



PROFESSIONAL OVERSIGHT BOARD FOR ACCOUNTANCY

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

MARCH 2006

KEY FACTS AND TRENDS IN THE ACCOUNTANCY PROFESSION

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CHAIRMAN'S FOREWORD

This is the web update of the third edition of 'Key Facts and Trends in the Accountancy Profession'. This document provides statistical information up to 31st December 2004 for the six chartered accountancy bodies¹ who are members of the Consultative Committee of Accountancy Bodies (CCAB). It includes information for many of the largest registered audit firms in the UK² according to fee income from audit, not total fee income, in line with the audit firms' year ends.

All members of the CCAB have a Royal Charter and thus the titles their members use are protected. It would be misleading to equate the CCAB with the accountancy profession in the UK. There are a number of other UK bodies whose members provide accountancy and related services and which set regulatory requirements for their members. These include the Association of International Accountants (AIA), the Institute of Financial Accountants (IFA) and the Association of Accounting Technicians (AAT).

This document summarises the main features and trends of the following statistical information

- Members of the six chartered bodies
- Students of the six chartered bodies
- The income and staffing of the six chartered bodies
- Fee income of the largest UK audit firms
- Number and size of audit registered firms

The purpose is not to offer explanations or interpretations of the profession, other than to refer to possible limitations of the data.

Regulatory oversight of the accountancy profession transferred from the Accountancy Foundation and the Review Board to the FRC in the first part of 2004. The FRC is the unified independent regulator for the accounting and audit profession and for accounting and auditing standard setting and enforcement. Within the FRC, POBA is the operating body responsible for:

- Independent oversight of the regulation of the auditing profession by the recognised supervisory and qualifying bodies
- Monitoring of the quality of the auditing function in relation to economically significant entities
- Independent oversight of the regulation of the accountancy profession by the professional accountancy bodies.

There is more information on the FRC and its operating bodies at www.frc.org.uk .

The information we are publishing is an update to the information published in February 2005. The statistical information for the CCAB has been updated to reflect the figures for the year ended 31st December 2004. The information included for the audit firms has not been updated as this was included within the February 2005 publication to reflect the information for 2004 in line with the individual audit firm's year ends. All information will be updated to reflect the data for 2005 during the second half of 2006.

The information we are publishing illustrates the underlying health and importance of the accountancy profession in the UK, with the overall numbers of students and members continuing to grow.

We would welcome comments on what information you think is more or less useful, and what else we might include in such a publication. Your comments should be sent to Tracy Neilson (t.neilson@frc-poba.org.uk).

Sir John Bourn
Chairman of the Professional Oversight Board for Accountancy
January 2006

¹ Association of Chartered Certified Accountants (ACCA)
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 in Ireland (ICAI)
Institute of Chartered Accountants of Scotland (ICAS)

² This does not include any firms registered with the ICAI.

MAIN HIGHLIGHTS

THE SIX CHARTERED ACCOUNTANCY BODIES 1999-2004

- Accountancy continues to flourish and grow in the UK. The six chartered bodies have over 255,000 members and approximately 140,000 students in the UK and the Republic of Ireland. (Table 1 and Chart 1, and Table 8)
- The six bodies have almost 340,000 members and over 340,000 students worldwide. (Table 2 and Chart 2, and Table 7)
- Student numbers have been growing more quickly (6% per year worldwide) than membership - 4% per year worldwide, 3.3% in the UK and ROI (Tables 1 and 2 and Table 7)
- There are significant differences between the bodies in terms of overall numbers, numbers of overseas members, growth in the numbers of members and students, and age profile.
- There is a steadily rising proportion of female members since 1999 – from 22% to 27% in 2004 - and of female students – from 46% in 1999 to 48% in 2004 (Charts 3 and 12)

THE AUDIT FIRMS

- There was been a significant decline in 2003 and 2004 in the proportion of “Big 4” fee income from the provision of non-audit services to audit clients, offset by an increase in the provision of non-audit services to non-audit clients (Chart 16).
- There was a significant decline in the numbers of firms registered to carry out statutory audit in the UK at most of the Bodies between 2003 and 2004. Changes to the audit thresholds may be an underlying factor (Table 17).

**MEMBERS OF THE
CHARTERED ACCOUNTANCY BODIES**

Members in the UK and the Republic of Ireland, 1999-2004:

Table 1 shows the number of members of each of the six chartered accountancy bodies in the UK and the Republic of Ireland, as at the end of each year for the period 1999 to 2004:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1999	41,995	40,137	13,143	101,748	10,269	12,561	219,853
2000	45,392	42,717	13,176	103,478	10,721	12,857	228,341
2001	49,085	44,979	13,192	105,804	11,196	12,870	237,126
2002	52,678	46,820	13,213	108,157	11,840	13,004	245,712
2003	54,209	48,986	13,223	110,468	12,186	13,312	252,384
2004	56,837	51,386	13,266	110,776	12,757	13,811	258,833
% growth (99 – 04)	35.3	28.0	0.9	8.9	24.2	10.0	17.7
% compound annual growth (99 – 04)	6.2	5.1	0.2	1.7	4.4	1.9	3.3

Table 1

- The total number of members of the six bodies in the UK and ROI has grown steadily in recent years, by a compound average of 3.3%, from just under 220,000 in 1999 to over 258,000 at the end of 2004.
- There are significant differences within that overall percentage growth, with ACCA membership in the UK and ROI growing most strongly at an average of 6.2% per year in the period, followed by CIMA and ICAI. The growth pattern displayed is consistent with that seen at the end of 2003.
- The ICAEW is the largest body in terms of its UK and ROI membership – roughly double the membership of the next largest of the bodies, the ACCA.

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

Members in the UK and Republic of Ireland 1999-2004

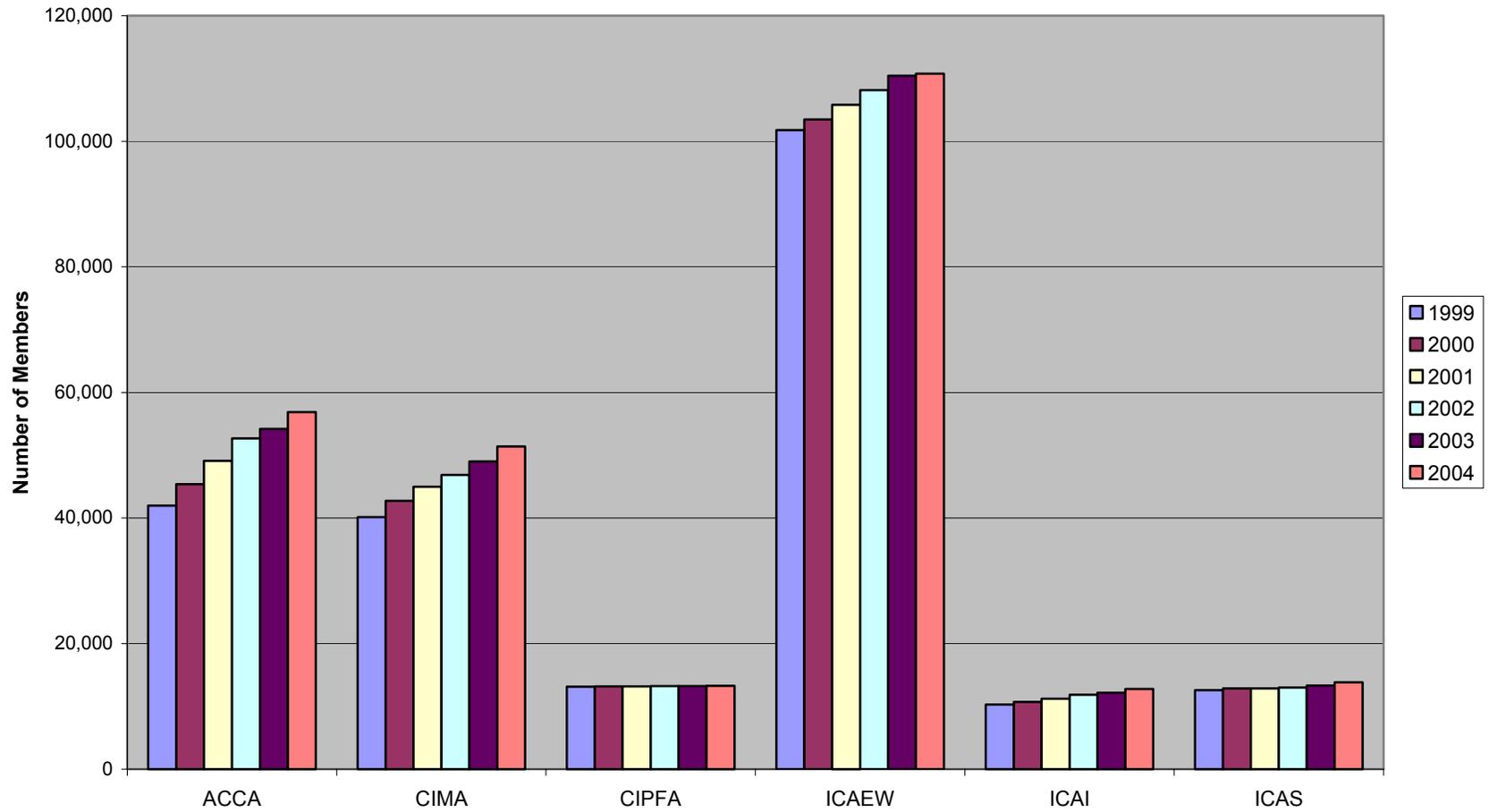


Chart 1

Members Worldwide, 1999-2004:

Table 2 shows the number of members of each of the six chartered accountancy bodies worldwide over the period 1999 to 2004:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1999	71,538	51,692	13,356	116,929	11,357	14,698	279,570
2000	79,027	54,934	13,396	118,771	11,828	14,888	292,844
2001	86,929	57,616	13,471	121,356	12,515	15,042	306,929
2002	95,416	59,782	13,521	123,719	13,039	15,166	320,643
2003	98,293	62,361	13,510	125,643	13,551	15,749	329,108
2004	104,613	65,053	13,499	126,597	14,193	15,931	339,886
% growth	46.2	25.8	1.1	8.3	25.0	8.4	21.6
% compound annual growth (99 – 04)	7.9	4.7	0.2	1.6	4.6	1.6	4.0

- The total number of members of the six bodies worldwide has grown on average more quickly than UK/ROI membership alone (4.0% as against 3.3% compound annual growth)
- This reflects the strong growth of the ACCA globally, which has 31% of members outside UK/ROI and grew its overall membership by 7.9% each year (6.2% UK/ROI alone).
- The other bodies have a much smaller percentage of their members based overseas (see Table 3). Most of their growth therefore has come from the increases in their UK/ROI membership.

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

Members Worldwide 1999-2004

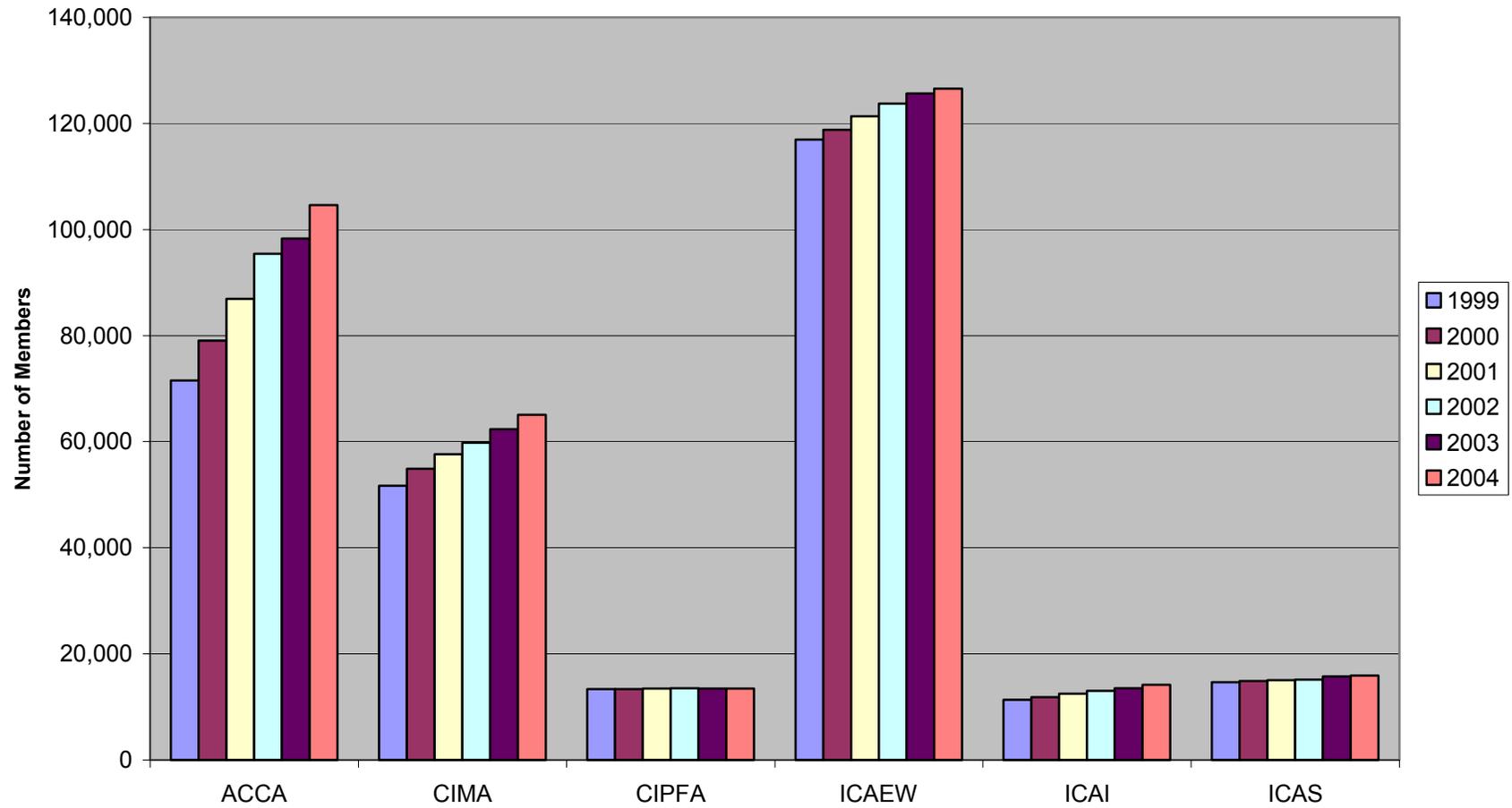


Chart 2

Members outside the UK and the Republic of Ireland, 1999-2004

Table 3 shows the number of members of each of the six chartered accountancy bodies outside the UK and the Republic of Ireland over the period 1999 to 2004:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1999	29,543	11,555	213	15,181	1,088	2,137	59,717
2000	33,635	12,217	220	15,293	1,107	2,031	64,503
2001	37,844	12,637	279	15,552	1,319	2,172	69,803
2002	42,738	12,962	308	15,562	1,199	2,162	74,931
2003	44,084	13,375	287	14,573	1,365	2,167	75,851
2004	47,776	13,667	233	15,821	1,436	2,120	81,053
% of total members outside UK/ROI 2004	46	21	2	12	10	13	24

Table 3

- ACCA has increased its membership outside UK/ROI by 62% since 1999, increasing the percentage of overseas members from 41% to 46% in that period.
- Apart from the ACCA, only CIMA has more than 20% of its members based outside UK/ROI.

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

Sectoral employment of members worldwide, 2004:

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 2004.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
Public practice	28	2	0	40	34	27	22
Industry and commerce/ Public Sector	63	81	67	46	58	45	60
Retired	4	10	21	10	5	19	12
Other	5	7	12	4	3	9	7
TOTAL	100						

Table 4

- Very few members of CIMA and CIPFA are employed in public practice; the bulk of CIMA members are employed in industry and commerce and the bulk of CIPFA members in the public sector.
- There are almost three times as many members of the six bodies employed in industry and commerce as in public practice, which includes audit.

Note:

There are variations in the way in which the bodies classify employment.

1. ICAEW, ICAS and ICAI do not separately identify those employed in the public sector. They are included under "Industry & Commerce".
2. "Other" includes those members who are unemployed, taking a career break, undertaking full time study or on maternity leave, and others who are unclassified, for example because they have not provided the information.

Gender of members worldwide, 1999-2004:

Table 5 shows the percentage of female members of each of the six chartered accountancy bodies worldwide over the period 1999 to 2004:

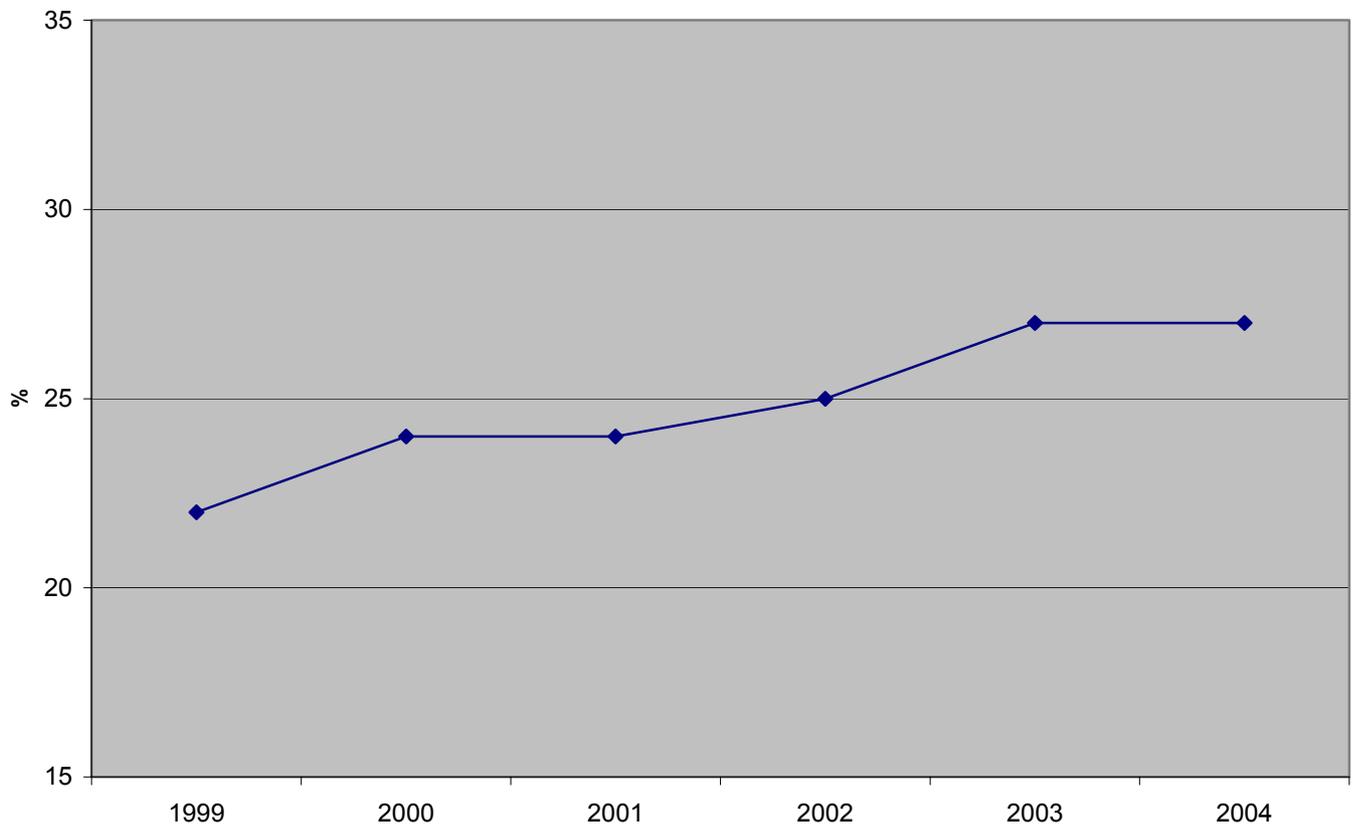
	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1999	31	19	22	18	-	20	22
2000	33	21	23	19	23	20	24
2001	35	22	24	19	25	21	24
2002	36	23	24	20	24	22	25
2003	38	24	25	21	27	23	27
2004	39	26	26	21	28	24	27

Table 5

- The percentage of female members of all six bodies has been rising in recent years.
- Taking all the bodies together the percentage of female members has risen from 22% in 1999 to 27% as at the end of 2004.
- The percentage of female members is within a relatively narrow range for 5 of the 6 bodies – from 21% to 28% in 2004. The exception is the ACCA which has 39% female members.

Note: ICAI did not analyse its members by gender before 2000

Percentage of Female Members All Bodies Worldwide 1999-2004



Age of members worldwide: 2004

Table 6 shows the number of members of each of the six chartered accountancy bodies worldwide by age range for 2004. Chart 4 shows this information in a graphic format. Charts 5 to 10 compare the age distribution for each body for 1997 and 2004. The 2004 age profile has been compared to the profile as at 1997 as no information is available for 1998.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
under 25	661	65	48	197	3	55	1,029
25-34	36,827	13,726	2,142	25,819	4,903	3,539	86,956
35-44	36,514	23,029	4,093	35,912	4,702	3,831	108,081
45-54	17,694	14,572	3,741	27,922	2,549	3,409	69,887
55-64	7,970	7,806	2,133	20,533	1,179	2,426	42,047
65 and over	4,947	5,855	1,342	16,214	857	2,671	31,886
TOTAL	104,613	65,053	13,499	126,597	14,193	15,931	339,886

Table 6

- There are marked differences in the age profile of members of the six bodies. For example, the ACCA has the youngest population of members - over 70% of members are below 45. The corresponding figure for CIPFA is 47%, for the ICAEW and the ICAS and CIMA approximately 50%, and for the ICAI 68% (Chart 4).
- There are variations in the change of age profile of the different bodies between 1997 and 2004. The age profile of CIPFA members has increased, with the percentage of members below the age of 45 declining slightly from 50% to 47% (Chart 7). As shown in Charts 5-8 the differences in the age profile of members has not changed dramatically between 1997 and 2004.

Note: This data was not collected by ICAEW or ICAI before 2000.

Comparison of Age Profiles of Members of Accountancy Bodies
2004

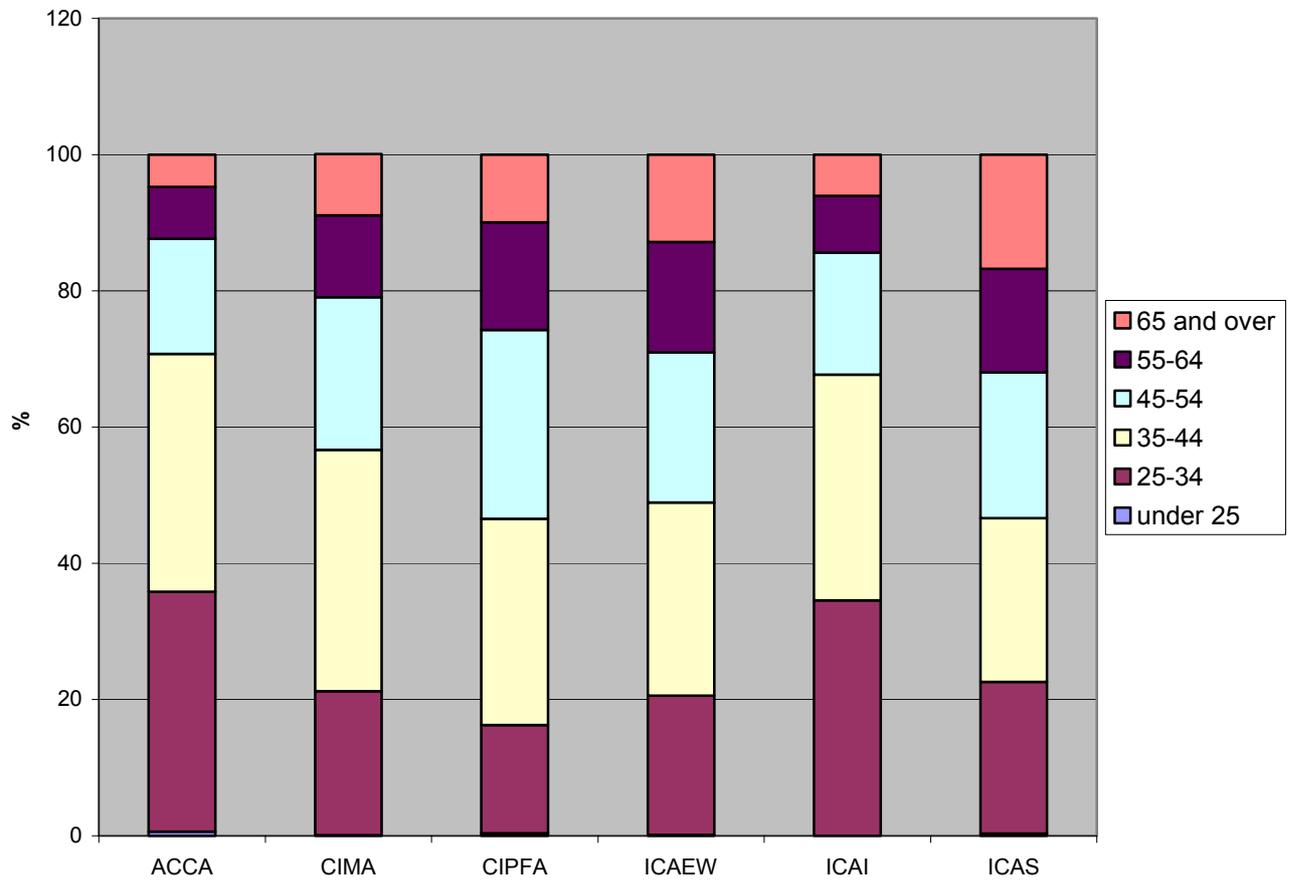


Chart 4

Age of Members of the six Chartered Accountancy Bodies, 1997 and 2004:

The following charts compare the age distribution of members of the bodies for 1997 and 2004.
 Note: The information is not available in respect of the ICAEW and the ICAI for 1997.

Age of ACCA Members 1997 and 2004

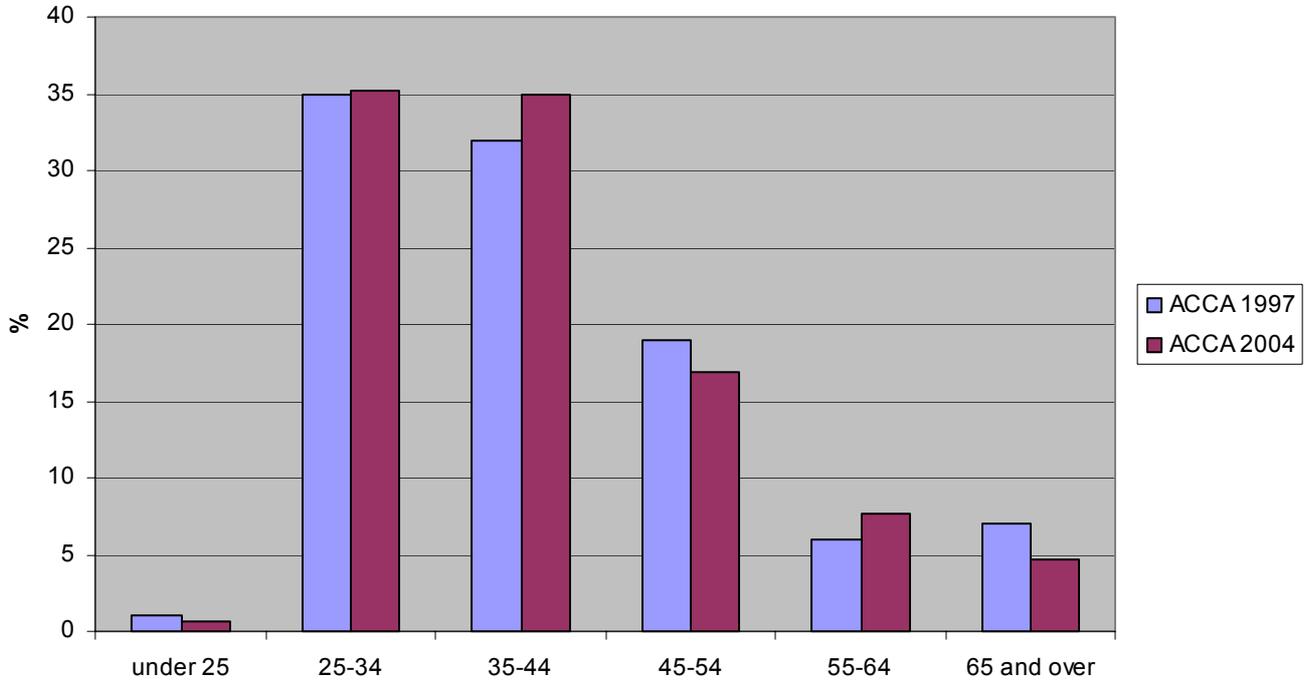


Chart 5

Age of CIMA Members 1997 and 2004

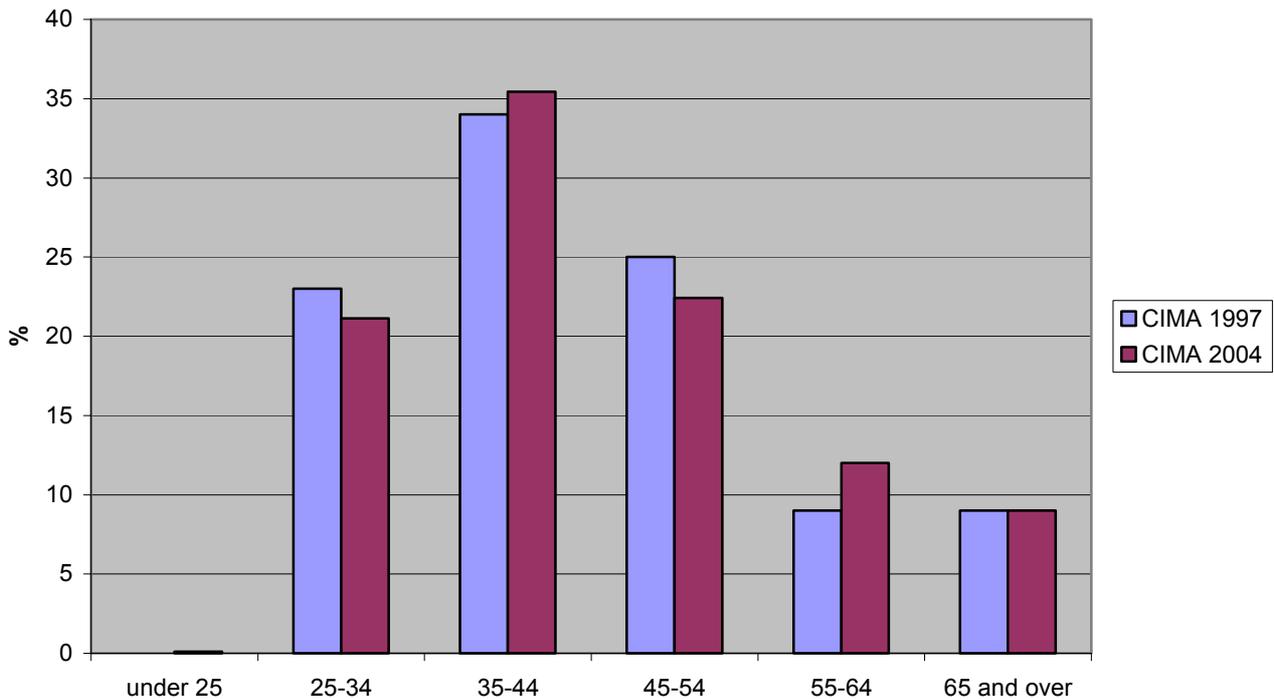


Chart 6

Age of CIPFA Members 1997 and 2004

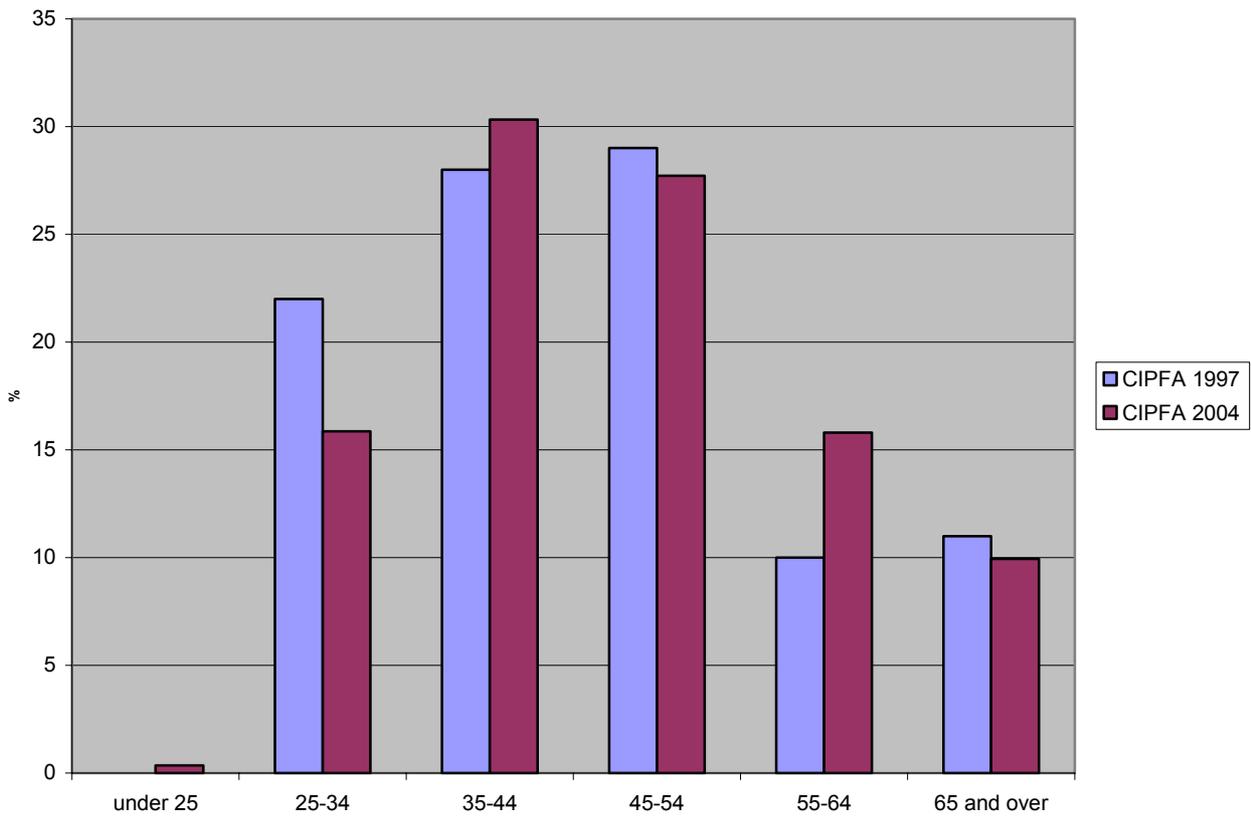


Chart 7

Age of the ICAS members 1997 and 2004

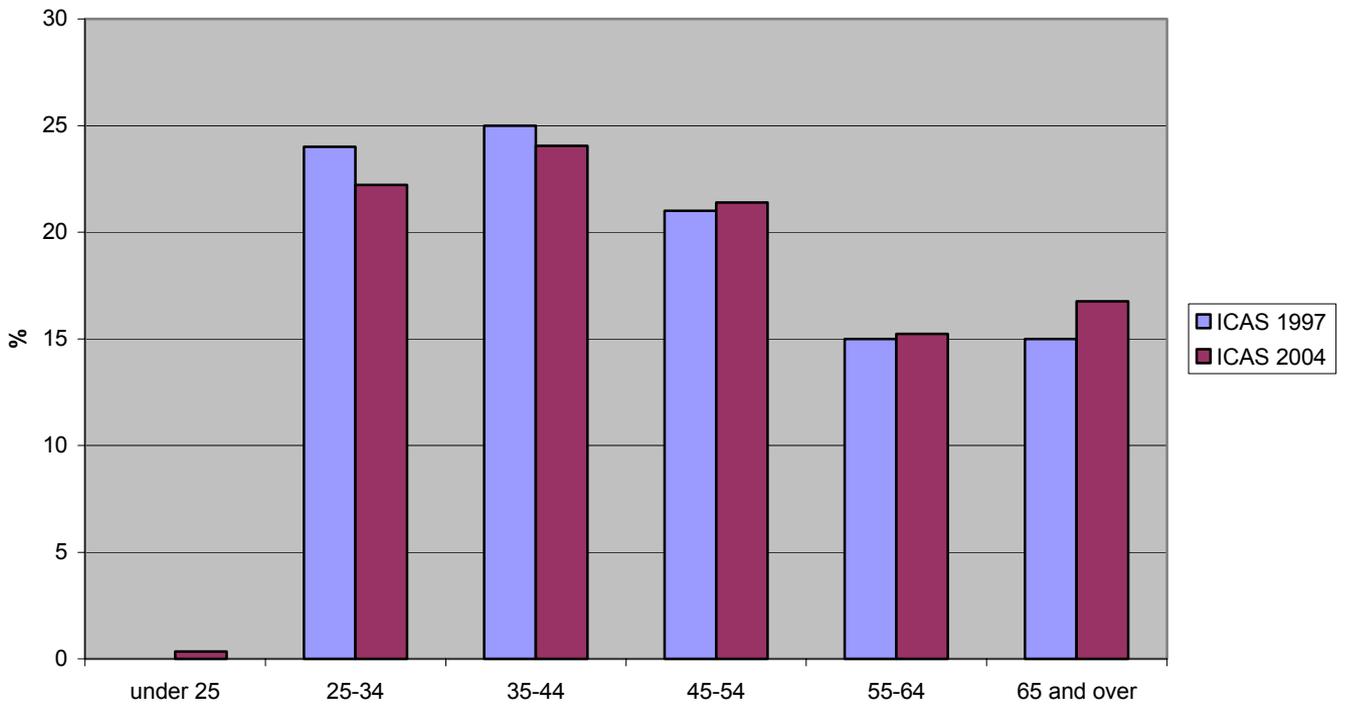


Chart 8

Age of ICAEW members 2004

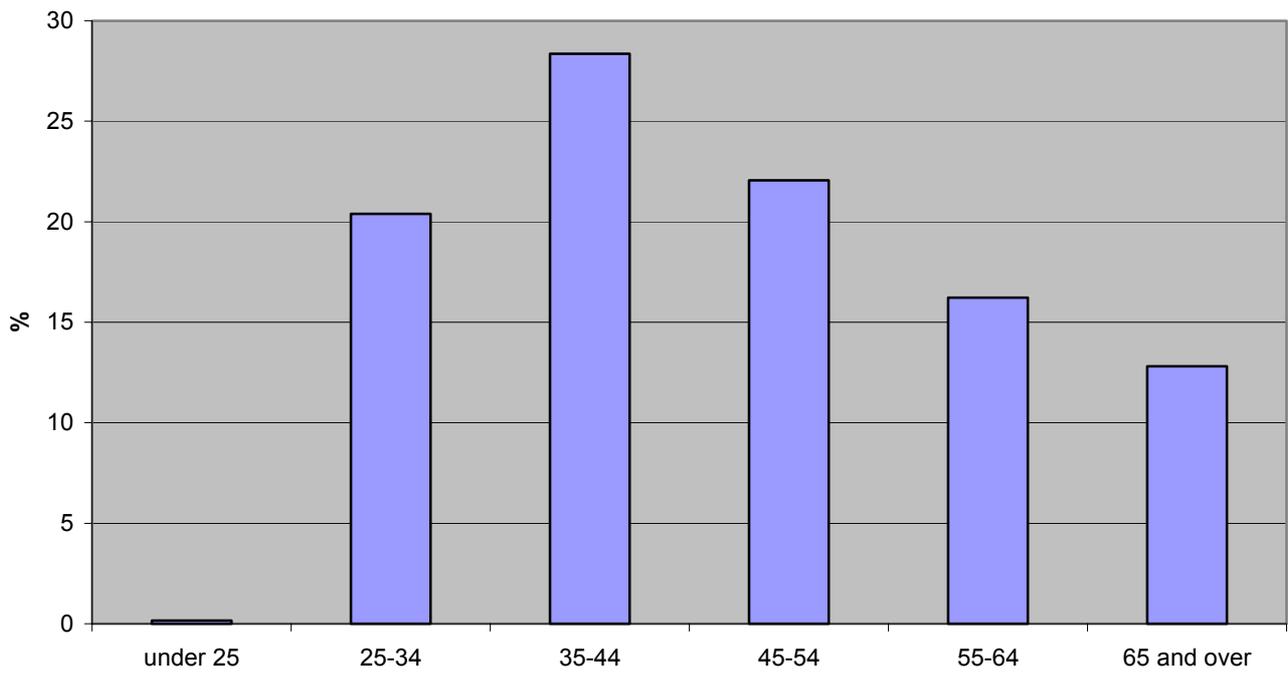


Chart 9

Age of ICAI members 2004

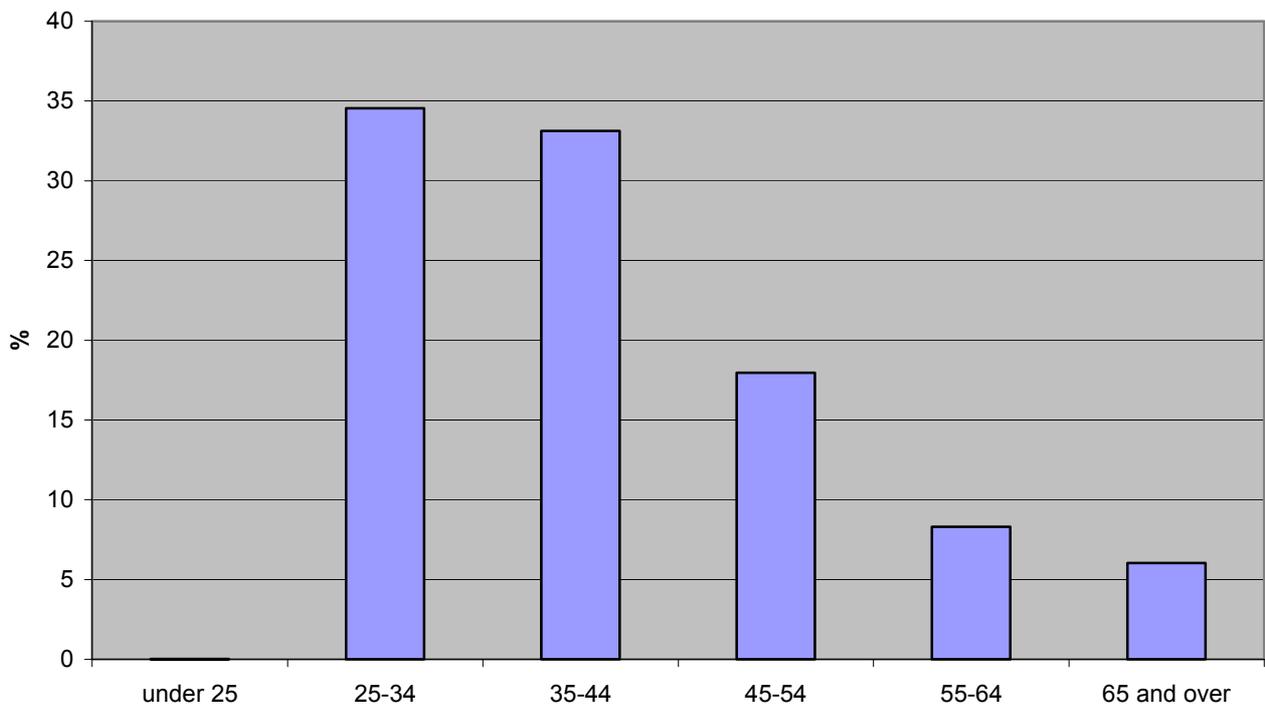


Chart 10

**STUDENTS OF THE
ACCOUNTANCY BODIES**

STUDENTS

Students registered worldwide, 1999-2004:

Table 7 shows the number of students of each of the six chartered accountancy bodies registered worldwide over the period 1999 to 2004:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
1999	167,668	71,203	2,079	11,585	2,667	1,235	256,437
2000	174,201	73,761	2,213	10,727	2,789	1,652	265,343
2001	185,392	75,263	2,322	10,114	3,008	2,080	278,179
2002	205,099	77,923	2,484	9,648	3,392	2,327	300,801
2003	221,261	81,590	2,782	8,694	3,000	2,431	319,683
2004	240,741	84,868	2,954	8,910	3,167	2,497	343,137
% growth (99 - 04)	43.6	19.2	42.1	-23.1	18.7	102.2	33.8
% compound annual growth (99 - 04)	7.5	3.6	7.3	-5.1	3.5	15.1	6.0

Table 7

- There are wide differences in the numbers and rates of growth in the student membership worldwide of the accountancy bodies.
- It should be noted that the figures for the different bodies are not all strictly comparable. The ACCA figure includes affiliates and CIMA includes those who have passed their final examinations but not yet been admitted into membership. The figures for ICAEW, ICAS and ICAI refer to the number of students in registered training contracts.
- The most rapidly growing accountancy bodies in percentage terms of worldwide student numbers, from a 1999 base, are the ICAS and the ACCA, which is consistent with the prior year.
- Table 7 shows that the student numbers for the ICAEW have been gradually declining since 1999.

Location of students, 2004:

Table 8 shows the location (UK, Republic of Ireland and the rest of the world) of students of the six chartered accountancy bodies for 2004:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
UK & Republic of Ireland	73,839	57,106	2,879	8,560	3,167	2,494	148,045
Rest of the world	166,902	27,762	75	350	-	3	195,092
TOTAL	240,741	84,868	2,954	8,910	3,167	2,497	343,137

Table 8

- The overwhelming majority (96% or more) of students of four of the bodies – CIPFA, the ICAEW, the ICAI and the ICAS are based in the UK and the ROI.
- Over two thirds of the ACCA students and one third of CIMA students are based outside the UK and the ROI.
- ACCA has a significantly higher proportion of students outside the UK and the ROI (69.3%) than the proportion of members outside UK and the ROI (46% - see Table 3).

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

Age of Students of the six Chartered Accountancy Bodies worldwide, 2004:

This chart compares the age distributions for the six chartered accountancy bodies.

Comparison of Age Profiles of Students of the Accountancy Bodies 2004

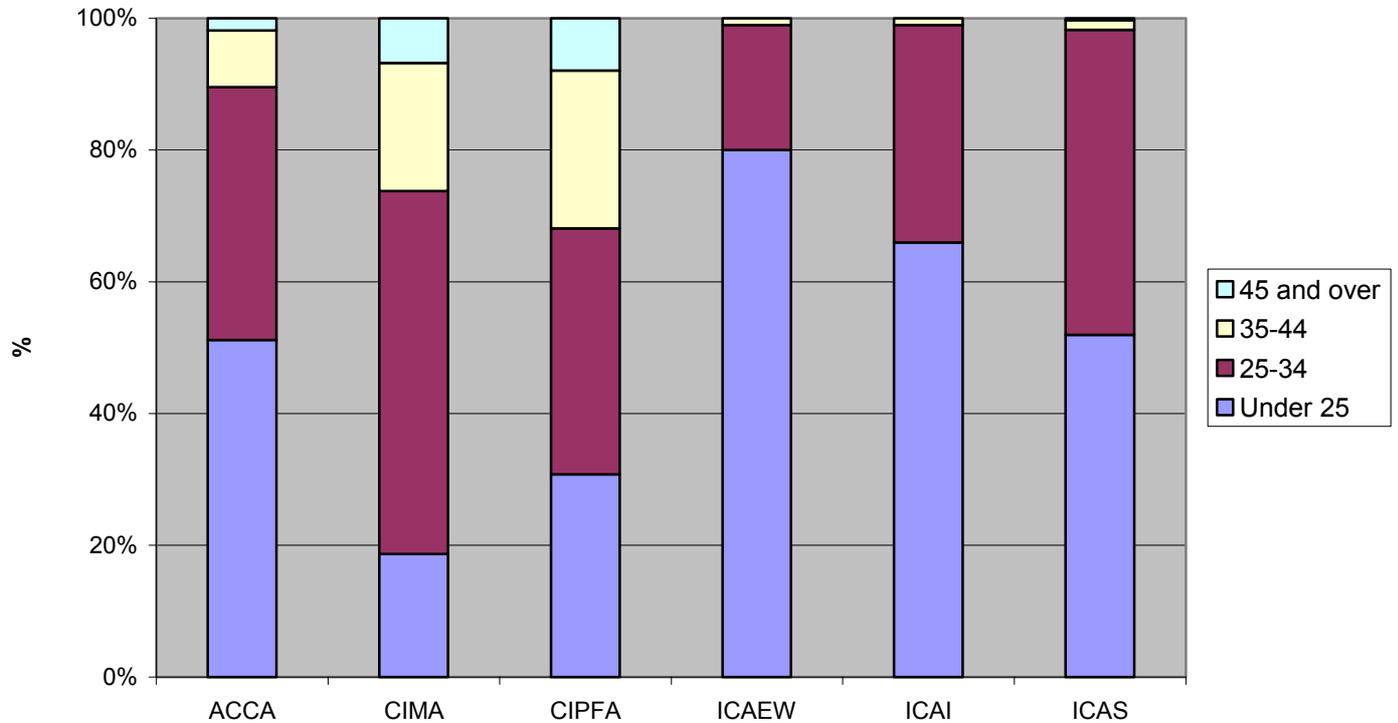


Chart 11

- The chart above shows that CIPFA and CIMA have more mature students than the other bodies. 19% of CIMA students are under 25 and 26% over 35. 31% of CIPFA students are under 25 and 32% over 35. By way of contrast 80% of ICAEW members are under 25 and only 1% over 35.

Notes

- ACCA and ICAEW figures relate to the age of the student intake, not the student body.

Sectoral employment of students worldwide, 2004:

Table 9 shows the sectoral employment of students of each of the accountancy bodies worldwide for 2004:

	ACCA ²	CIMA ¹	CIPFA ³	ICAEW ²	ICAI ²	ICAS ²	TOTAL
Public practice	68,858		-	8,221	3,040	2,443	82,562
Industry and commerce / Public Sector	165,554		2,611	224	127	54	168,570
Other⁴	6,329		343	-	-	-	6,672
TOTAL	240,741	84,868	2,954	8,445	3,167	2,497	342,672

Table 9

- Almost all the student members of the ICAEW, the ICAS and the ICAI are employed in public practice.
- Most CIPFA students are employed in the public sector.
- ACCA students are more widely spread across the different sectors of the profession with roughly 30% in public practice, 70% in industry and commerce.

Notes:

1. No information was available on the Sectoral employment of CIMA students.
2. The ACCA, the ICAEW, the ICAI and the ICAS give a combined figure for students employed in industry and commerce and the public sector. For the purposes of the table these are simply shown as 'industry and commerce'.
3. CIPFA does not separately identify students employed in public practice and they are included under 'Other'.
4. 'Other' includes students not in employment.

Gender of students worldwide, 1999-2004:

Table 10 and Chart 12 on the following page show the percentage of female students of each of the accountancy bodies worldwide over the period 1999 to 2004:

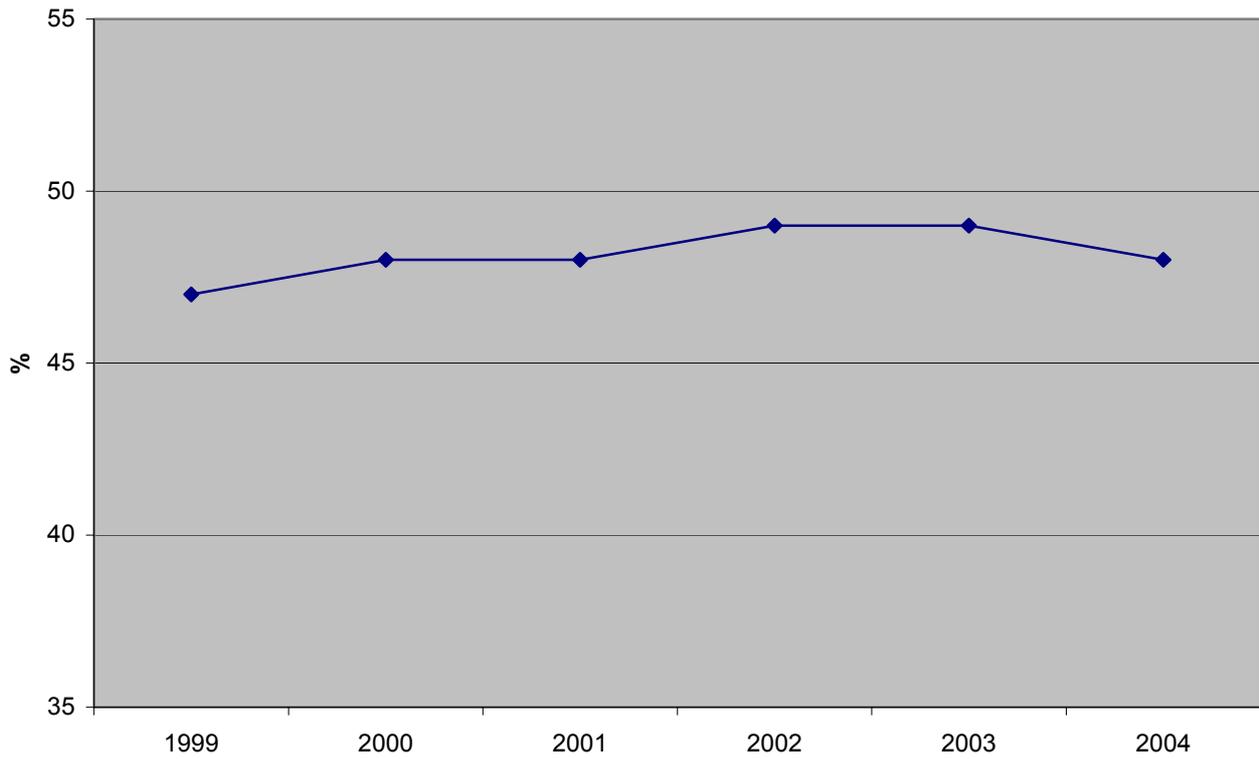
	ACCA %	CIMA %	CIPFA %	ICAEW %	ICAI %	ICAS %	TOTAL
1999	50	41	46	43	51	47	47
2000	51	42	46	45	49	46	48
2001	51	42	47	45	54	46	48
2002	51	43	48	45	52	46	49
2003	51	43	49	45	54	43	49
2004	50	43	50	44	54	44	48

Table 10

- The proportion of female students worldwide has increased slightly since 1999.
- The differences amongst the bodies are relatively small.

Note: ICAI and ICAS figures refer to the proportion of females in the student intake, not the total number of students

Percentage of Female Students All Bodies Worldwide 1999-2004



Graduate entrants to training with the Six Chartered Accountancy Bodies

Chart 13 shows the percentages of students of each body who, at the time of registration as students, respectively (i) were graduates and (ii) held a relevant degree.

Differences in the educational qualifications of those entering the various training schemes are often a reflection of the selection policies adopted by different employers.

Percentage of students holding a degree and those holding a relevant degree¹

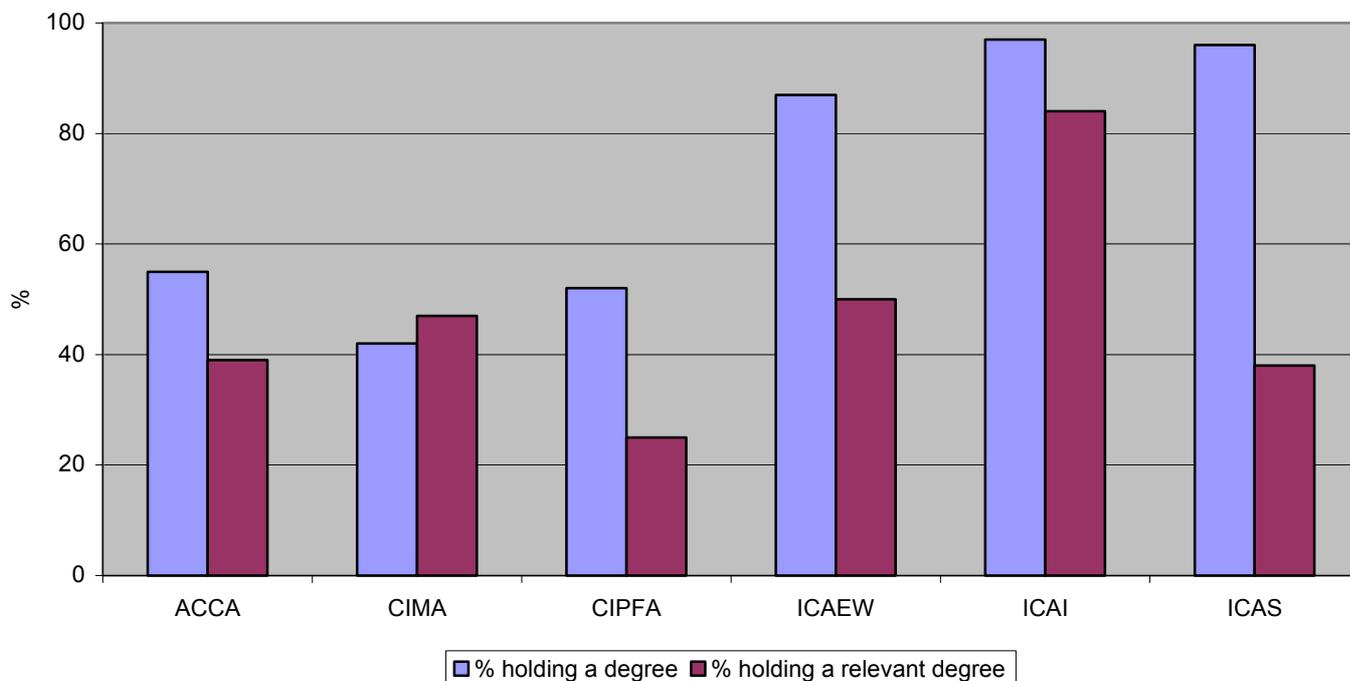


Chart 13

Notes

1. CIPFA figures are for 2003 as 2004 figures are not available
2. The figures are based on students worldwide
3. 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, Business Degrees, Finance
ICAI	Accountancy, Business & Commerce, Finance
ICAS	Accountancy.

- The ICAEW, the ICAI and the ICAS have a higher percentage of students with a degree than the other accountancy bodies.
- Comparisons of the percentage of students holding "relevant degrees" are difficult to make, because the accountancy bodies use different definitions of a "relevant degree" (see above)

Pass Rates

Table 11 shows:

- (1) the percentage of overall passes at the final examination stage for the year 2004
- (2) the percentage of those overall passes at the final examination stage which are first time passes

	ACCA	CIPFA ¹	CIMA	ICAEW ²	ICAI	ICAS ²
Percentage of overall passes	45	-	44	78.5	77	74
Percentage of overall passes which are first time passes	59	-	63	N/A	79	N/A

Table 11

- The percentage of overall passes is higher for the ICAI, the ICAS and the ICAEW than for the other bodies.

Notes

1. CIPFA notes that it is no longer meaningful to provide figures in this form, as students increasingly split the subjects and this gives an artificially low pass rate
2. First time pass rates not available for the ICAEW and the ICAS.
3. Information is not generally available for overall passes at earlier stages of the examination process.

**OTHER INFORMATION ON THE SIX
CHARTERED ACCOUNTANCY BODIES**

Income of the Six Chartered Accountancy Bodies, 2000-2004

Table 12 shows the income of each of the six chartered accountancy bodies over the period 2000 to 2004

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2000	35	23	25	54	8	11	155
2001	41	26	29	54	8	13	171
2002	46	27	33	44	11	14	175
2003	56	27	36	47	13	14	190
2004	60	30	37	52	14	14	207

Table 12

Note 1: ICAI income converted from Euros

Income of Six chartered accountancy bodies 2000–2004

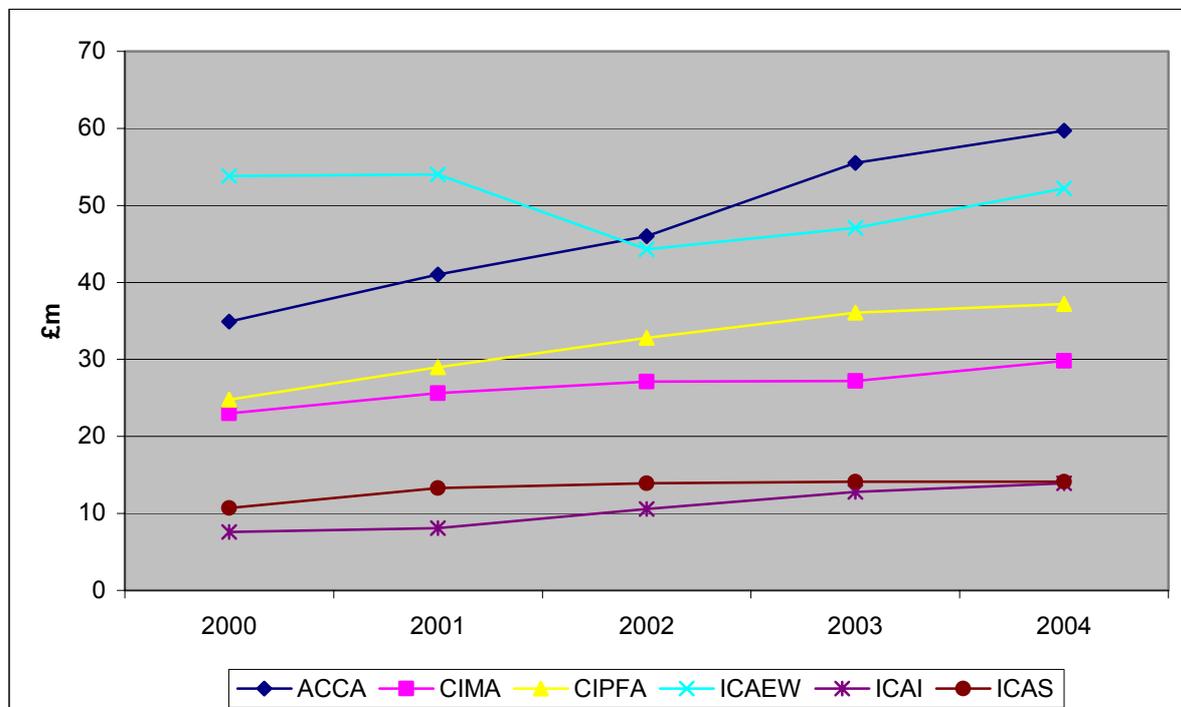


Chart 15

Note: The drop in ICAEW's income between 2001 and 2002 is due to its sale of ABG Professional Information.

Staffing of the Six Chartered Accountancy Bodies, 2000–2004:

Table 13 shows the number of staff (full time equivalent) employed by the six chartered accountancy bodies over the period 2000 to 2004:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2000	295	223	242	471	84	132	1,447
2001	348	240	278	541	87	137	1,631
2002	487	235	302	425	95	137	1,680
2003	571	239	335	428	104	135	1,812
2004	640	238	321	491	104	137	1,931

Table 13

- The total number of staff employed by the six accountancy bodies in the UK and ROI has increased by approximately 33% since 2000. Most of that increase is accounted for by ACCA and CIPFA.

Notes:

1. Figures for ICAEW 2003 do not include staff whose employment costs are borne by the Quality Assurance Directorate, or staff whose employment costs are borne by the Chartered Accountants' Trust for Education and Research, which together total 58 staff as at the end of 2003.
2. The drop in staff numbers for ICAEW between 2001 and 2002 is due to its sale of ABG Professional Information.

AUDIT FIRMS

Introductory Note: Major Audit Firms

Tables 14 to 16 below show fee income for many of the largest registered audit firms in the UK¹. That information is analysed in Charts 16 to 18, differentiating the “Big 4” from the other large audit firms. It is ranked according to fee income from audit, not total fee income.

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 Limited Liability Partnerships Act 2000. Most of the information has been provided on a voluntary basis by the firms, for which we are grateful.

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

One of the major policy discussions in the UK and elsewhere in the aftermath of Enron and WorldCom was the provision of non-audit services by auditors to their audit clients and the threats to auditor objectivity and independence that the provision of such services might pose. In the US, the Sarbanes-Oxley Act sets out a number of services which an audit firm is prohibited from supplying to a listed audit client. In the UK, the Auditing Practices Board has recently published the final text of new ethical standards for auditors, including on non-audit services; and there is new guidance for listed companies in the Combined Code on the role of audit committees, including in relation to the purchase of non-audit services from a company’s auditors. Against that background we think that it is in the public interest to try to provide an analysis of the fee income of the large audit firms into three categories: income from audit, income from the provision of non-audit services to audit clients and income from the provision of non-audit services to non-audit clients.

This is not straightforward, however, and it would be wrong to use the tables to make a detailed comparison between firms. Whilst a number of the large firms already analyse non-audit fee income into income from audit clients and from non-audit clients, many do not do so. We are grateful, however, where firms have felt able to make an informed estimate of the likely breakdown of fee income in this way. Also, some firms do not at present separate audit fee income from income from other services closely related to the audit engagement. Firms may therefore have classified audit and non-audit income in somewhat different ways.

¹ It does not include any firms registered with the ICAI.

Key Points: Major Audit Firms

- There has been a substantial decline in the proportion of “Big 4” fee income from the provision of non-audit services to audit clients – from 35% in 01/02¹ to 25% in 03/04 (Chart 16)
- This has been offset by an increase in the proportion of “Big 4” fee income from the provision of non-audit services other than to audit clients – up from 38% to 46% (Chart 16).
- The split of fee income of the largest audit firms outside the Big 4 has not changed significantly. On average the proportion of income from audit is slightly higher than for the Big 4, significantly lower for non-audit services to audit clients, and significantly higher for non-audit services to non-audit clients (Chart 17).

¹ figures for 2001/02 exclude Deloitte, since information in the required form is not available.

FEE INCOME OF MAJOR AUDIT FIRMS 2003-2004¹
(by audit fee income)

Table 14

Name	Business Structure	No of Principals	Year To	Total Fee Income £m	Fee Income: Audit £m	Fee Income: Non-Audit Work to Audit Clients £m	Fee Income: Non-Audit Work to Non-Audit Clients £m
PricewaterhouseCoopers	LLP	752	30-Jun-04	1,568.0	465.0	440.0	663.0
KPMG	LLP	549	30-Sep-04	1,066.0	306.0	270.0	490.0
Deloitte	LLP	602	31-May-04	1,246.3	259.0	177.2	810.1
Ernst & Young	LLP	391	30-Jun-04	828.0	229.0	159.0	440.0
BDO Stoy Hayward	LLP	213	30-Jun-04	187.9	84.1	33.7	70.1
Grant Thornton	LLP	232	30-Jun-04	234.0	58.0	41.0	135.0
Baker Tilly	Partnership	261	31-Mar-04	160.0	50.0	30.0	80.0
PKF	Partnership	101	31-Mar-04	110.0	46.5	30.0	33.5
Mazars	LLP	78	31-Aug-04	63.5	24.8	10.1	28.6
RSM Robson Rhodes LLP	LLP	93	30-Apr-04	75.2	14.1	7.3	53.9
Howarth Clark Whitehill	LLP	59	31-Mar-04	35.6	13.9	12.2	9.5
Blueprint Audit Limited ²	Limited Company	9	30-Jun-04	10.0	10.0	0.0	0.0
Bentley Jennison	Partnership	56	31-Dec-04	38.1	9.5	6.5	22.1
Chantrey Vellacott DFK	Partnership	50	30-Jun-04	19.9	7.5	2.5	10.0
UHY Hacker Young	Group of partnerships	67	30-Apr-04	24.0	6.9	2.8	14.3
Kingston Smith	Partnership	42	30-Apr-04	20.3	6.5	5.3	8.5
Cooper Parry LLP	LLP	20	30-Apr-04	11.3	3.8	3.2	4.4
Solomon Hare LLP	LLP	22	31-Mar-04	14.8	2.7	2.7	9.3

1. See the introductory note on page 38 for the limitations on the information in Tables 14 to 16.

2. Blueprint Audit Ltd is wholly owned and controlled by registered auditors. It undertakes only audit work requiring Registered Auditor status. Tenon Group plc is a separate company that provides professional resources and certain services to Blueprint Audit Ltd under the terms of a formal agreement on an arm's length basis. The figure of £10m is pro rata on income of £15m for the 18 months to 30 June 2004.

FEE INCOME OF MAJOR AUDIT FIRMS 2002-2003
(by audit fee income)

Table 15

Name	Year To	Total Fee Income £m	Fee Income: Audit £m	Fee Income: Non-Audit Work to Audit Clients £m	Fee Income: Non-Audit Work to Non-Audit Clients £m
PricewaterhouseCoopers	30-Jun-03	1,505.0	453.0	480.0	572.0
KPMG	30-Sep-03	1,008.0	291.0	282.0	435.0
Deloitte	31-May-03	1,187.9	260.0	211.9	716.0
Ernst & Young	30-Jun-03	812.0	226.0	197.0	389.0
BDO Stoy Hayward	30-Jun-03	169.4	82.2	37.1	50.1
Grant Thornton	30-Jun-03	216.0	58.0	37.0	121.0
Baker Tilly	31-Mar-03	150.0	59.0	35.0	56.0
PKF	31-Mar-03	107.4	45.6	29.6	32.2
Mazars	31-Aug-03	60.8	23.5	10.9	26.3
RSM Robson Rhodes LLP	30-Apr-03	65.8	10.0	5.8	50.1
Howarth Clark Whitehill	31-Mar-03	N/A	N/A	N/A	N/A
Blueprint Audit Limited	30-Dec-03	10.0	10.0	0.0	0.0
Bentley Jennison	31-Dec-03	27.0	6.0	4.0	17.0
Chantrey Vellacott DFK	30-Jun-03	19.0	7.1	2.4	9.5
UHY Hacker Young	30-Apr-03	22.5	6.5	2.6	13.4
Kingston Smith	30-Apr-03	20.0	6.6	5.4	8.0
Cooper Parry LLP	30-Apr-03	10.4	4.0	3.1	3.4
Solomon Hare LLP	31-Mar-03	15.5	2.7	4.4	8.4

FEE INCOME OF MAJOR AUDIT FIRMS 2001-2002
(by audit fee income)

Table 16

Name	Year To	Total Fee Income £m	Fee Income: Audit £m	Fee Income: Non Audit Work to Audit Clients £m	Fee Income: Non-Audit Work to Non-Audit Clients £m
PricewaterhouseCoopers	30-Jun-02	1,613.0	431.0	585.0	597.0
KPMG	30-Sep-02	1,018.0	267.0	368.0	383.0
Deloitte	31-May-03	N/A	N/A	N/A	N/A
Ernst & Young	30-Jun-02	755.0	211.0	232.0	312.0
BDO Stoy Hayward	30-Jun-02	194.0	95.1	37.8	61.1
Grant Thornton	30-Jun-02	201.0	53.0	34.0	114.0
Baker Tilly	31-Mar-02	150.0	56.0	34.0	60.0
PKF	31-Mar-02	N/A	N/A	N/A	N/A
Mazars	31-Aug-02	59.7	22.6	8.1	28.9
RSM Robson Rhodes LLP	30-Apr-02	57.0	10.5	4.3	42.2
Howarth Clark Whitehill	31-Mar-02	N/A	N/A	N/A	N/A
Blueprint Audit Limited	30-Dec-02	10.0	10.0	0.0	0.0
Bentley Jennison	31-Dec-02	24.4	5.0	3.6	15.8
Chantrey Vellacott DFK	30-Jun-02	18.8	7.0	2.3	9.5
UHY Hacker Young	30-Apr-02	19.3	6.0	2.6	10.7
Kingston Smith	30-Apr-02	18.0	6.3	4.9	6.8
Cooper Parry LLP	30-Apr-02	10.1	4.0	3.1	2.9
Solomon Hare LLP	31-Mar-02	16.9	N/A	N/A	N/A

BIG FOUR FIRMS

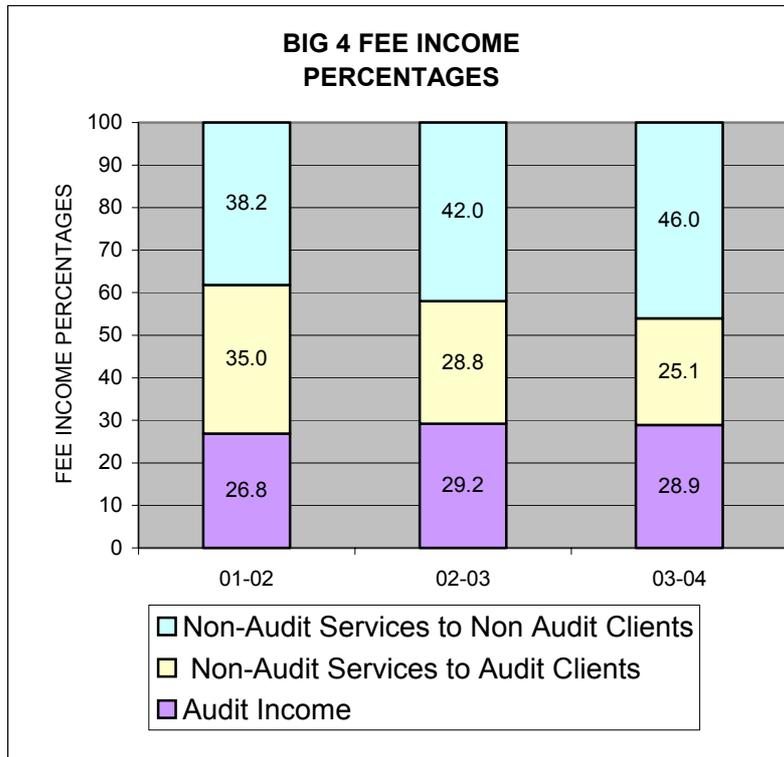


Chart 16

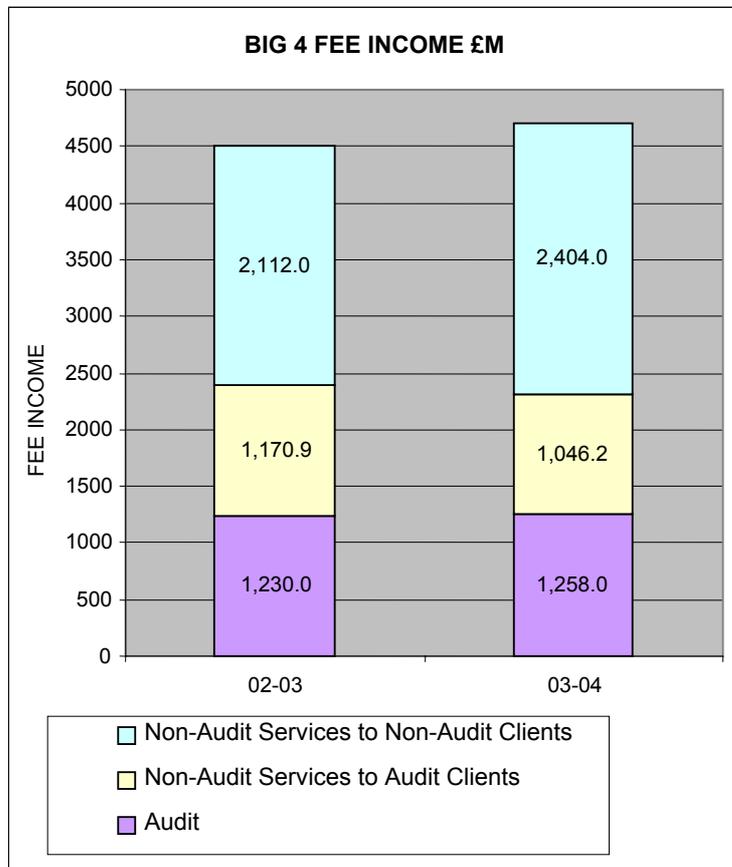


Chart 17

NON BIG 4 LARGE AUDIT FIRMS FEE INCOME PERCENTAGES

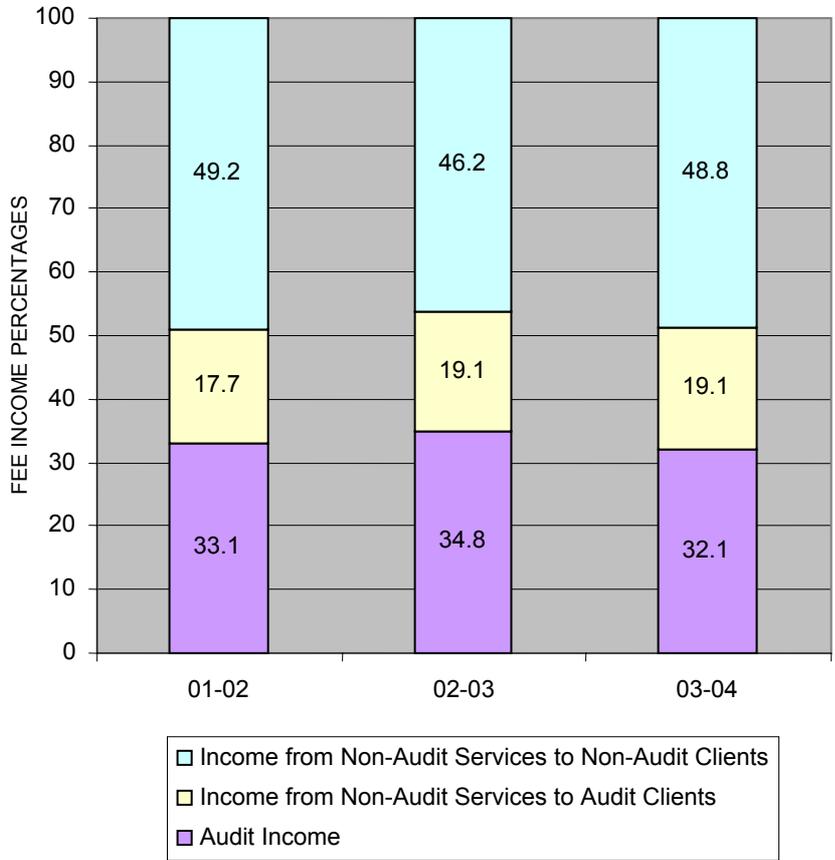


Chart 18

NUMBER OF AUDIT FIRMS REGISTERED WITH RECOGNISED SUPERVISORY BODIES

	No of principals ¹	ICAEW	ICAI	ICAS		No of principals ¹	ACCA	TOTAL
	1	3,067	702	185		1	1,988	
	2-3	1,594	267	117		2-3	689	
	4-6	546	55	53		4-6	160	
	7-10	159	14	12		7-10	31	
	11-20	77	3	6		10+	12	
	21-50	19	6	1				
	51+	13	1	0				
	as at 31.12.04	5,475	1,048	374				
	as at 30.9.04						2,880	
	as at 31.12.03	6,336	1,046	423			3,083	10,888
	as at 31.12.02	6,478	1,044	453			3,112	11,087
	as at 31.12.01	6,671	1,044	482			2,975	11,172

- The statistics illustrate the continuing importance of sole practitioners and small firms to the provision of audit and accounting services in the UK and ROI.
- The statistics point to a decline in the number of registered audit firms. The decrease is more noticeable within the ICAEW (a fall of 16%), the ICAS (a decline of 13%) than the ACCA (7%) and the ICAI (under 1%).
- It is clear that changes in the audit exemption threshold are one factor underlying this trend. (In July 2000 the audit exemption threshold increased from £350,000 to £1 million; and in January 2004 to £5.6 million for annual accounts in respect of financial years ending on or after 31 March 2004). However, the fall in the number of audit firms was not as large a drop as previously anticipated by the bodies.

Note

1. Principals = partners in a partnership; members in an LLP; directors in a company.

Table 18 analyses fee income of audit firms registered with the ICAEW by size. Chart 19 shows the same information as the percentage of total fee income of all the firms registered for audit purposes with the ICAEW.

Audit Firms Registered with ICAEW (October 2004)		
Firms ranked by size	Average Total Fee Income £'000	Fee Income Per Partner £'000
1 to 4	995,247	1,693
5 to 10	113,956	1,171
11 to 30	14,170	498
31 to 100	5,777	419
101 to 500	1,982	336
501 to 1000	879	256
1001 to 2000	448	211
2001 to 3000	226	155
3000 to 4000	121	103
4001 to 5000	58	54
5001 to 5507	17	15

Table 18

Chart 19 does not paint a complete picture in that it relates solely to audit firms registered with the ICAEW – that is it does not include firms registered with ACCA, ICAS or ICAI, nor does it include firms not registered to carry out statutory audits. Nevertheless, if those limitations are borne in mind, it provides a useful indicator of concentration in audit and parts of the wider accountancy sector.

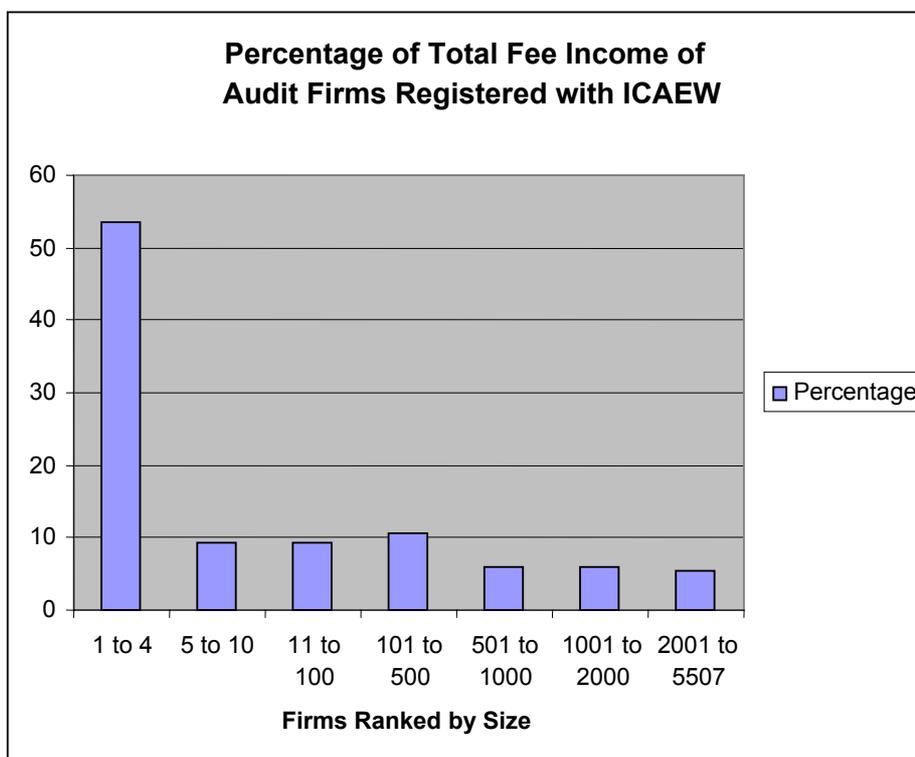


Chart 19

- Over half of the total fee income for audit and other services earned by ICAEW audit registered firms is earned by the largest 4 firms.
- Over 70% of the fee income is earned by the largest 100 firms.

Note. The total number of firms is not directly comparable with the information on ICAEW registered firms in Table 17. This is because registered firms which either have not provided information on fee income or have no fee income have been excluded.



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