



PROFESSIONAL OVERSIGHT BOARD

KEY FACTS AND TRENDS IN THE ACCOUNTANCY PROFESSION

JUNE 2009

Contents

		<i>Page</i>
	Chair's Foreword	1
<hr/>		
One	Main Highlights	3
<hr/>		
Two	Members of Accountancy Bodies	7
<hr/>		
Three	Students of Accountancy Bodies	23
<hr/>		
Four	Other Information on the Six Chartered Accountancy Bodies	37
<hr/>		
Five	Audit Firms	43

Chair's Foreword

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

The Financial Reporting Council (FRC) is the unified independent regulator for the accounting, audit and actuarial professions setting standards for corporate reporting and actuarial practice and monitoring and enforcing accounting and auditing standards. Within the FRC, the Professional Oversight Board (POB) is the operating body responsible for:

- Independent oversight of the regulation of the auditing profession by the Recognised Supervisory and Qualifying Bodies;
- Monitoring 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; and
- Independent oversight of the regulation of the actuarial profession by the professional actuarial Bodies and promoting high quality actuarial work.

This document covers all the accountancy Bodies where the POB has oversight responsibilities. It provides statistical information principally on the members, students, income, costs and staffing of the six Chartered Accountancy Bodies¹ as at 31 December 2008. It also includes more limited information on two other Bodies, one of which offers the recognised professional qualification² and the other which supervises the work of statutory auditors³.

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 2008.

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 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.

The accountancy profession is not immune from the effects of the recession. Some of the information we are publishing is in respect of periods before the full extent of the financial turmoil became clear. Growth in fee income for the largest registered audit firms has been more modest than in previous years and we would anticipate this to be more apparent in the next edition. Nevertheless the profession remains attractive with the overall numbers of students and members continuing to grow.

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

Dame Barbara Mills DBE QC
Chair of the Professional Oversight Board
June 2009

SECTION ONE

MAIN HIGHLIGHTS

One - Main Highlights

The Accountancy Bodies 2003 - 2008

- Accountancy continues to flourish and grow in the UK. The six Chartered Bodies have over 286,000 members and over 169,000 students in the UK and Republic of Ireland. In 2008 membership grew by 3% and student numbers grew by 0.8%. (Table 1, Chart 1 and Table 11)
- The six Chartered Bodies have over 389,000 members and over 395,000 students worldwide. The compound annual growth rate of members between 2003 and 2008 was 3.4%. Worldwide membership grew by 4.3% in 2008. (Table 2, Chart 2 and Table 10)
- Worldwide, student numbers have been growing more quickly than membership numbers, (compound annual growth in members was 3.4% compared to 8.3% for students). Worldwide student numbers grew by 9% in 2008. (Tables 2 and 10)
- There are significant differences between the Bodies in terms of worldwide membership and student populations in size, growth rate and age profile.
- The number of registered audit firms has been gradually declining. The overall number of audit firms registered in 2008 (8,179) is 25.7% lower than the number in 2003 (11,006). However, the rate of decline has been less in recent years. The number of registered audit firms fell by 4.6% in 2008. (Table 7)
- In comparison to the high number of students who become members, the proportion of members awarded the recognised professional qualification for audit is much smaller. (Table 16). 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.

The Audit Firms 2003 – 2008

- Over the past five 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 27)
- Total fee income continued to grow strongly in 2007-8 but at a slightly slower rate than before. (Table 22). The growth rate of non Big Four firms was higher than that of the Big Four. This represents a change from previous years when the growth rate of the Big Four firms was faster. (Table 22)
- Audit fee income per Responsible Individual in both the Big Four firms and the larger registered audit firms outside of the Big Four has grown in 2008 by 2.6% and 11.6% respectively. (Table 23)
- Table 26 shows that there has been a 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 2003 – 2008

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 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
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
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
% growth (03 - 08)	24.7	24.3	1.1	2.1	33.2	15.1	13.4
% compound annual growth (03-08)	4.5	4.4	0.2	0.4	5.9	2.9	2.5

Table 1

- The total number of members of the six Chartered Accountancy Bodies in the UK and the Republic of Ireland has increased steadily in recent years at an average compound annual growth rate of 2.5% from over 252,000 in 2003 to over 286,000 in 2008. Membership grew by 3% in 2008.
- There are significant differences in growth rates of the individual Bodies. ICAI's membership in the UK and the ROI grew most strongly at an average of nearly 6% per year between 2003 and 2008. The memberships of ACCA and CIMA have also grown strongly over the same period.
- The ICAEW continues to be by far 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 2003 - 2008

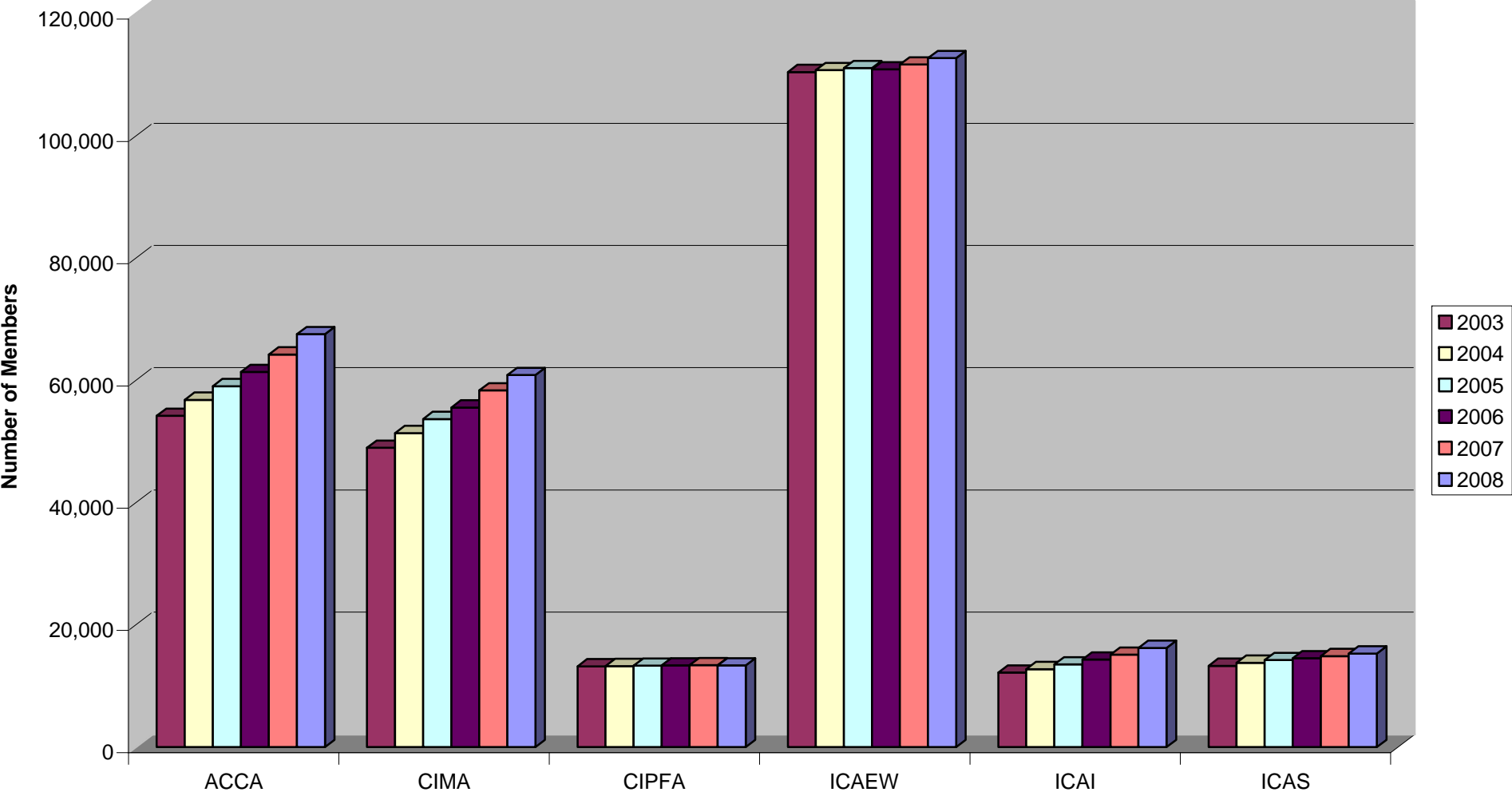


Chart 1

Members Worldwide 2003 – 2008

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 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2003	98,293	62,361	13,510	125,643	13,551	15,749	329,107
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
% growth (03 - 08)	33.7	22.5	1.4	5.4	31.7	12.2	18.3
% compound annual growth (03-08)	6.0	4.1	0.3	1.1	5.7	2.3	3.4

Table 2

- The total worldwide membership for the six Chartered Accountancy Bodies has grown more significantly than the UK and Republic of Ireland membership alone. (3.4% compared with 2.5% average compound annual growth). Worldwide membership grew by 4.3% in 2008.
- The worldwide growth rate is mainly driven by the strong growth of ACCA globally. 48.6% of ACCA's membership is outside of the UK and Republic of Ireland (2008). This compares with 44.8% in 2003. (Table 3)
- The ICAI has also experienced a strong growth rate in total members due to its growth in members in the UK & ROI (Table 1). In contrast to ACCA the ICAI has only 9% of its total membership population outside of the UK & 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.

Members Worldwide 2003 - 2008

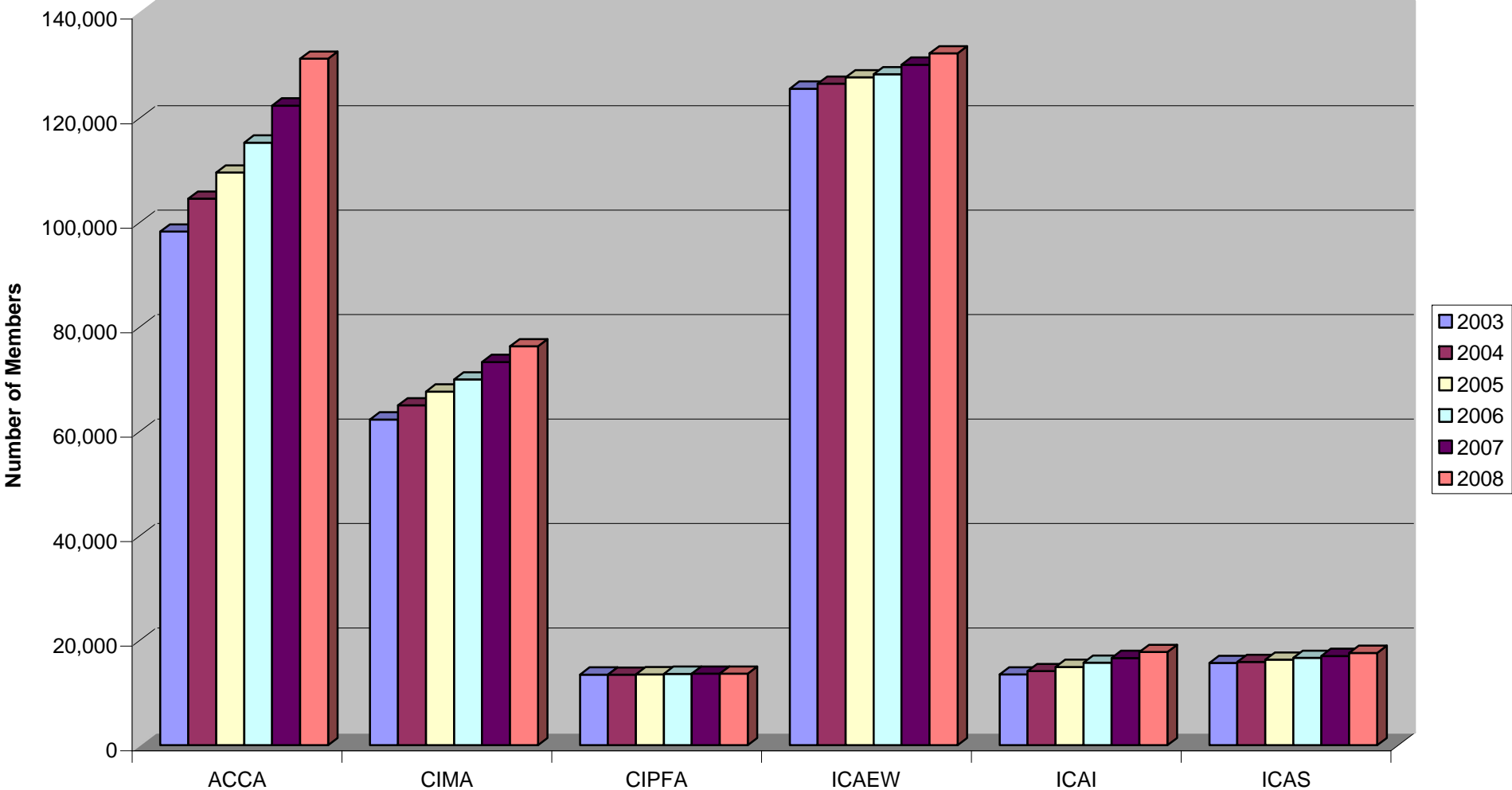


Chart 2

Members outside the UK and the Republic of Ireland 2003 – 2008

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 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2003	44,084	13,375	287	15,175	1,365	2,437	76,723
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
% of total worldwide membership outside UK/ROI 2003	44.8	21.4	2.1	12.1	10.1	15.5	23.3
% of total worldwide membership outside UK/ROI 2008	48.6	20.3	2.4	14.9	9.0	13.3	26.5

Table 3

- ACCA continues to have the largest percentage of members outside the UK and Republic of Ireland. Otherwise, only CIMA has over 20% of its worldwide membership outside the UK and Republic of Ireland.

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 2008

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 2008.

	ACCA	CIMA	CIPFA	ICAEW ¹	ICAI	ICAS	TOTAL
Public Practice	29	2	3	31	33	29	24
Industry & Commerce	51	69	7	44	55	41	50
Public Sector	12	19	65	3	5	3	11
Retired	5	10	23	14	4	19	10
Other²	3	0	2	8	3	8	5
TOTAL	100	100	100	100	100	100	100

Table 4

- At the end of 2008 there were very few CIPFA members and CIMA members employed in public practice.
- During 2008, for ACCA, CIMA and CIPFA there has been a transfer of members from industry and commerce into the public sector of around 2%.

Note: In previous years the ICAI number for Public Sector was combined within Industry and Commerce.

¹ The ICAEW includes members working within the charity sector in '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.

Gender of members worldwide 2003 – 2008

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 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2003	38	24	25	21	27	23	27
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	39	28	32

Table 5

- The percentage of female members of all six Chartered Accountancy Bodies has risen over the past six years from 27% in 2003 to 32% in 2008.
- ACCA has the largest percentage of female members whilst the ICAI has had the highest percentage growth in female members between 2003 and 2008.

Age of members worldwide 2008

Table 6 shows the number of members of each of the six Chartered Accountancy Bodies worldwide by age as at 31 December 2008. Chart 3 shows this information in a graphical format. Charts 4 to 9 compare the age distribution for each body as at 31 December 2003 compared to the age distribution as at 31 December 2008.

	ACCA	CIMA	CIPFA ³	ICAEW	ICAI	ICAS	TOTAL
Under 25	608	58	4	0	23	84	777
25 - 34	41,591	15,156	1,207	23,989	6,526	4,529	92,998
35 - 44	49,762	27,648	3,701	35,467	5,475	3,957	126,010
45 - 54	23,064	17,087	3,667	30,432	3,176	3,517	80,943
55 - 64	10,704	9,529	3,236	23,944	1,618	2,633	51,664
65 and over	5,669	6,890	1,832	18,579	1,025	2,951	36,946
TOTAL	131,398	76,368	13,647	132,411	17,843	17,671	389,338

Table 6

- There are significant differences in the age profiles of worldwide members of the six Chartered Accountancy Bodies. ACCA and the ICAI have the youngest population of members, with 70% and 67% respectively of their membership younger than 45 years.
- In contrast 64% of CIPFA's membership is over 45 years old.
- The most marked changes in age profile between 2003 and 2008 relate to CIPFA where the percentage of members aged below 45 years in 2003 was 43% compared to 36% in 2008 and to ICAEW where the same percentages are 50% and 45%.

³ The age is not known for 50 CIPFA members.

Comparison of Age Profiles of Members of Accountancy Bodies 2008

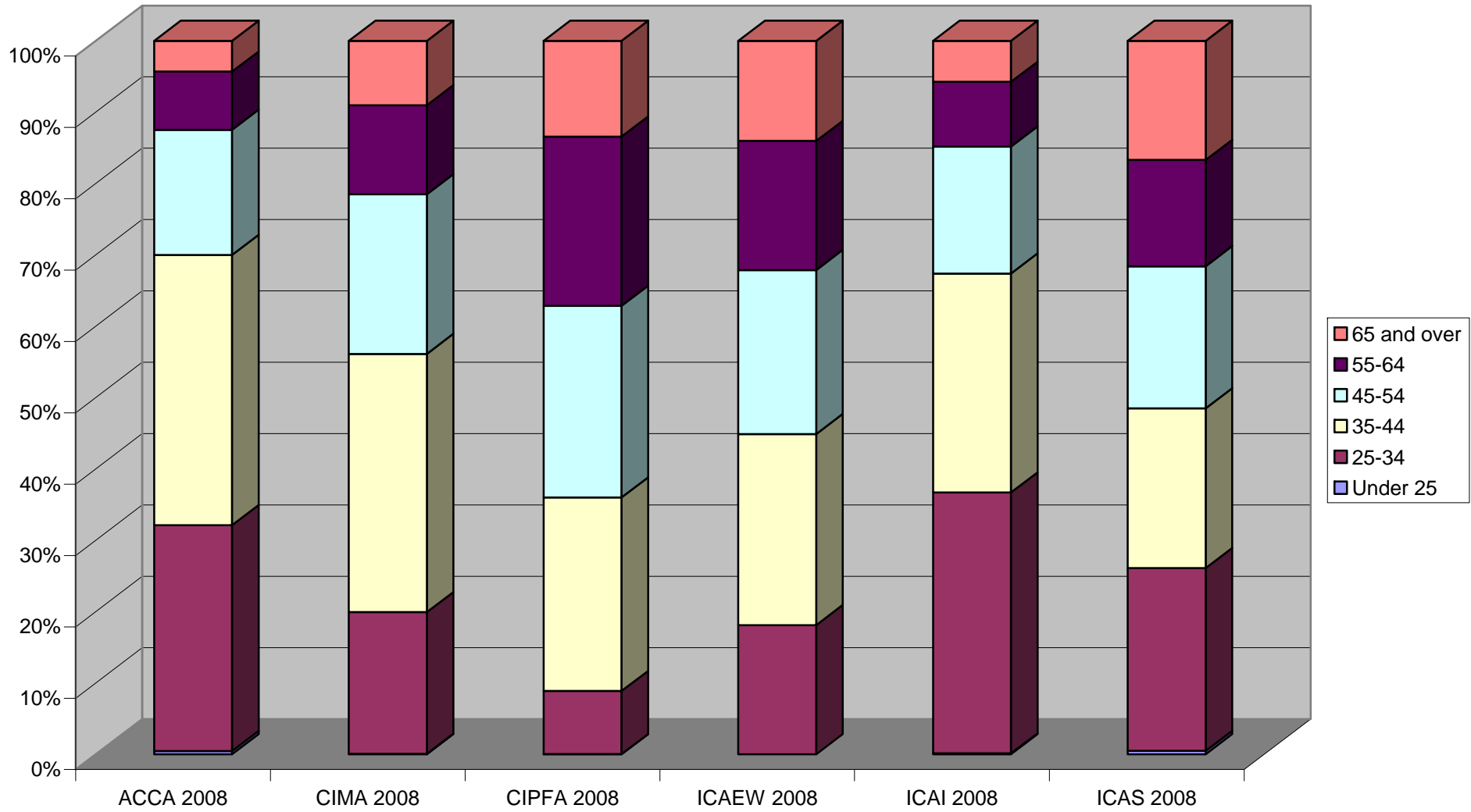


Chart 3

Age of members of the six Chartered Accountancy Bodies 2003 – 2008

The following charts compare the age distribution of members of the Bodies for 2003 and 2008.

Age of ACCA Members 2003 and 2008

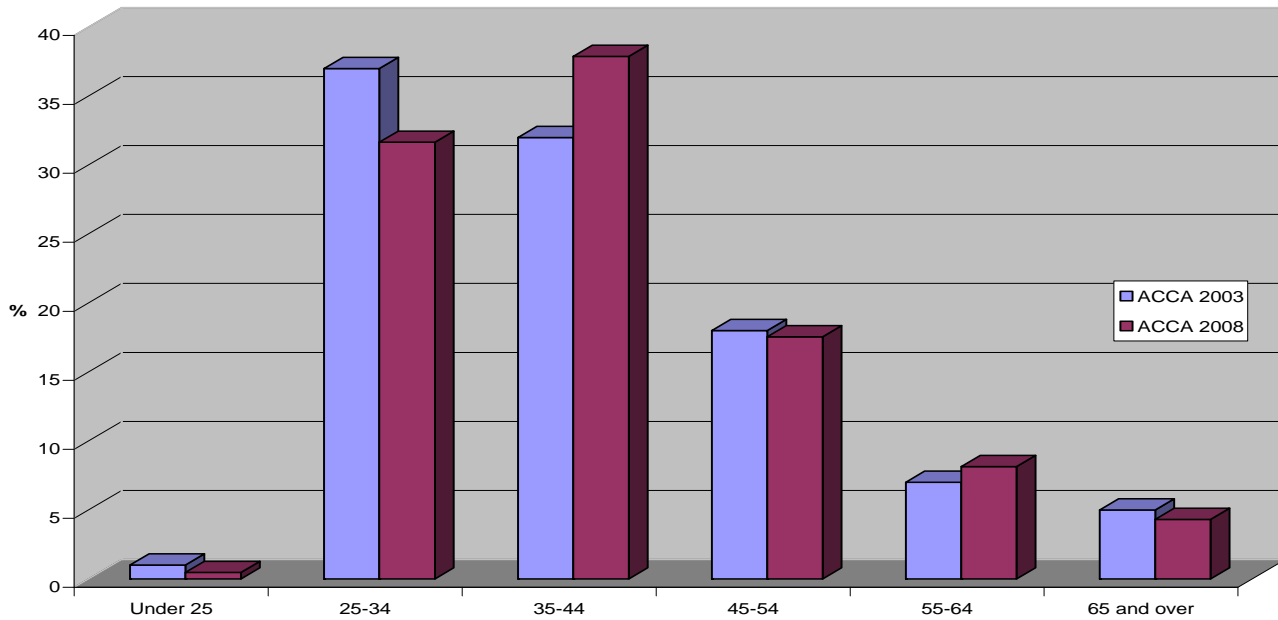


Chart 4

Age of CIMA Members 2003 and 2008

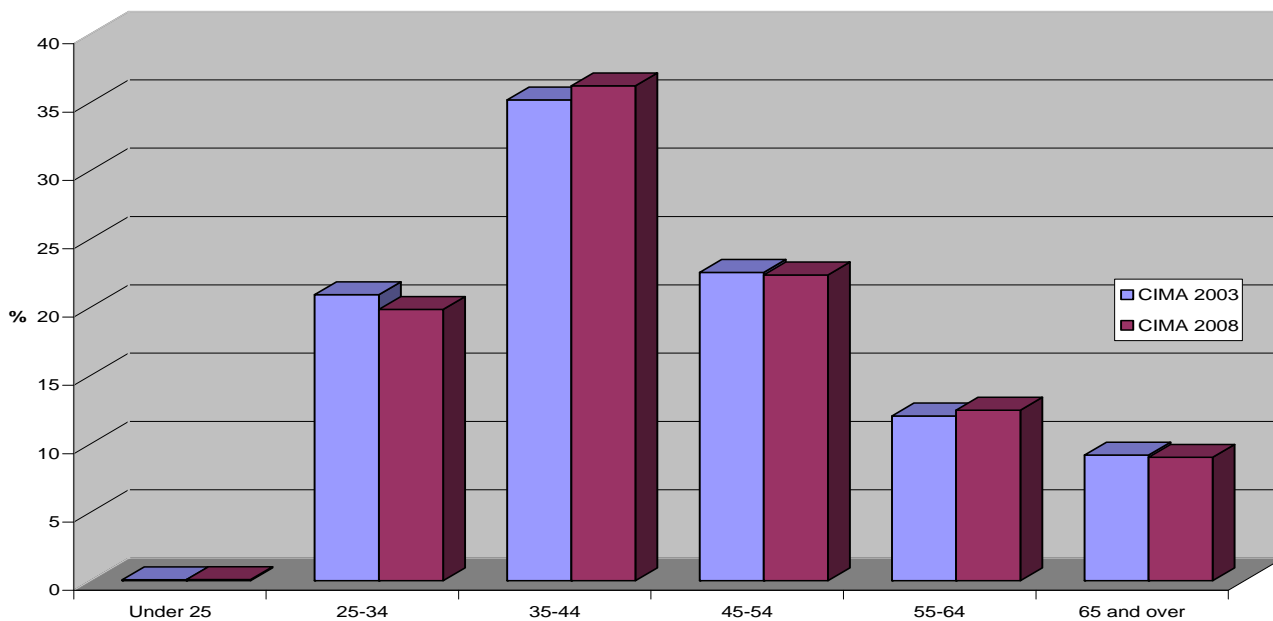


Chart 5

Age of CIPFA Members 2003 and 2008

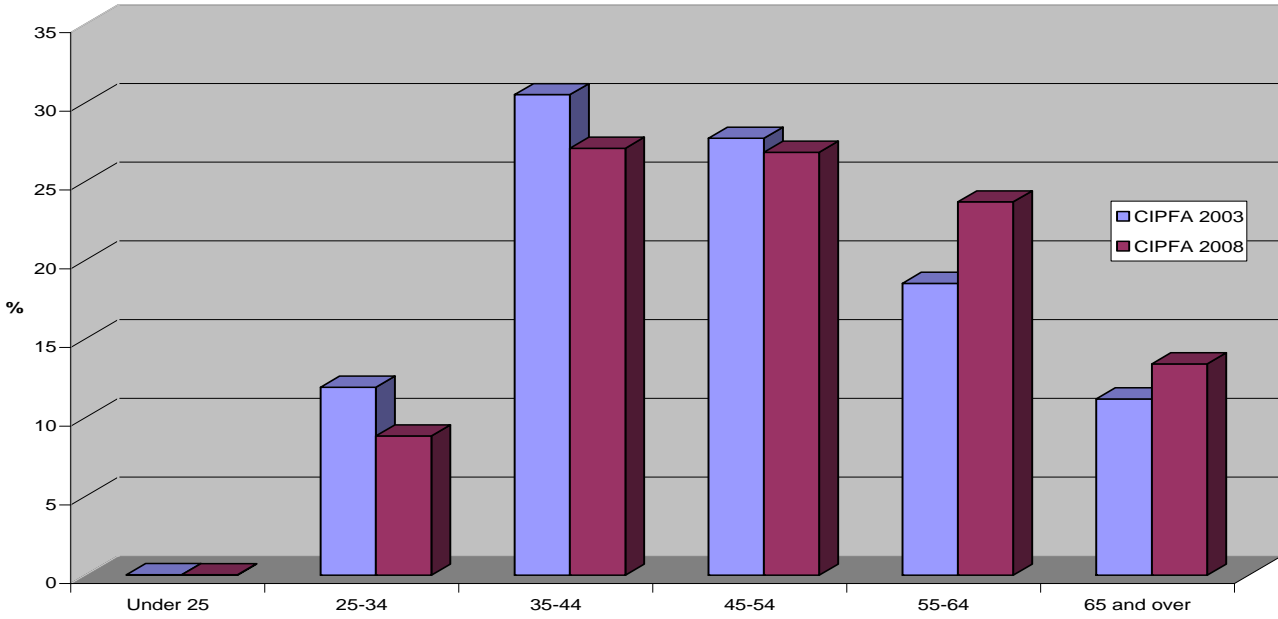


Chart 6

Age of ICAEW Members 2003 and 2008

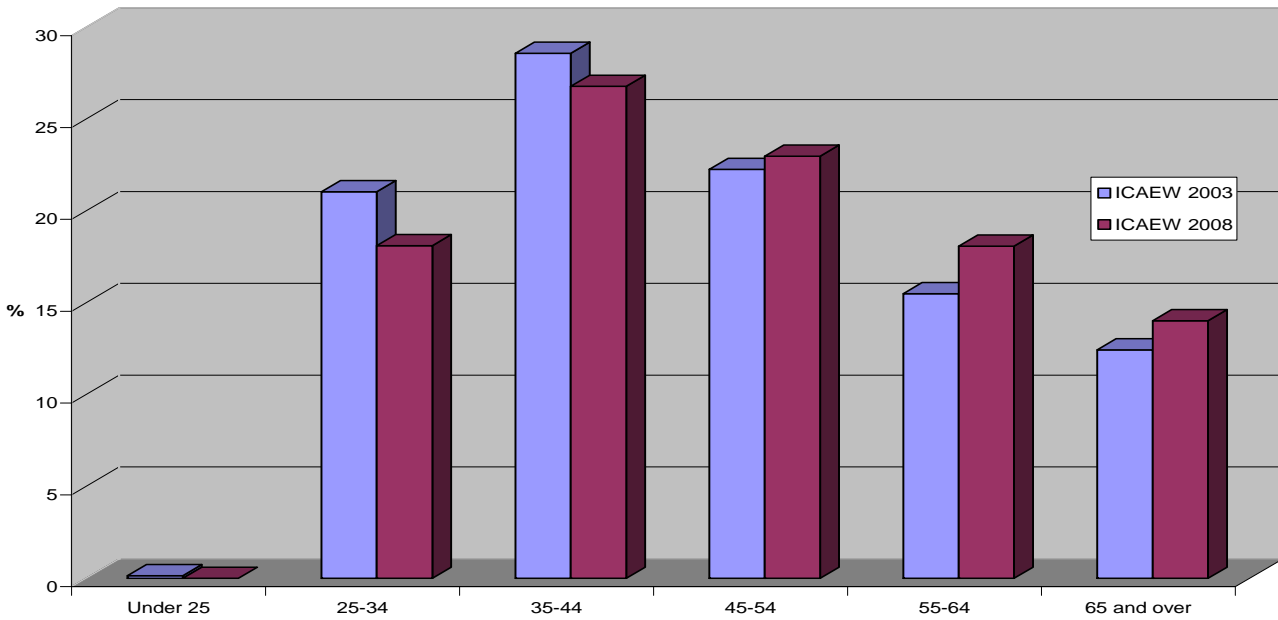


Chart 7

Age of ICAI Members 2003 and 2008

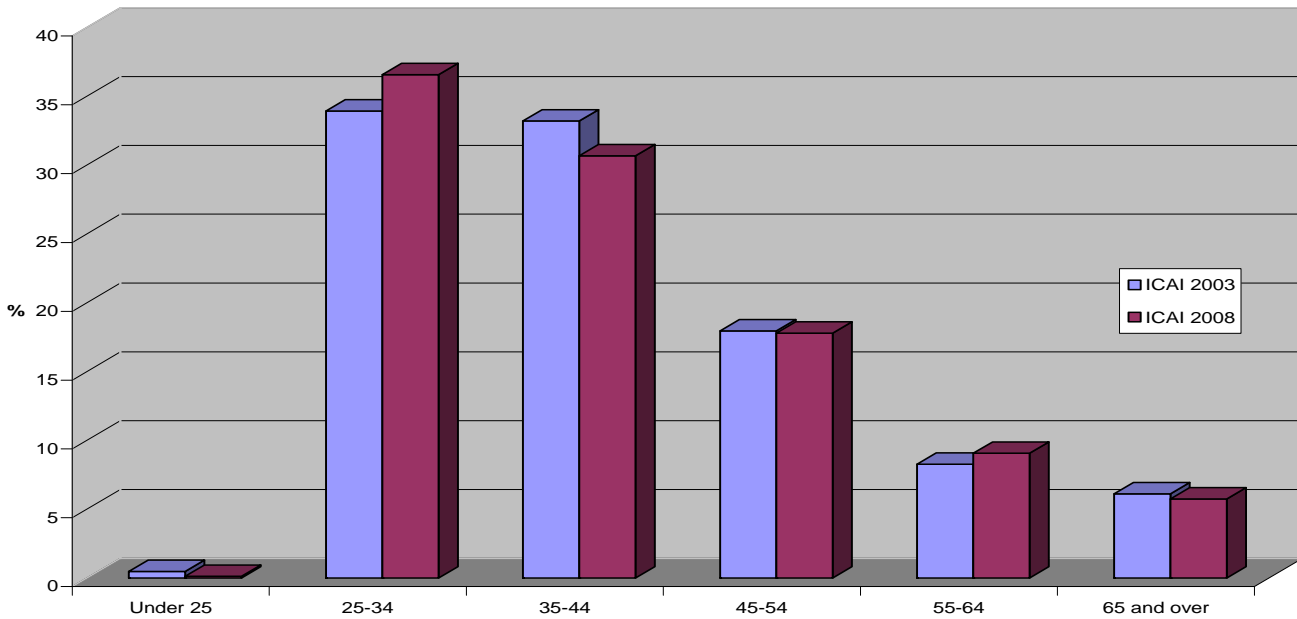


Chart 8

Age of ICAS Members 2003 and 2008

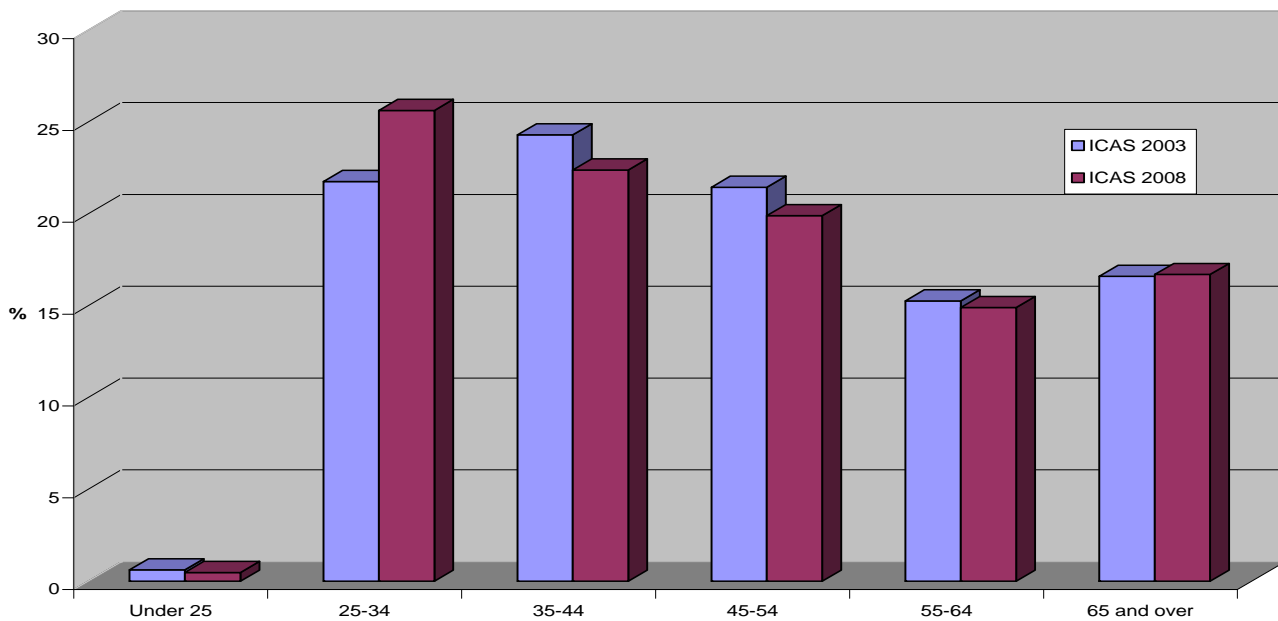


Chart 9

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)⁴. The requirements as outlined in Schedule 10 to the Act mean that RSBs must have procedures in place to register and deregister 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 2008.

Number of firms registered with the Recognised Supervisory Bodies

Number of Principals in Firm	ACCA	AAPA	ICAEW	ICAI	ICAS	TOTAL
1	1,778	79	2,092	630	99	4,678
2 - 6	767	1	1,924	337	139	3,168
7 - 10	14	0	147	14	14	189
11 -50	10	0	101	8	7	126
50+	0	0	15	2	1	18
Total as at 31.12.08	2,569	80	4,279	991	260	8,179
Total as at 31.12.07	2,697	79	4,526	1,006	266	8,574
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	3,053	107	5,475	1,048	374	10,057
Total as at 31.12.03	3,083	118	6,336	1,046	423	11,006

Table 7

⁴ Association of Authorised public Accountants (AAPA)
 Association of Chartered Certified Accountants (ACCA)
 Institute of Chartered Accountants in England & Wales (ICAEW)
 Institute of Chartered Accountants in Ireland (ICAI)
 Institute of Chartered Accountants of Scotland (ICAS)

- The number of firms registered to carry out statutory audit work in the UK has been gradually declining. The number of registered audit firms fell by over 25% between 2003 and 2008.
- There was a 6.4% decrease in the number of sole practitioners between 2007 and 2008.
- The overall decrease in the number of registered audit firms between 2003 and 2008 can largely be explained by the increase in the audit threshold, resulting in a lower number of entities requiring an audit. The proportion of annual accounts registered at Companies House that are audit exempt has increased from 56.9% in 2003/04 to 69.1% in 2007/08⁵.
- 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 and have 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.
- It should be noted that the number of annual accounts registered at Companies House between 2003 and 2007 has fallen by 25%, however, there was a 2.5% increase of accounts registered between 2007 and 2008.

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 year ended 31 December 2008.

	ACCA	AAPA	ICAEW	ICAI	ICAS	TOTAL
Number of registered audit firms monitored during the year ended 31 December 2008	395	11	988	95	54	1,543
% of Registered Firms	15.4	13.8	23.1	9.6	20.8	18.9

Table 8

⁵ The data above was taken from the Companies House publication 'Companies Register Activities 2007-08' which can be found on their website.

SECTION THREE

STUDENTS OF ACCOUNTANCY BODIES

THREE – STUDENTS OF ACCOUNTANCY BODIES

Students registered worldwide 2003 – 2008

Table 9 shows the number of students of each of the six Chartered Accountancy Bodies registered worldwide as at 31 December for each of the six years to 31 December 2008.

	ACCA ¹	CIMA ¹	CIPFA ¹	ICAEW ^{2,3}	ICAI ¹	ICAS ¹	TOTAL
2003	186,902	81,590	2,707	8,694	3,000	2,431	285,324
2004	203,602	84,868	2,954	8,910	3,167	2,497	305,998
2005	222,644	86,565	3,194	10,406	3,880	2,636	329,325
2006	252,767	88,256	3,071	13,551	4,525	3,154	365,324
2007	276,057	89,272	2,993	15,422	6,653	3,460	393,857
2008	307,457	91,524	2,885	16,165	5,958	3,466	427,455
% growth (03 - 08) ⁴	64.5	12.2	6.6	-	98.6	42.6	49.8
% compound annual growth (03-08) ⁴	10.5	2.3	1.3	-	14.7	7.4	8.4

Table 9

Considerable care is needed in comparing the figures for the different Bodies in Table 9. Some of the Bodies have included individuals who are exam qualified but have not been admitted as yet to membership.

¹ These figures include individuals who have passed their final examination and are entitled to membership but have not yet been admitted.

² The ICAEW figures from 2005 include individuals who are classed as independent students (i.e. do not have a training contract and therefore cannot sit a final case study examination).

³ The ICAEW figures from 2006 include individuals who have passed their final case study examination and completed their training contracts. These individuals are entitled to membership but have not yet applied.

⁴ The annual growth rates for the ICAEW have not been calculated as their measurement criteria changed for 2005 and the figures are therefore not comparable, see footnote 2 and 3 above.

Student numbers compared

Table 10 provides a summary of the figures for all Bodies on a comparable basis, excluding individuals who have passed their final admittance examination and completed their training contracts but have not yet applied for membership. As these figures are not available pre-2006, we shall publish both tables in future editions of Key Facts and Trends in the Accountancy Profession until sufficient years are available to analyse the data on a consistent basis.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	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
% Growth (06 - 08)	22.7	2.8	-5.6	17.5	23.2	-1.3	17.3
% compound annual growth (06-08)	10.8	1.4	-2.8	8.4	11.0	-0.6	8.3

Table 10

- 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 8.5% in 2008 primarily due to the growth in overseas students. (Table 11)
- Overall student numbers continue to grow (8.3% compound growth to 2008), reflecting the health of the profession worldwide and its continued attraction for students. (Table 10)
- The ACCA and ICAI have had significantly higher growth rates year on year (22.7% and 23.2% respectively). Both CIPFA and ICAS show a downturn in the number of students for the 2006 -2008 period.

Location of Students

Table 11 shows the location⁵ (UK, Republic of Ireland and the rest of the world) of students of the six Chartered Accountancy Bodies as at 31 December 2007 and 2008.

		ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
UK & Republic of Ireland	2008	86,515	56,427	2,849	14,560	5,947	3,437	169,735
	2007	84,340	56,854	2,940	14,193	6,643	3,455	168,425
Rest of the World	2008	220,942	35,097	36	1,605	11	29	257,720
	2007	191,717	32,418	53	1,229	10	5	225,432
TOTAL	2008	307,457	91,524	2,885	16,165	5,958	3,466	427,455
	2007	276,057	89,272	2,993	15,422	6,653	3,460	393,857

Table 11

- Student numbers in the UK and Republic of Ireland have remained stable with an overall increase of 0.8% since last year.
- Student numbers in the Rest of the World have increased by 14.3%.
- The ACCA and CIMA have a significantly higher proportion of students outside the UK and Republic of Ireland (71.9% and 38.3% respectively in 2008) compared to the other Chartered Accountancy Bodies.

⁵ The location of students 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.

Profile of Students of the six Chartered Accountancy Bodies worldwide 2008

Table 12 sets out on a worldwide basis the length of time that individuals have been registered as students with the six Chartered Accountancy Bodies.

	ACCA	CIMA ⁶	CIPFA	ICAEW	ICAI ⁷	ICAS	TOTAL
Number of students who have been a student for ≤ 1 year	82,086	17,512	599	4,955	1,625	1,013	107,790
Number of students who have been a student for ≤ 2 years but > 1 years	60,729	13,023	514	4,254	1,607	1,009	81,136
Number of students who have been a student for ≤ 3 years but > 2 years	39,943	9,877	356	3,837	1,412	1,024	56,449
Number of students who have been a student for ≤ 4 years but > 3 years	29,306	8,298	359	2,314	1,051	338	41,666
Number of students who have been a student for ≤ 5 years but > 4 years	22,826	7,409	252	369	263	62	31,181
Number of students who have been a student for over 5 years	72,567	35,405	805	436	0	20	109,233
TOTAL	307,457	91,524	2,885	16,165	5,958	3,466	427,455

Table 12

- 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.

⁶ 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 a passed finalist.

⁷ The ICAI do not keep information on students who have completed their training contracts and have not applied for membership.

Age of Students of the six Chartered Accountancy Bodies worldwide 2008

Chart 10 compares the age distribution for the six Chartered Accountancy Bodies as at 31 December 2008.

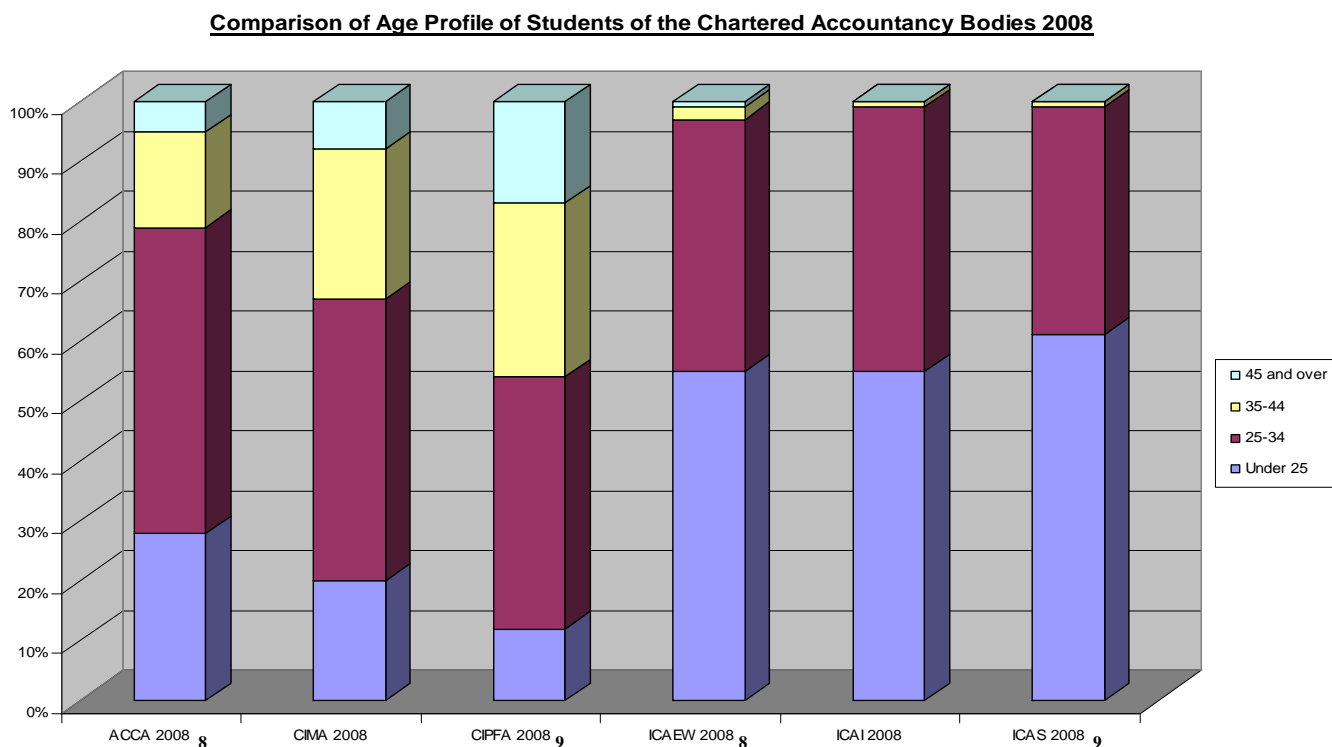


Chart 10

- CIPFA and CIMA have more mature students than the other Bodies. CIPFA has the oldest student age profile with 46% of students aged 35 and older.
- Charts 11 to 22 show that for most of the six Chartered Accountancy Bodies the average age of their students is increasing. The exception to this is ICAS which has seen a small increase in the number of students under the age of 25.

⁸ ACCA and ICAEW figures relate to the age of the student intake, not the ages of all students.

⁹ CIPFA and ICAS have 3.9% and 3.1% respectively of unknown student ages.

Age comparison of Students of the Chartered Accountancy Bodies 2003 – 2008

The following charts compare the age distribution of students of the Chartered Accountancy Bodies as at 31 December 2003 and 2008.

Change in age profile for ACCA students 2003 and 2008

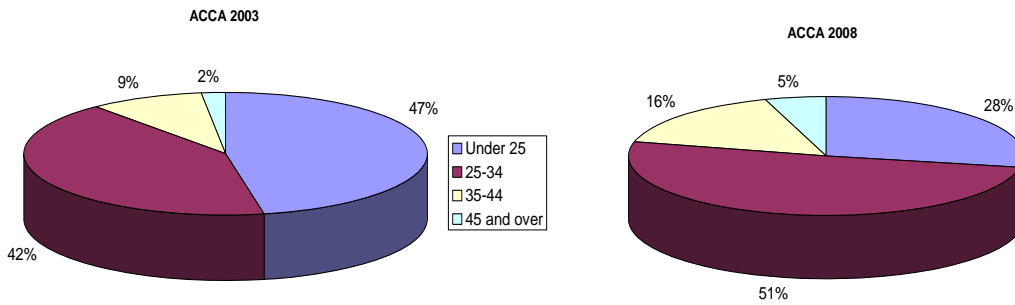


Chart 11 and Chart 12

Change in age profile for CIMA students 2003 and 2008

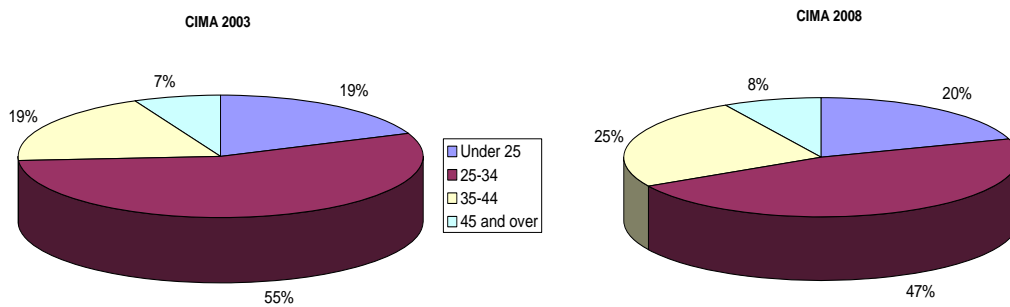


Chart 13 and Chart 14

Change in age profile for CIPFA students 2003 and 2008

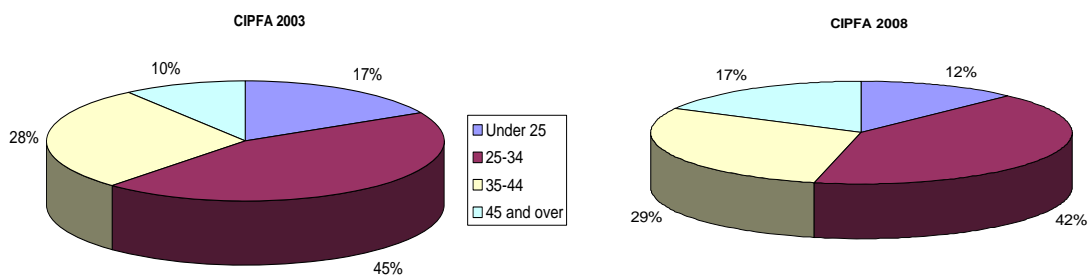


Chart 15 and Chart 16

Change in age profile for ICAEW students 2003 and 2008

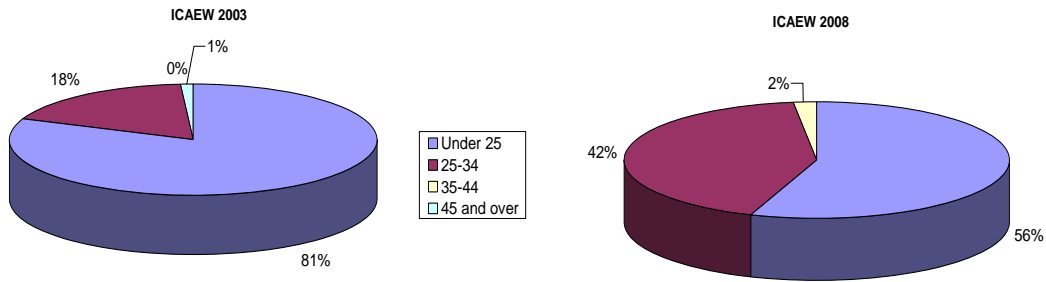


Chart 17 and Chart 18

Change in age profile for ICAI students 2003 and 2008

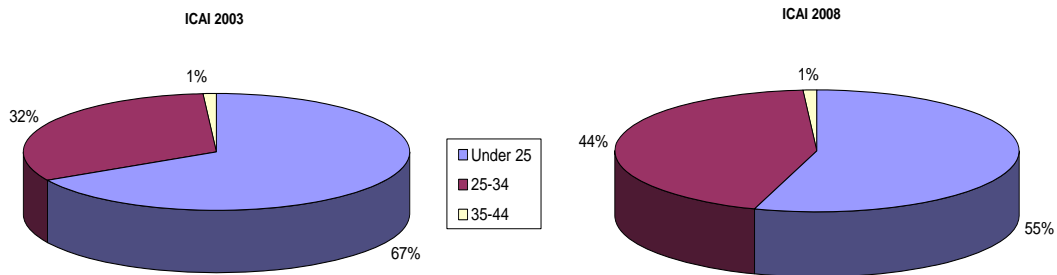


Chart 19 and Chart 20

Change in age profile for ICAS students 2003 and 2008

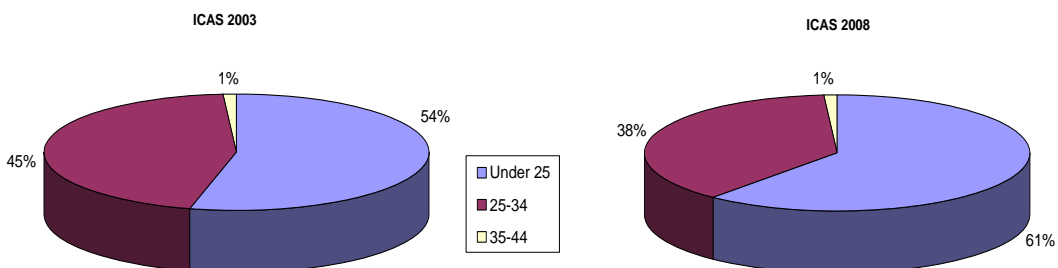


Chart 21 and Chart 22

Sectoral employment of students worldwide 2008

Table 13 shows the sectoral employment of worldwide students of each of the accountancy Bodies as at 31 December 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS ¹⁰	TOTAL
Public Practice	73,329	0	0	12,058	5,655	3,343	94,385
Industry & Commerce	153,994	71,798	67	241	183	123	226,406
Public Sector	40,433	16,451	2,759	217	12	0	59,872
Other¹¹	39,701	3,275	59	3,649	108	0	46,792
TOTAL	307,457	91,524	2,885	16,165	5,958	3,466	427,455

Table 13

- Almost 75% of ICAEW students and around 95% of ICAI and ICAS students are employed in public practice. In contrast only 24% of ACCA's students are employed in public practice.
- 96% of CIPFA's students are employed in the public sector and 78% of CIMA's students are employed in industry and commerce.
- Whilst a high proportion (50%) of ACCA's students are employed in industry and commerce, its students are most widely dispersed across the various employment sectors of the profession.

¹⁰ The ICAS figure for industry and commerce includes students working within the public sector.

¹¹ '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 2008

Table 14 shows the percentage of female students of each of the accountancy Bodies worldwide as at 31 December 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI ¹²	ICAS ¹²	TOTAL
2003	51	43	49	45	53	43	48
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

Table 14

- The total proportion of female students worldwide has remained constant between 2003 and 2008.
- The biggest changes for the Bodies are that the ICAEW percentage of female students has fallen by 4%, and the ICAS percentage has risen by 4% between 2003 and 2008.
- The percentage of female students remains significantly higher than the percentage of female members (see Table 5)

¹² ICAI 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 23 shows the percentages of students worldwide of each body who, at the time of registration as students, were (i) graduates of any discipline, (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 2008

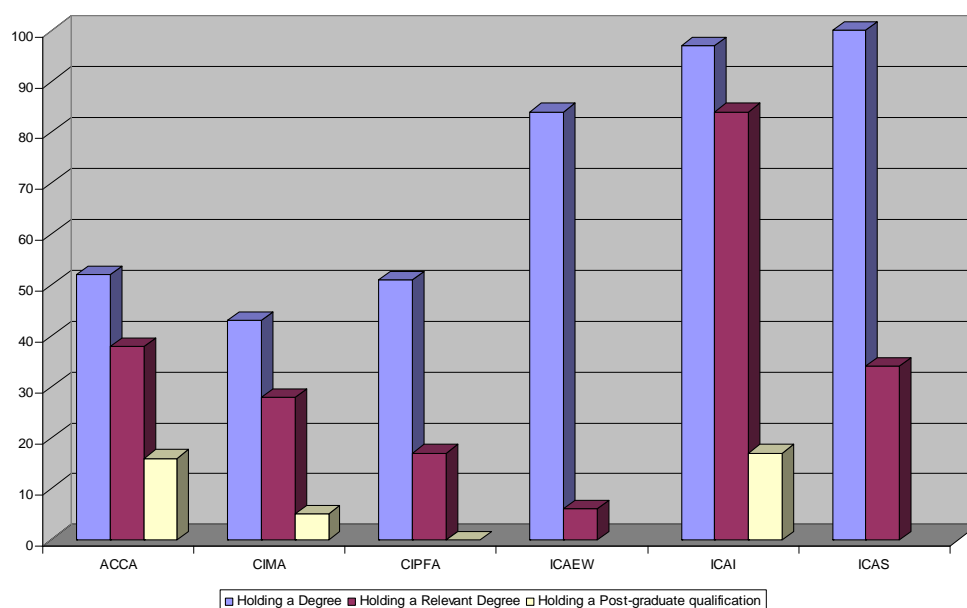


Chart 23

- 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 ICAI students hold a post-graduate qualification. The ICAEW and ICAS are currently unable to provide this information.
- The ICAI have a larger percentage of students holding relevant degrees due to:
 - the recruitment strategy of Irish firms who tend to favour such graduates;
 - the ICAI 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
ICAI	Accountancy, Business & Commerce, Finance
ICAS	Accountancy

Pass rates 2008

Table 15 shows the percentage of overall passes at the final examination stage for the year 2008; and the percentage of those overall passes at the final examination stage which are first time passes.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS
Percentage of overall passes at the final examination	48	55	70	77	76	76
Percentage of those overall passes that were first time passes	51	54	N/A	85	82	N/A

Table 15

- Compared to 2007 the percentage of overall passes has gone up slightly for some of the Chartered Accountancy Bodies (2007: ACCA = 47% CIMA = 54% ICAS = 74%¹³) and gone down for others (2007: CIPFA = 71% ICAEW = 79% ICAI = 83%¹³).
- For all Bodies, where information is available, more than 50% of the overall passes were first time passes.

¹³ Source: Key Facts and Trends 6th edition

Recognised Qualifying Bodies (RQBs)

There are six Bodies¹⁴ 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 16 below shows the number of students registered with each RQB as at 31 December 2008, and the number of students following the audit route who would be eligible for the recognised professional qualification if successful.

	ACCA	AIA ¹⁶	CIPFA ¹⁶	ICAEW	ICAI	ICAS
Number of students in the UK and ROI ¹⁵	86,515	281	2,849	14,560	5,947	3,437
Number of students following the audit route or eligible for the recognised professional qualification ¹⁵	N/A ¹⁷	0	0	10,279	5,093	N/A
Number of students who became members during 2008	11,605	4	321	2,827	1,237	745
The number of members who were awarded the recognised professional qualification	108	0	0	3,551 ¹⁸	867	26
Total number of approved training offices in the UK and ROI	5,356	133	0	2,473	771	185 ¹⁹
Total number of training offices in the UK and ROI approved for training audit students	4,153	0	0	1,930 ²⁰	598	N/A

Table 16

The table shows that, whilst all Bodies have a large number of students, the proportion awarded the audit qualification is much smaller. 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.

¹⁴ 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)
 Institute of Chartered Accountants in Ireland (ICAI)
 Institute of Chartered Accountants of Scotland (ICAS)

¹⁵ This includes individuals who have passed the final examination but have not yet been admitted to membership.

¹⁶ Neither the AIA nor CIPFA, whilst being Recognised Qualifying Bodies, and therefore being entitled to offer and award the recognised professional qualification, has any students currently following this route.

¹⁷ Where N/A is stated the information is not collected by the body.

¹⁸ ICAEW figure includes 271 students admitted to membership who were granted the audit qualification through application. A further 3,280 members were granted the audit qualification on the basis of an automatic award to all those members who had met eligibility requirements since 2006.

¹⁹ ICAS figure includes a number of group authorisations. ICAS treats group authorisations as one office. The 185 approved training offices noted above include 32 group authorisations covering 153 individual offices.

²⁰ This figure represents the number of authorised training offices able to provide sufficient audit experience for their students to be awarded the audit qualification on completion of training.

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 2003 – 2008

Table 17 and Chart 24 shows the income of each of the six Chartered Accountancy Bodies in £m over the period 2003 – 2008.

	ACCA	CIMA	CIPFA	ICAEW	ICAI ¹	ICAS	TOTAL
2003	55.5	27.2	36.1	47.1	12.8	14.1	192.8
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

Table 17

Income of the six Chartered Accountancy Bodies between 2003 and 2008

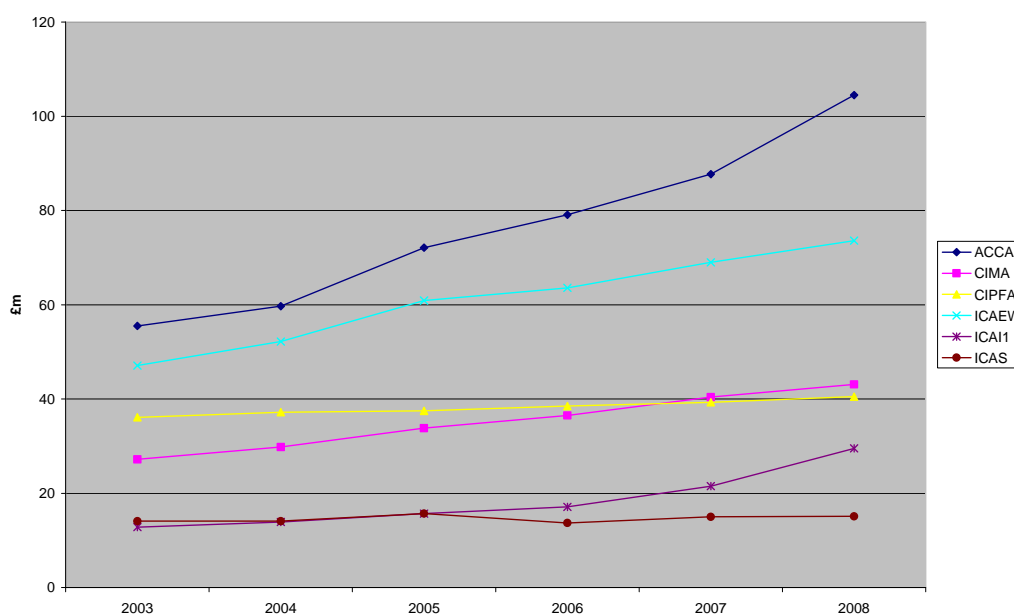


Chart 24

¹ The ICAI income has been converted from Euros at the year end 31 December 2008 rate of £1.00 = €1.05.

- Chart 24 and Table 17 show the most significant increase in income is for ICAI whose income has risen at a compound annual rate of over 18%. A considerable part of the increase between 2007 and 2008 is due to the relative strength of the Euro against Sterling. It also reflects the growth in the number of both members and students of 5.7% and 14.7% respectively. (see Tables 2 and 9)

Income and costs for the Bodies for the year ended 31 December 2008

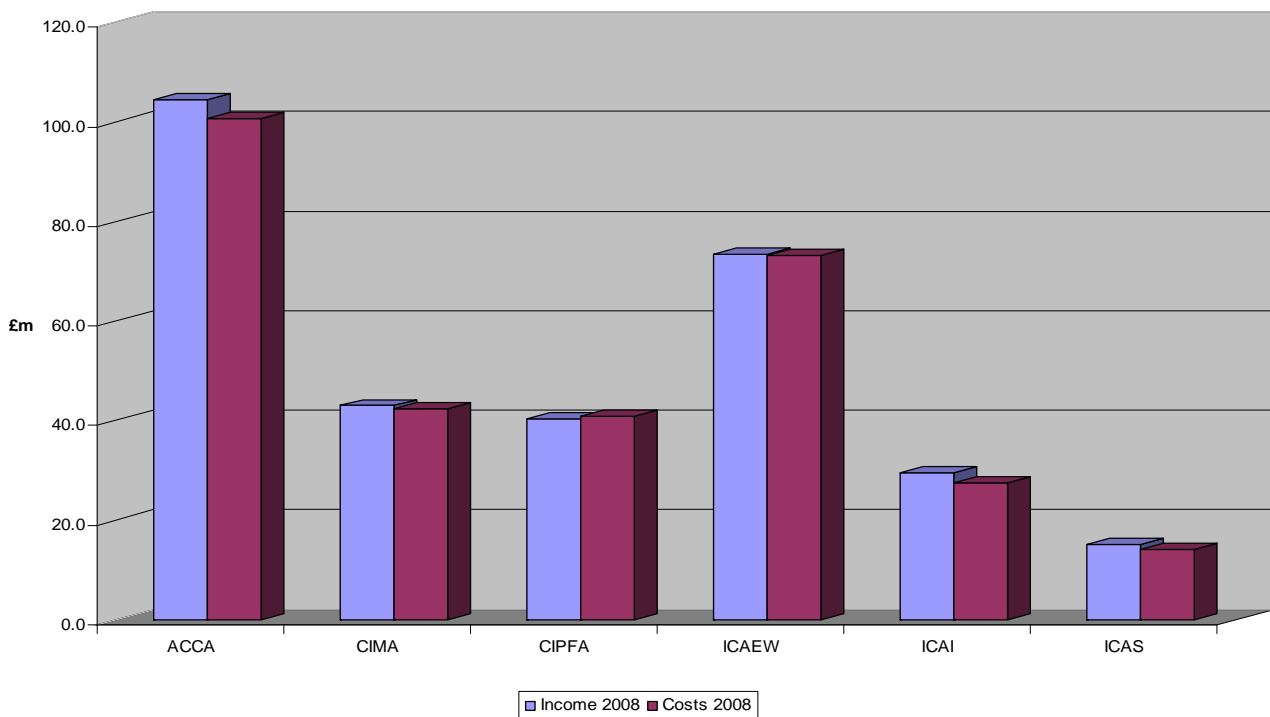


Chart 25

- All the Bodies achieved a small surplus of income over expenditure in 2008 except for CIPFA where there was a small deficit.

The analysis of income for the six Chartered Accountancy Bodies in 2008

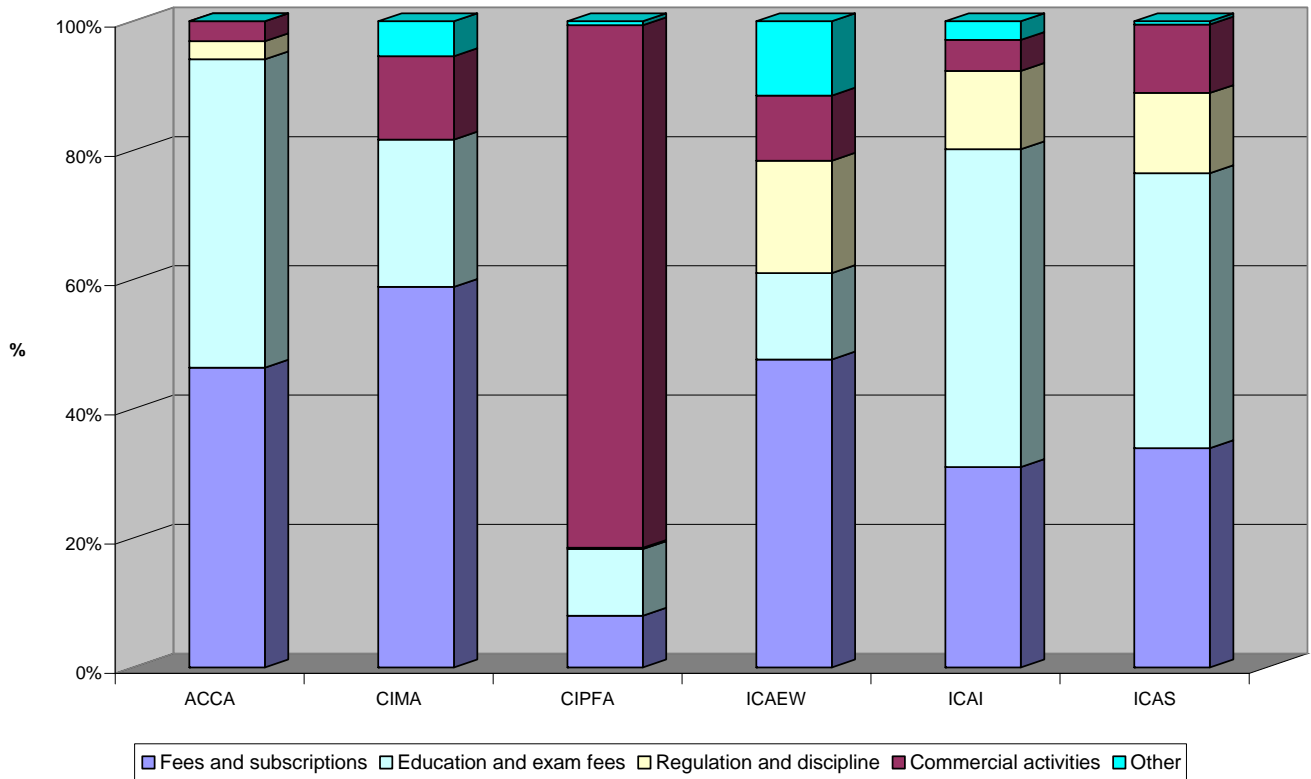


Chart 26

- The above analysis is derived from the published accounts of the bodies. It is difficult to make close comparisons between the bodies as they categorise their income in different ways.
- Fees and subscriptions and education and exam fees from members and students are together 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 26.
- Income from commercial activities includes income from activities such as conferences, training courses and publications. Other income includes investment income where this is included in a body's income as set out in Table 17.

Staffing of the six Chartered Accountancy Bodies 2003 – 2008

Table 18 shows the number of staff (full time equivalent) employed by the six Chartered Accountancy Bodies worldwide over the period 2003 to 2008.

	ACCA	CIMA ²	CIPFA	ICAEW ³	ICAI	ICAS	TOTAL
2003	571	239	335	428	104	135	1,812
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

Table 18

- The total number of staff employed by the six accountancy Bodies in the UK and ROI has increased by a net 27.8%² since 2003 despite an increase in independent regulation. Much of that increase is accounted for by ACCA with an increase of 46%. ICAEW³ and ICAI have also increased staff numbers over the same period by 28% and 30% respectively. In contrast, the number of staff employed by CIPFA has decreased by 8.1% since 2003.
- Increases in staff numbers largely arise from some Bodies' strategic decisions to invest in improving services to members and students and to expand their commercial and international activities over a number of years.

² CIMA also had 119 staff employed outside of the UK and ROI in 2008 (2007 – 100 staff), which is not included in this figure.

³ The figures for ICAEW for 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.

SECTION FIVE

AUDIT FIRMS

FIVE – AUDIT FIRMS

Introductory Note: Major Audit Firms

Tables 19 to 21 show fee income for audit and non-audit services for many of the larger registered audit firms for the years 2006-8. 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.

In addition, firms which have audit clients whose securities are admitted to trading on a regulated market will be required to produce a transparency statement. This meets the requirements of the Statutory Auditors (Transparency) Instrument which implements a requirement of the Statutory Audit Directive¹. Of the 24 firms in the tables that are transparency reporting auditors, 6 firms confirmed that they have already produced a voluntary transparency statement and the majority of the remainder have stated that they will do so in 2009-10.

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 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.

Total audit fee income of all firms that submitted data to us continued to grow in 2007-08 but at a slower rate than previous years. The growth rate of audit income for the Big Four firms was considerably less than that for other firms (Table 22).

It is not possible to make reliable detailed comparisons between firms using the information in Tables 19 to 21. 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 27 shows the split of fee income for the Big Four firms for the six years to 2008 based on the detailed information in the fee income tables (Tables 19-21) and similar tables in both the 5th and 6th editions of Key Facts and Trends. Chart 27 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. This trend is likely to be a result of the guidance and requirements introduced within the APB's Ethical Standards in 2005. In addition, the Combined Code on Corporate Governance and FRC Guidance on Audit Committees include points relating to the independence of the external auditor and the provision of non audit services.
- Chart 28 shows the change in the split of fee income for many of the larger firms outside the Big Four (as included within Tables 19-21). The trend in fee income over the past three years is consistent with that of the Big Four over the past six years (Chart 27); 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 more strongly between 2006 and 2007 than between 2007 and 2008. The growth rate of non Big Four firms in 2007-8 was faster than of the Big Four firms. (Table 22)
- 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 27 and 28), the total fee income from audit per Responsible Individual (RI) has risen. (Table 23)
- There has been a small increase in the proportion of listed companies audited by non Big Four firms in 2008-09 compared with previous years. (Table 26)
- The figures for 'Other clients listed on Regulated Markets' (Table 26) 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 and 2006 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 2008 (By fee income from audit)

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

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	Total Fee Income (£m)	Fee Income: Audit ³ (£m)	Fee Income: Non-Audit Work ³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Horwath Clark Whitehill	LLP	31-Mar-08	68	46	46	47	26	10	11
RSM Bentley Jennison	Partnership	31-Dec-08	71	31	29	74	15	10	49
Nexia Smith & Williamson Audit	Company	30-Apr-08	41	33	33	61	14	N/A ¹⁰	47
Tenon Audit	Company	30-Jun-08	4	3	51	14	14	0 ¹¹	0 ¹¹
Moore Stephens	LLP	30-Apr-08	61	30	32	53	13	4	36
UHY Hacker Young	Group of Partnerships	30-Apr-08	86	57	60	43	10	4	28
HW Group	Partnership	31-Mar-08	134	101	104	60	10	7	43
Kingston Smith	LLP	30-Apr-08	49	42	38	29	10	6	13
MacIntyre Hudson	LLP	31-Mar-08	47	34	34	27	10	NA ¹²	NA
Vantis Audit plc	Plc	31-May-08	3	3	57	10	10	0 ¹³	0 ¹³
Chantrey Vellacott DFK	LLP	30-Jun-08	47	21	21	25	8	2	15

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	Total Fee Income (£m)	Fee Income: Audit ³ (£m)	Fee Income: Non-Audit Work ³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Haysmacintyre	Partnership	31-Mar-08	24	18	22	16	8	4	4
Littlejohn ¹⁴	LLP ¹⁵	31-May-08	30	16	16	18	7	3	8
Saffery Champness	Partnership	31-Mar-08	54	31	31	35	6	4	25
Menzies	Partnership	31-Mar-08	35	21	21	25	5	6	14
Cooper Parry	LLP	30-Apr-08	24	10	14	16	5	4	7
Scott Moncrieff	Partnership	30-Apr-08	19	7	7	13	5	2	6
Johnston Carmichael	Partnership	31-May-08	38	15	21	20	5	NA	NA
James Cowper	Partnership	30-Apr-08	16	9	9	9	2	1	6
Chiene & Tait	Scottish Partnership	30-Sep-08	7	4	4	6	2	0	4
DTE Business Advisory	Company	30-Apr-08	8	3	10	6	2	1	3
Armstrong Watson	Partnership	31-Mar-08	36	7	7	19	1	NA	NA
Begbies Chettle Agar	Partnership	31-Mar-08	5	4	4	2	1	NA	1

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

Table 19

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 ¹⁶	No of Audit Principals	No of Responsible Individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit ¹⁸ (£m)	Fee Income: Non-Audit Work ¹⁸ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
PricewaterhouseCoopers	LLP	30-Jun-07	822	264	360	2,107	595	431	1,081
KPMG ¹⁹	LLP	30-Sep-07	559	249	317	1,607	423	264	920
Deloitte & Touche	LLP	31-May-07	651 ²⁰	202	209	1,802	339 ²¹	255 ²¹	1,208 ²¹
Ernst & Young	LLP	30-Jun-07	481	153	222	1,226	332	166	728
BDO Stoy Hayward	LLP	30-Jun-07	226	98	132	286	97	56	133
Grant Thornton	LLP	30-Jun-07	249	96	106	315	81	40	193
Baker Tilly	Partnership	31-Mar-07	269	132	132	187	59	33	95
PKF (UK)	LLP	31-Mar-07	95	58	58	130	54	35	42
Mazars	LLP	31-Aug-07	104	57	59	80	34	9	37
Horwath Clark Whitehill	LLP	31-Mar-07	62	42	42	41	19	10 ²²	12 ²²

¹⁶ Principals are partners or members of an LLP

¹⁷ RIs are those individuals who are able to sign audit reports

¹⁸ 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'

¹⁹ Includes both KPMG LLP and KPMG Audit Plc

²⁰ This includes principals who retired from the firm at midnight on the final day of the financial year

²¹ These figures are best estimates for the split of the firm's total fee income

²² 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 ¹⁶	No of Audit Principals	No of Responsible Individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit ¹⁸ (£m)	Fee Income: Non-Audit Work ¹⁸ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Nexia Smith & Williamson Audit ²³	Company	30-Apr-07	39	33	34	56	14	0	43
RSM Bentley Jennison	Partnership	31-Dec-07 ²⁴	68	30	34	64	13	10	42
Tenon Audit	Company	30-Jun-07	4	3	54	13	13	0 ²⁵	0 ²⁵
Moore Stephens	LLP	30-Apr-07	64	32	32	49	12	4	33
UHY Hacker Young	Group of Partnerships	30-Apr-07	82	45	52	40	10	5	25
HW Group	Partnership	31-Mar-07	129	92	93	54	9	6	39
Kingston Smith	LLP ²⁶	30-Apr-07	45	41 ²⁷	37 ²⁷	26	9	6	11
MacIntyre Hudson	LLP	31-Mar-07	46	30	30	24	9	NA ²⁸	NA
CLB Littlejohn Frazer	Partnership	31-May-07	29	16	16	17	8	2	7

²³ Nexia Smith & Williamson changed their name with effect from 1st May 2006

²⁴ RSM Bentley Jennison's information is provided as at 31st May 2007

²⁵ Tenon Audit's fee income for non-audit work is nil as the firm only provides audit services.

²⁶ Kingston Smith changed to an LLP from 1 May 2006

²⁷ In their 2008 submission Kingston Smith have amended these figures.

²⁸ 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 ¹⁶	No of Audit Principals	No of Responsible Individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit ¹⁸ (£m)	Fee Income: Non-Audit Work ¹⁸ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
HLB Vantis Audit plc	Plc	31-May-07	3	3	58	8	8	0 ²⁹	0 ²⁹
Chantrey Vellacott DFK	LLP	30-Jun-07	50	24	24	23	7	2	14
Hays Macintyre	Partnership	31-Mar-07	24	18	22	14	7	3	4
Saffery Champness	Partnership	31-Mar-07	53	30	30	32	6	4	21
Menzies	Partnership	31-Mar-07	41	22	22	30	5	11	15
Cooper Parry	LLP	30-Apr-07	21	8	10	14	5	3	7
Scott Moncrieff	Partnership	30-Apr-07	21	11	11	13	5	2	6
Johnston Carmichael	Partnership	31-May-07	40	17	21	18	4	NA	NA
James Cowper	Partnership	30-Apr-07	15	10	10	9	2 ³⁰	1 ³⁰	6 ³⁰
Chiene & Tait	Scottish Partnership	30-Sep-07	7	4	4	6	2	0	4
DTE Business Advisory Services	Company	30-Apr-07	11	5	11	6	2	1	3
Jeffreys Henry	LLP	30-Apr-07	8	6	6	5	2	1	2

²⁹ HLB Vantis Audit's fee income for non-audit work is nil as the firm only provides audit services.

³⁰ 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 ¹⁶	No of Audit Principals	No of Responsible Individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit ¹⁸ (£m)	Fee Income: Non-Audit Work ¹⁸ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Armstrong Watson	Partnership	31-Mar-07	35	7	7	18	1	NA	NA
Begbies Chettle Agar	Partnership	31-Mar-07	5	4	4	2	1	NA	1

Table 20

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2006 (By fee income from audit)

Firm Name	Structure	Year End	No of Principals ³¹	No of Audit Principals	No of Responsible Individuals ³²	Total Fee Income (£m)	Fee Income: Audit ³³ (£m)	Fee Income: Non-Audit Work ³³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
PricewaterhouseCoopers	LLP	30-Jun-06	793	268	355	1,980	551	449	980
KPMG ³⁴	LLP	30-Sep-06	556	249	318	1,454	398	280	776
Ernst & Young	LLP	30-Jun-06	447	146	205	1,130	323	147	660
Deloitte & Touche	LLP	31-May-06	598	194	198	1,559	310 ³⁵	291 ³⁵	958 ³⁵
BDO Stoy Hayward	LLP	30-Jun-06	216	99	130	260	81	72	107
Grant Thornton	LLP	30-Jun-06	236	98	107	276	71	36	169
Baker Tilly	Partnership ³⁶	31-Mar-06	264	142	142	175	54	32	89
PKF (UK)	LLP ³⁷	31-Mar-06	91	54	54	117	49	31	37
Mazars	LLP	31-Aug-06	85	54	54	72	29	9	34
RSM Robson Rhodes	LLP	30-Apr-06	84	36	42	85	22	11	52

³¹ Principals are partners or members of an LLP

³² RIs are those individuals who are authorised to sign audit reports

³³ 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'

³⁴ Includes both KPMG LLP and KPMG Audit Plc

³⁵ These figures are best estimates for the split of the firm's total fee income

³⁶ Effective from 1st April 2007 Baker Tilly became an LLP

³⁷ PKF became an LLP on 1st April 2005 (PKF (UK) LLP)

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2006 (By fee income from audit)

Firm Name	Structure	Year End	No of Principals ³¹	No of Audit Principals	No of Responsible Individuals ³²	Total Fee Income (£m)	Fee Income: Audit ³³ (£m)	Fee Income: Non-Audit Work ³³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Horwath Clark Whitehill	LLP	31-Mar-06	63	40	40	39	17	11 ³⁸	11 ³⁸
Nexia Smith & Williamson Audit ³⁹	Company	30-Apr-06	40	33	34	56	12	0	44
Bentley Jennison	Partnership	31-Dec-06	65	29	39	55	11	9	35
Tenon Audit	Company	30-Jun-06	4	3	46	11	11	0 ⁴⁰	0 ⁴⁰
Moore Stephens	LLP	30-Apr-06	64	33	33	41	11	5	25
UHY Hacker Young	Group of Partnerships	30-Apr-06	76	51	53	36	9	4	23
MacIntyre Hudson	LLP	31-Mar-06	42	29	29	23	9	NA ⁴¹	NA
CLB Littlejohn Frazer	Partnership	31-May-06 ⁴²	26	17	17	16	8	2	6
HLB Vantis Audit plc	Plc	31-May-06	3	3	58	7	7	0 ⁴³	0 ⁴³

³⁸ These figures are estimated.

³⁹ Nexia Smith & Williamson changed their name with effect from 1st May 2006. Nexia Smith & Williamson Audit merged with Soloman Hare on 31st May 2005.

⁴⁰ Tenon Audit's fee income for non-audit work is nil as the firm only provides audit services.

⁴¹ Where NA is stated the information is not available

⁴² Change in year end therefore, 14 Month period has been prorated to 12 months.

⁴³ HLB 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 2006 (By fee income from audit)

Firm Name	Structure	Year End	No of Principals ³¹	No of Audit Principals	No of Responsible Individuals ³²	Total Fee Income (£m)	Fee Income: Audit ³³ (£m)	Fee Income: Non-Audit Work ³³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Chantrey Vellacott DFK	LLP ⁴⁴	30-Jun-06	50	26	26	23	7	2	14
Kingston Smith	LLP ⁴⁵	30-Apr-06	42	40 ⁴⁶	37 ⁴⁶	24	7	6	10
Menzies	Partnership	31-Mar-06	32	19	20	27	6	10	11
Scott Moncrieff	Partnership	30-Apr-06	20	11	11	12	5	2	5
Cooper Parry	LLP	30-Apr-06	21	8	10	14	4	3	6
Saffery Champness	Partnership	31-Mar-06	54	31	31	28	3	7	18
Wilkins Kennedy	Partnership	30-Apr-06	33	23	23	15	2	3	10
Chiene & Tait	Scottish Partnership	30-Sep-06	7	4	4	6	2	0	4
DTE Business Advisory Services	Company	30-Apr-06	11	5	10	5	2	1	2
James Cowper	Partnership	30-Apr-06	16	10	10	8	1 ⁴⁷	1 ⁴⁷	6
Jeffreys Henry	LLP	30-Apr-06	8	6	6	5	1	1	3

⁴⁴ Chantrey Vellacott changed from a Partnership to an LLP on 4 July 2005

⁴⁵ Kingston Smith changed to an LLP from 1 May 2006

⁴⁶ In their 2008 submission Kingston Smith have amended these figures for the year ended 2006.

⁴⁷ Figures estimated

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2006
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals³¹	No of Audit Principals	No of Responsible Individuals³²	Total Fee Income (£m)	Fee Income: Audit³³ (£m)	Fee Income: Non-Audit Work³³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)
Armstrong Watson	Partnership	31-Mar-06	34	6	NA	16	1	NA	NA
Begbies Chettle Agar ⁴⁸	Partnership	31-Mar-06	5	4	4	1	0	0	1
Johnston Carmichael	Partnership	31-May-06	39	16	19	16	NA	NA	NA

Table 21

⁴⁸ Name changed to Begbies Chettle Agar from 1st April 2006

Analysis of Big 4 Fee Income (2003-2008)

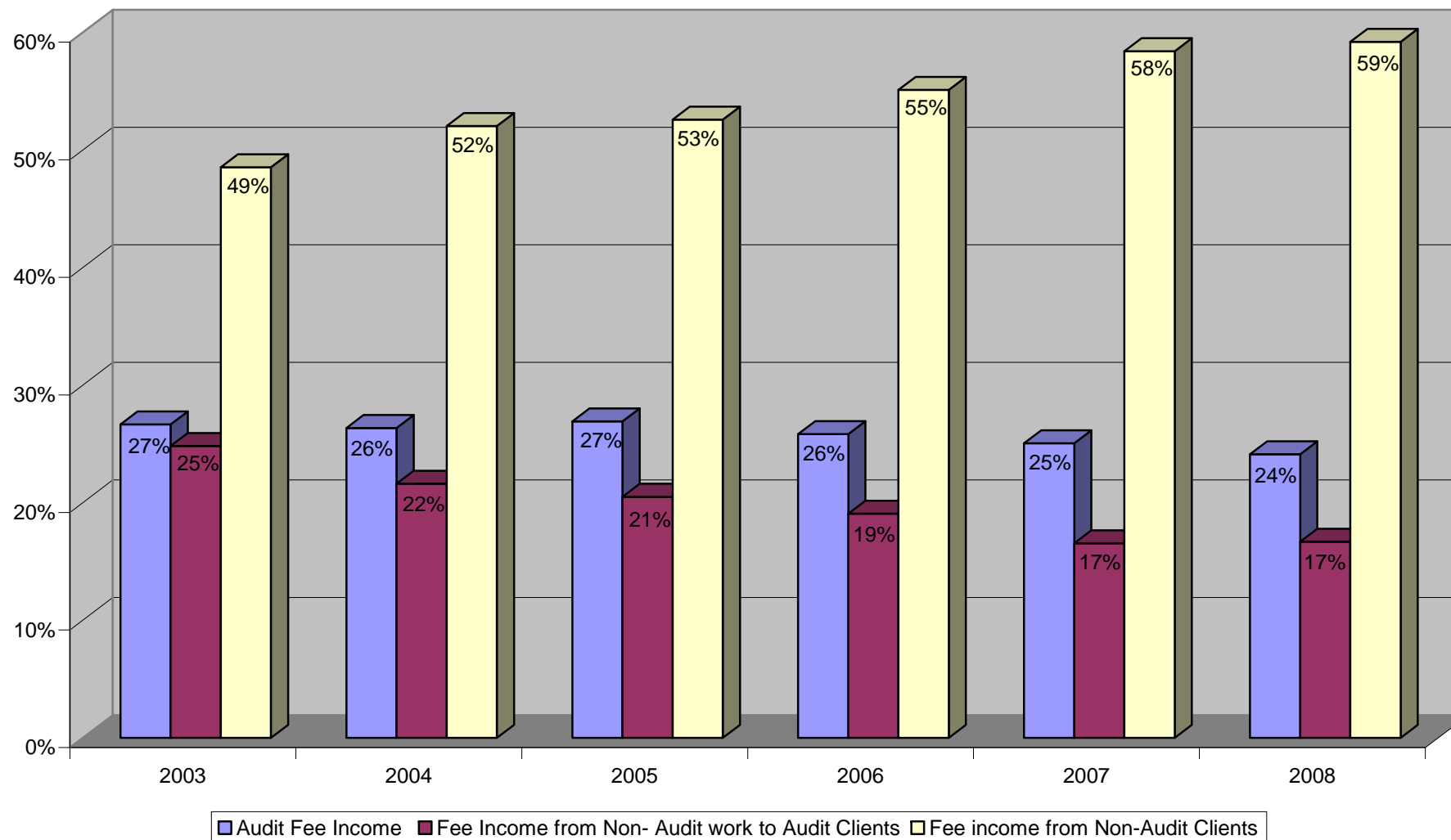


Chart 27

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 (2003-2008) of many of the larger registered audit firms outside of the Big Four

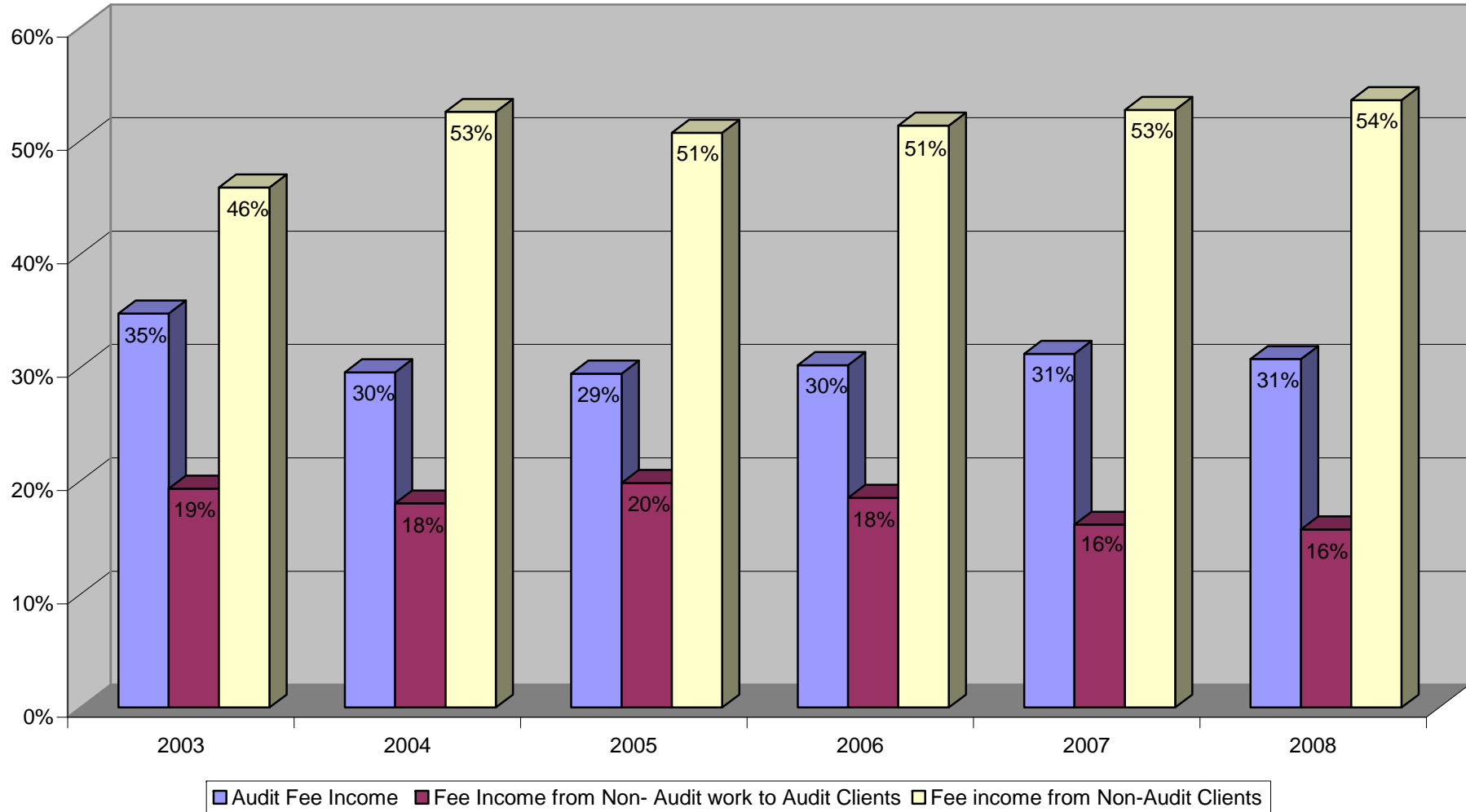


Chart 28

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’

Growth of Fee Income

Table 22 shows the growth rate of fee income between 2004 and 2008 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.

	2007-8	2006-7	2005-6	2004-5
Percentage growth rate of total fee income for the largest registered audit firms with UK public interest entities as clients ¹	6.96	10.18	13.78	12.51
Percentage growth rate of total fee income for the Big Four Firms	6.13	10.11	14.24	13.55
Percentage growth rate of total fee income for the Non Big Four Firms	7.57	10.51	11.73	8.31
Percentage growth rate of audit income for the largest registered audit firms with UK public interest entities as clients ¹	5.20	8.19	10.81	12.52
Percentage growth rate of audit income for the Big Four Firms	2.20	6.75	9.63	16.00
Percentage growth rate of audit income for the Non Big Four Firms	8.14	14.03	15.57	5.68
Percentage growth rate of non-audit income for the largest registered audit firms with UK public interest entities as clients ¹	8.63	10.90	15.15	10.50
Percentage growth rate of non-audit income for the Big Four Firms	7.44	11.28	15.93	12.68
Percentage growth rate of non-audit income for the Non Big Four Firms	7.33	8.91	10.49	8.95

Table 22

- The rate of growth in total fee income has been declining since 2005-06. This is mirrored in both audit and non-audit fee income and within the Big Four firms and the largest firms outside of the Big Four.
- The rate of growth in audit fee income illustrated in 2004-5 and 2005-6 is likely to be in part in relation to IFRS transitional work. This was one-off work which would have inflated audit fee income in the period. IFRS work for this period related to listed groups which would have predominantly been audited by the Big Four firms, explaining the slowing of the rate of growth in audit fee income within this category.
- The rate of growth in non-audit fee income is likely to have fallen in response to the effects of the early stages of the economic downturn.

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 23² illustrates audit fee generated per Responsible Individual (RI)³ for 2004 to 2008 (inclusive). This information is split further between the Big Four audit firms and the largest firms outside of the Big Four.

	2008	2007	2006	2005	2004
Audit fee income (£m) per RI for the largest registered audit firms with UK public interest entities as clients	1.00	0.97	0.94	0.89	0.88
Audit fee income (£m) per RI for the Big Four Firms	1.56	1.52	1.47	1.35	1.13
Audit fee income (£m) per RI for the Non Big Four Firms	0.48	0.43	0.40	0.37	0.38

Table 23

- Audit fee income generated per RI has grown between 2004 and 2008 for both Big Four audit firms and the largest firms outside of the Big Four.
- The increase over the period illustrated above can be explained by a greater rate of increase in audit fee income compared to the rate of increase in the number of RIs.

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 24⁴ shows the percentage of RIs within the Big Four firms and the largest firms outside of the Big Four who are audit principals⁵ and who are employed for 2004 to 2008 (inclusive). 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	78.42%	21.58%	N/A ⁶	N/A ⁶
2005	80.50%	19.50%	80.78%	19.22%
2006	79.65%	20.35%	82.27%	17.73%
2007	78.34%	21.66%	80.78%	19.22%
2008	72.22%	27.78%	83.69%	16.31%

Table 24

- The percentage of Responsible Individuals that are employees has increased sharply in 2008 for the Big Four firms.
- The number of employee Responsible Individuals continues to be greater at the Big Four firms than the larger registered audit firms outside of the Big Four Firms.

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 partners and members 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 2008

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

Firm Name	Structure	Year End	No of FTSE 100 Audit Clients	No of FTSE 250 Audit Clients	Total No of Other Clients listed on Regulated Markets	No of AIM Audit Clients
PricewaterhouseCoopers	LLP	30-Jun-08	39	73	219 ¹	151
KPMG ²	LLP	30-Sep-08	25	42	193	95
Deloitte ^{3,4}	LLP	31-May-08	21	61	97	87
Ernst & Young	LLP	30-Jun-08	16	43	264	66
Grant Thornton	LLP	30-Jun-08	0	6	81 ⁵	198 ⁵
BDO Stoy Hayward	LLP	30-Jun-08	0	6	30	149
PKF (UK)	LLP	31-Mar-08	0	0	45	49
Baker Tilly	LLP	31-Mar-08	0	0	22	93
Kingston Smith	LLP	30-Apr-08	0	0	12	17
Littlejohn ⁶	LLP ⁷	31-May-08	0	0	6	19

¹ This figure is the number of parent groups that are audited by PwC. It does not include any subsidiaries.

² Includes both KPMG LLP and KPMG Audit Plc

³ Figures are as at 31 October 2008

⁴ Name changed from Deloitte & Touche LLP as of 1 December 2008

⁵ Grant Thornton's figures are as at 31 December 2008

⁶ Name changed from CLB Littlejohn Frazer with effect from 31 January 2009

⁷ Changed from Partnership to an LLP with effect from 31 January 2009

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2008

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

Firm Name	Structure	Year End	No of FTSE 100 Audit Clients	No of FTSE 250 Audit Clients	Total No of Other Clients listed on Regulated Markets	No of AIM Audit Clients
UHY Hacker Young	Group of Partnerships	30-Apr-08	0	0	5	23
Scott Moncrieff	Partnership	30-Apr-08	0	0	5	3
Nexia Smith & Williamson Audit	Company	30-Apr-08	0	0	4	40
James Cowper	Partnership	30-Apr-08	0	0	4	0
Chiene & Tait	Scottish Partnership	30-Sep-08	0	0	4	0
Moore Stephens	LLP	30-Apr-08	0	0	3	13
Chantrey Vellacott DFK	LLP ⁸	30-Jun-08	0	0	3	15
Mazars	LLP	31-Aug-08	0	0	3	37
Saffery Champness	Partnership	31-Mar-08	0	0	2	8
Haysmacintyre	Partnership	31-Mar-08	0	0	2	6
Begbies Chettle Agar	Partnership	31-Mar-08	0	0	2	NA ⁹
Horwath Clark Whitehill	LLP	31-Mar-08	0	0	1	16

⁸ Changed from a Partnership to an LLP in 2008

⁹ Where NA is stated the information is not available.

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2008

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

Firm Name	Structure	Year End	No of FTSE 100 Audit Clients	No of FTSE 250 Audit Clients	Total No of Other Clients listed on Regulated Markets	No of AIM Audit Clients
Tenon Audit	Limited Company	30-Jun-08	0	0	1	11
Menzies	Partnership	31-Mar-08	0	0	1	3
RSM Bentley Jennison ¹⁰	Partnership	31-Dec-08	0	0	0	12
HLB Vantis Audit plc	Plc	31-May-08	0	0	0	8
HW Group	Partnership	31-Mar-08	0	0	0	5
MacIntyre Hudson	LLP	31-Mar-08	0	0	0	4
Armstrong Watson	Partnership	31-Mar-08	0	0	0	1
Cooper Parry	LLP	30-Apr-08	0	0	0	0
DTE Business Advisory	Limited Company	30-Apr-08	0	0	0	0
Johnston Carmichael	Partnership	31-May-08	0	0	0	0

Table 25

¹⁰ In the sixth edition of Key Facts & Trends this information was provided as at 31 May 2007.

Concentration of listed Companies' Audits

Table 26 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 26 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 (%)			
	28/02/09	28/02/08	28/02/07	31/03/06	28/02/09	28/02/08	28/02/07	31/03/06	28/02/09	28/02/08	28/02/07	31/03/06
FTSE 100 ¹¹	99.0	100.0	100.0	99.0	1.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0
FTSE 250 ¹¹	94.4	96.0	96.8	96.4	5.2	4.0	2.8	3.2	0.4	0.0	0.4	0.4
Other UK Main Market	70.8	72.3	75.4	79.0	21.2	20.1	17.7	15.0	8.0	7.6	6.9	6.0
All Main Market	78.7	79.9	82.3	84.0	15.7	14.8	12.9	11.6	5.6	5.3	4.8	4.4

Table 26

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.

¹¹ Includes International Main Market Companies.

Audit Firms registered with ICAEW (December 2008)

Table 27 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)	Fee Income per Partner (£'000)
1 to 4	1,511,030	2,242
5 to 9	209,541	1,301
10 to 30	25,925	685
31 to 100	8,203	530
101 to 500	2,449	410
501 to 1000	1,000	294
1001 to 2000	480	236
2001 to 3000	213	148
3001 to 4279	54	21

Table 27

Table 27 illustrates that approximately 58% of the total fee income of audit firms registered with the ICAEW is attributable to the Big Four. The information in Table 27 is not directly comparable with the figures within Tables 19-21 which consolidate the income of all the entities through which a firm operates i.e. both audit registered entities and other entities.

© The Financial Reporting Council Limited 2009

(UP/FRC-BI9005) ISBN: 978-1-84798-212-4

The Financial Reporting Council Limited is a company limited by guarantee. Registered in England number 2486368.
Registered Office: 5th Floor, Aldwych House, 71-91 Aldwych, London WC2B 4HN.



FINANCIAL REPORTING COUNCIL

5TH FLOOR

ALDWYCH HOUSE

71-91 ALDWYCH

LONDON WC2B 4HN

TEL: +44 (0)20 7492 2300

FAX: +44 (0)20 7492 2301

WEBSITE: www.frc.org.uk