1]
PricewaterhouseCoopers	LLP	30-Jun-09	40	67	210	138
KPMG[2]	LLP	30-Sep-09	24	47	184	81
Deloitte[3],[4]	LLP	31-May-09	22[5]	68[5]	169[5]	123[5]
Ernst & Young	LLP	30-Jun-09	14	48	301	58
BDO	LLP	30-Jun-09	1	6	30	139
Grant Thornton	LLP	30-Jun-09	0	6	83	189
Begbies Chettle Agar	Partnership	31-Mar-09	0	1	2	N/A
PKF (UK)	LLP	31-Mar-09	0	0	44	51
Baker Tilly	LLP	31-Mar-09	0	0	20	78
Kingston Smith	LLP	30-Apr-09	0	0	6	15

[1] The number of clients reported relates to entities whether incorporated in the UK or elsewhere that are audit clients of the UK firm and other member firms.
[2] Includes both KPMG LLP and KPMG Audit Plc
[3] Figures are as at 31 October 2009
[4] Name changed from Deloitte & Touche LLP as of 1 December 2008.
[5] In previous years figures reported were for UK incorporated audit clients of Deloitte LLP only.

CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2009

(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[1]	No of FTSE 250 Audit Clients[1]	Total No of Other Clients listed on Regulated Markets[1]	No of AIM Audit Clients[1]
UHY Hacker Young	Group of Partnerships	30-Apr-09	0	0	5	21
James Cowper	LLP[6]	30-Apr-09	0	0	5	0
Scott Moncrieff	Partnership	30-Apr-09	0	0	4	4
Nexia Smith & Williamson Audit	Company	30-Apr-09	0	0	4	33
Mazars	LLP	31-Aug-09	0	0	4	28
Chiene & Tait	Scottish Partnership	30-Sep-09	0	0	3	0
Moore Stephens	LLP	30-Apr-09	0	0	3	17
Chantrey Vellacott DFK	LLP[7]	30-Jun-09	0	0	3	10
Saffery Champness	Partnership	31-Mar-09	0	0	2	9
Haysmacintyre	Partnership	31-Mar-09	0	0	2	6
Horwath Clark Whitehill	LLP	31-Mar-09	0	0	1	16

[6] James Cowper has changed its structure from a Partnership to an LLP with effect from 2 February 2009
[7] Chantrey Velllacott DFK changed from a Partnership to an LLP in 2009

CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2009

(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[1]	No of FTSE 250 Audit Clients[1]	Total No of Other Clients listed on Regulated Markets[1]	No of AIM Audit Clients[1]
Menzies	LLP[8]	31-Mar-09	0	0	1	3
Littlejohn[9]	LLP[10]	31-May-09	0	0	0	17
Tenon Audit[11]	Limited Company	30-Jun-09	0	0	0	9
RSM Bentley Jennison[13]	Partnership	31-Dec-09	0	0	0	7
HLB Vantis Audit plc	Plc	31-May-09	0	0	0	7
HW Group	Partnership	31-Mar-09	0	0	0	4
MacIntyre Hudson	LLP	31-Mar-09	0	0	0	2
Armstrong Watson	Partnership	31-Mar-09	0	0	0	0
Cooper Parry	LLP	30-Apr-09	0	0	0	0
DTE Business Advisory	Limited Company	30-Apr-09	0	0	0	0
Johnston Carmichael	Partnership	31-May-09	0	0	0	0

Table 27

[8] Menzies changed from a Partnership to an LLP with effect from 1 July 2008
[9] Name changed from CLB Littlejohn Frazer with effect from 31 January 2009
[10] Changed from Partnership to an LLP with effect from 31 January 2009
[11] Tenon Audit merged with RSM Bentley Jennison with effect from 29 December 2009 and is now called RSM Tenon Audit

Concentration of listed Companies' Audits

Table 28 illustrates the percentage of the number of audits undertaken by the Big Four firms, the next five firms (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 Five Firms (%)				Other Firms (%)			
	28/02/10	28/02/09	28/02/08	28/02/07	28/02/10	28/02/09	28/02/08	28/02/07	28/02/10	28/02/09	28/02/08	28/02/07
FTSE 100[12]	99.0	99.0	100.0	100.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
FTSE 250[12]	94.8	94.4	96.0	96.8	4.4	5.2	4.0	2.8	0.8	0.4	0.0	0.4
Other UK Main Market	67.6	70.8	72.3	75.4	23.9	21.2	20.1	17.7	8.5	8.0	7.6	6.9
All Main Market	77.3	78.7	79.9	82.3	16.9	15.7	14.8	12.9	5.8	5.6	5.3	4.8

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.

[12] Includes International Main Market Companies.

Audit Firms registered with ICAEW (December 2009)

Table 29 analyses fee income of audit firms registered with the ICAEW by size using information from their annual returns (Please note that in some cases this date is not consistent with the firm's year end).

Note this information relates only to those firms registered with the ICAEW.

Firms ranked by size	Average Total Fee Income (£'000)
1 to 4	1,547,241
5 to 9	237,705
10 to 30	25,614
31 to 100	8,215
101 to 500	2,474
501 to 1000	1,026
1001 to 2000	488
2001 to 3000	209
3001 to 4115	50

Table 29

Table 29 illustrates that approximately 85% of the total fee income of audit firms registered with the ICAEW is attributable to the Big Four. The information in Table 29 is not directly comparable with the figures within Tables 21-23 which consolidate the income of all the entities through which a firm operates i.e. both audit registered entities and other entities.

Third Country Auditor Registration (As at 31 May 2010)

Following the coming into force in the UK of the requirements of the Statutory Audit Directive 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 and 31 below shows the number of firms that have registered by country and the number of relevant audit clients. There are two types of registration. Firms from countries that have systems of public oversight of audit regulation or have plans to introduce such arrangements can register under the European Commission's transitional regime, where they provide certain information. Audit firms from other countries must register under the 'Article 45' requirements of the Directive. There is more information on our web-site at http://www.frc.org.uk/pob/regulation/third_party_entity/terms_conditions.cfm.

'Article 45' Registration	No of Audit Firms	No of Relevant Clients
Bahrain	1	3
Barbados	1	1
Egypt	1	7
Georgia	1	1
Kenya	1	1
Kuwait	2	3
Lebanon	3	7
Netherlands Antilles	1	1
Nigeria	3	1
Oman	1	1
Papua New Guinea	1	1
Saudi Arabia	1	1
Vietnam	1	1
Zimbabwe	1	1
TOTAL	19	30

Table 30

Transitional Registration	No of Audit Firms	No of Relevant Clients
Argentina	2	2
Australia	4	23
Bahamas	1	1
Bermuda	3	4
Canada	4	11
Cayman Islands	2	5
Chile	1	1
China	1	2
Croatia	2	3
Hong Kong	6	8
India	2	4
Indonesia	1	1
Israel	5	8
Japan	5	35
Kazakhstan	2	11
New Zealand	1	2
Pakistan	2	3
Russia	6	38
Singapore	2	3
South Africa	4	12
South Korea	3	11
Switzerland	3	6
Turkey	3	7
Ukraine	1	0
United Arab Emirates	4	8
USA	4	24
TOTAL	**74**	**233**

Table 31

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