



**PROFESSIONAL OVERSIGHT BOARD FOR ACCOUNTANCY**

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

**FEBRUARY 2005**

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

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## CHAIRMAN'S FOREWORD

This is the third edition of 'Key Facts and Trends in the Accountancy Profession', which was originally published by the Review Board of the Accountancy Foundation and is now published by the Professional Oversight Board for Accountancy (POBA) as part of the enlarged Financial Reporting Council (FRC).

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](http://www.frc.org.uk) .

For the most part the information we are publishing is comparable to that published in the previous edition. However, we have restructured some of the information on the six chartered accountancy bodies. And, in the light of the specific remit of POBA in relation to audit, we have also included some information on the major audit firms and on the numbers of registered audit firms.

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 John Grewe ([j.grewe@frc-poba.org.uk](mailto:j.grewe@frc-poba.org.uk) ).

Sir John Bourn  
Chairman of the Professional Oversight Board for Accountancy  
February 2005



# KEY FACTS AND TRENDS IN THE ACCOUNTANCY PROFESSION

## INTRODUCTION

This document provides statistical information on

- members of the six chartered accountancy bodies
- students of the six bodies
- the income and staffing of the six bodies
- the fee income of the largest UK audit firms
- numbers and size of audit registered firms

2. Whilst we draw out the main features and trends, the purpose of this document is not to offer explanations or interpretations of the picture we paint, other than to refer to possible limitations of the data.

3. The information on accountancy bodies relates to the six chartered accountancy bodies<sup>1</sup> who are members of the Consultative Committee of Accountancy Bodies (CCAB). What they have in common is that they all have a Royal Charter and thus the titles their members use - "Chartered Accountant", "Chartered Certified Accountant", "Chartered Management Accountant" and "Chartered Public Finance Accountant" - are protected.

4. It would be misleading, however, to equate those bodies with the accountancy profession in the UK in the wide sense of that term. There are also a number of other UK bodies whose members provide accountancy and related services, and which set regulatory requirements for their members. These include for example the Association of International Accountants (AIA), the Institute of Financial Accountants and the Association of Accounting Technicians. Such accountancy bodies should also look closely at POBA recommendations which are relevant to their circumstances.

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<sup>1</sup> 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)

5. It may also be helpful to note POBA's role in relation to company audit work, which is subject to statutory regulation. POBA is likely to be designated shortly by the Government to recognise and oversee the work of accountancy bodies in issuing a recognised audit qualification and in supervising registered audit firms. The bodies recognised at present are (for audit qualification) the ACCA, ICAEW, ICAI, ICAS and the AIA; and (for the supervision of auditors) the first four and the Association of Authorised Public Accountants.

## MAIN HIGHLIGHTS

### THE SIX CHARTERED ACCOUNTANCY BODIES 1998-2003

- Accountancy continues to flourish and grow in the UK. The six chartered bodies have over 250,000 members and around 140,000 students in the UK and the Republic of Ireland. (Table 1 and Chart 1 , and Table 8)
- The six bodies have almost 330,000 members and some 320,000 students worldwide. (Table 2 and Chart 2, and Table 7)
- Student numbers have been growing more quickly (5.8% per year worldwide) than membership - 4.1% per year worldwide, 3.5% 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 1998 – from 21% to 27% - and of female students – from 46% to 49% (Charts 3 and 12)

### THE AUDIT FIRMS

- There has been a significant decline in the last two years 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 has been some decline in the numbers of firms registered to carry out statutory audit in the UK. 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, 1998-2003:

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 1998 to 2003:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>1998</b>	39,406	38,014	13,061	99,691	9,758	12,362	<b>212,292</b>
<b>1999</b>	41,995	40,137	13,143	101,748	10,269	12,561	<b>219,853</b>
<b>2000</b>	45,392	42,717	13,176	103,478	10,721	12,857	<b>228,341</b>
<b>2001</b>	49,085	44,979	13,192	105,804	11,196	12,870	<b>237,126</b>
<b>2002</b>	52,678	46,820	13,213	108,157	11,840	13,004	<b>245,712</b>
<b>2003</b>	54,209	48,986	13,223	110,468	12,186	13,312	<b>252,384</b>
<b>% growth (98 – 03)</b>	<b>37.6</b>	<b>28.9</b>	<b>1.2</b>	<b>10.8</b>	<b>24.9</b>	<b>7.7</b>	<b>18.9</b>
<b>% compound annual growth (98 – 03)</b>	<b>6.6</b>	<b>5.2</b>	<b>0.2</b>	<b>2.1</b>	<b>4.5</b>	<b>1.5</b>	<b>3.5</b>

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 3.5%, from just over 212,000 in 1998 to over 252,000 at the end of 2003.
- There are significant differences within that overall percentage, with ACCA membership in the UK and ROI growing most strongly at an average of 6.6% per year in the period, followed by CIMA and ICAI.
- 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 1998 - 2003

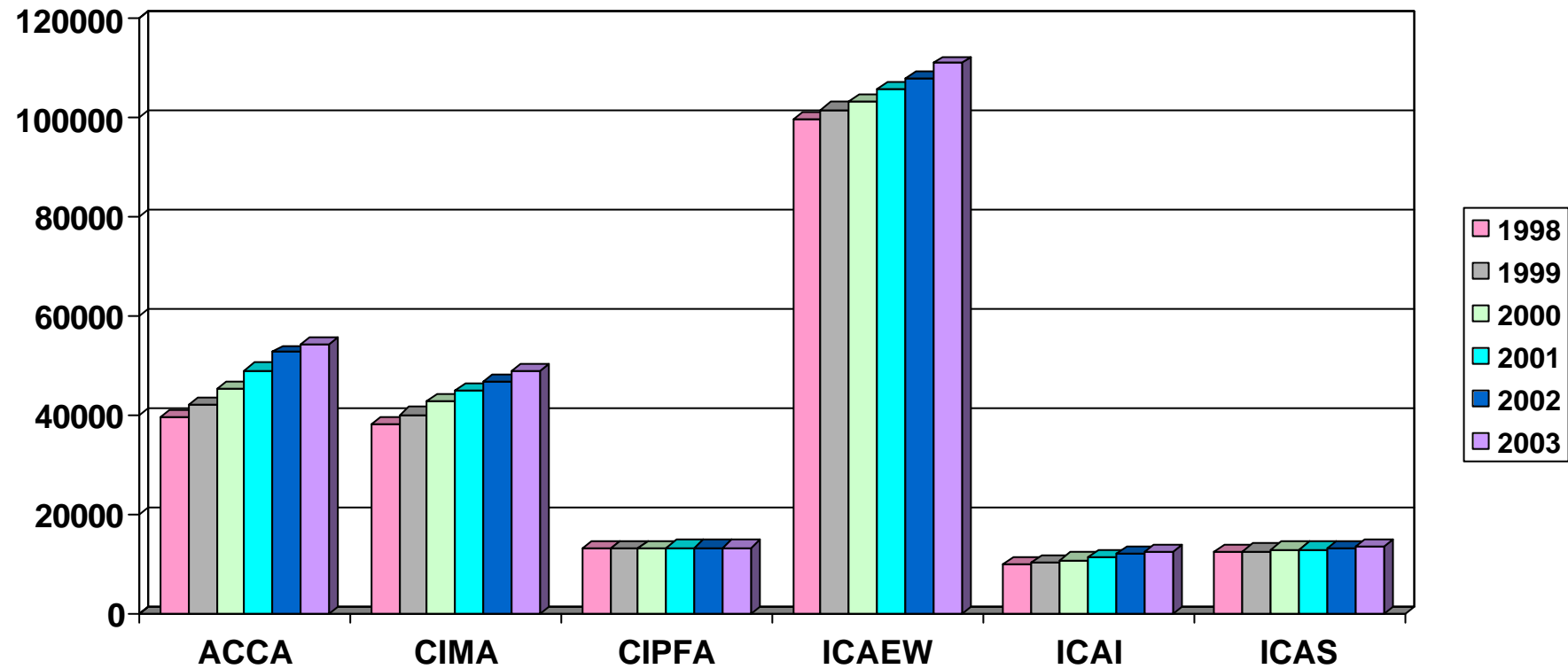


Chart 1

## Members Worldwide, 1998-2003:

Table 2 shows the number of members of each of the six chartered accountancy bodies worldwide over the period 1998 to 2003:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>1998</b>	66,083	49,157	13,271	114,679	10,861	14,532	<b>268,583</b>
<b>1999</b>	71,538	51,692	13,356	116,929	11,357	14,698	<b>279,570</b>
<b>2000</b>	79,027	54,934	13,396	118,771	11,828	14,888	<b>292,844</b>
<b>2001</b>	86,929	57,616	13,471	121,356	12,515	15,042	<b>306,929</b>
<b>2002</b>	95,416	59,782	13,521	123,719	13,039	15,166	<b>320,643</b>
<b>2003</b>	98,293	62,361	13,510	125,643	13,551	15,479	<b>329,108</b>
<b>% growth</b>	<b>48.7</b>	<b>26.9</b>	<b>1.8</b>	<b>9.6</b>	<b>24.8</b>	<b>6.5</b>	<b>22.4</b>
<b>comprising UK/ROI overseas</b>	<b>22.4</b>	<b>22.3</b>	<b>1.2</b>	<b>9.9</b>	<b>22.4</b>	<b>6.5</b>	<b>15.1</b>
	<b>26.3</b>	<b>4.6</b>	<b>0.6</b>	<b>-0.3</b>	<b>2.4</b>	<b>0.0</b>	<b>7.3</b>
<b>% compound annual growth (98 – 03)</b>	<b>8.3</b>	<b>4.9</b>	<b>0.4</b>	<b>1.9</b>	<b>4.5</b>	<b>1.3</b>	<b>4.1</b>

- The total number of members of the six bodies worldwide has grown on average more quickly than UK/ROI membership alone (4.1% as against 3.5% compound annual growth)
- This reflects the strong growth of the ACCA globally, which has 45% of members outside UK/ROI and grew its overall membership by 8.3% a year (6.6% UK/ROI alone). The growth in members outside the UK/ROI accounted for slightly more than half of the ACCA's overall growth in this period.
- 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 1998 - 2003

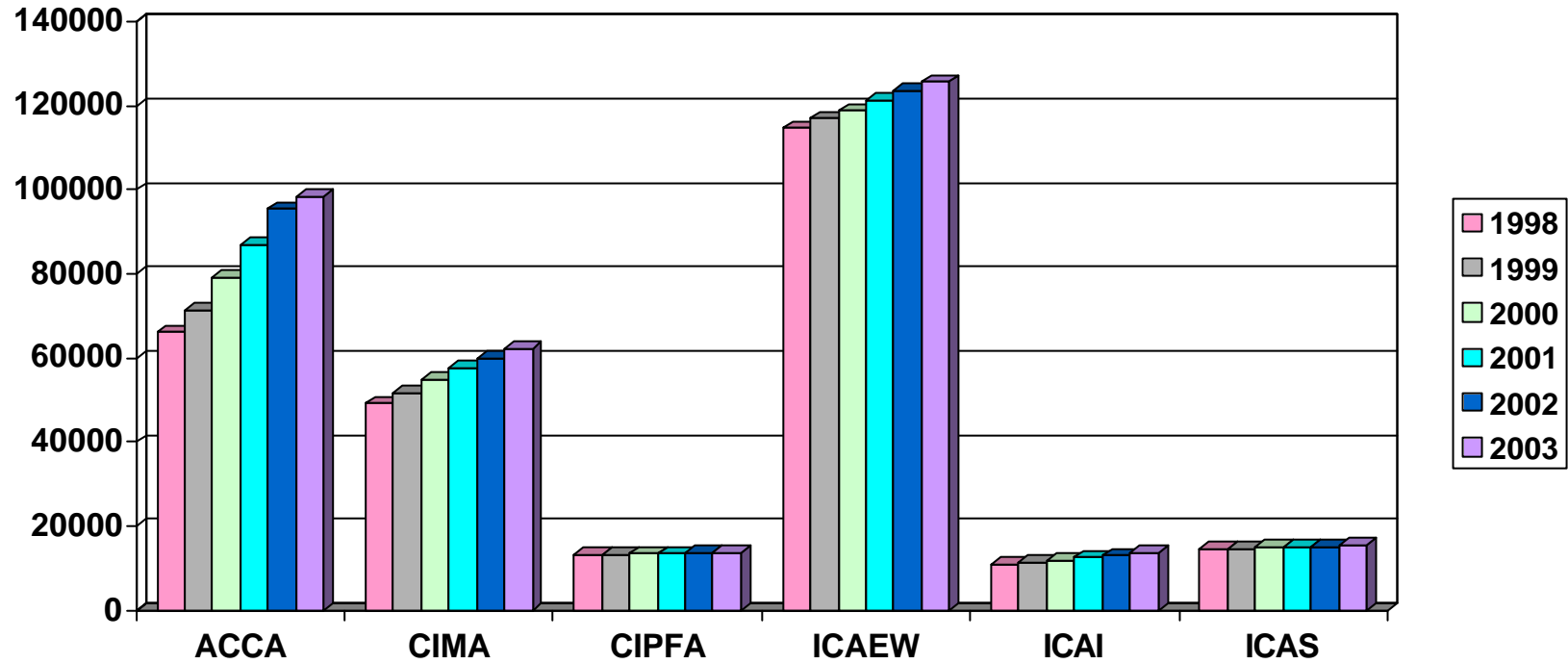


Chart 2

### Members outside the UK and the Republic of Ireland, 1998-2003

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 1998 to 2003:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>1998</b>	26,677	11,143	210	14,988	1,103	2,170	56,291
<b>1999</b>	29,543	11,555	213	15,181	1,088	2,137	59,717
<b>2000</b>	33,635	12,217	220	15,293	1,107	2,031	64,503
<b>2001</b>	37,844	12,637	279	15,552	1,319	2,172	69,803
<b>2002</b>	42,738	12,962	308	15,562	1,199	2,162	74,931
<b>2003</b>	44,084	13,375	287	14,573	1,365	2,167	75,851
<b>% of total members outside UK/ROI</b>	<b>44.8</b>	<b>21.4</b>	<b>2.1</b>	<b>11.6</b>	<b>10.1</b>	<b>14.0</b>	<b>23.1</b>

Table 3

- ACCA has increased its membership outside UK/ROI by 65% since 1998, increasing the percentage of overseas members from 40% to 45% 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, 2003:

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 2003.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>Public practice</b>	28.1	1.9	-	23.8	33.6	26.9	<b>20.5</b>
<b>Industry and commerce</b>	54.0	64.9	Note 1	60.6	58.4	45.3	<b>56.1</b>
<b>Public sector</b>	9.1	15.8	69.9	Note 2	Note 2	Note 2	<b>8.6</b>
<b>Retired</b>	4.3	10.2	20.2	11.5	5.0	19.2	<b>9.6</b>
<b>Other</b>	4.5	7.2	9.9	4.1	3.0	8.6	<b>5.2</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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. CIPFA does not separately identify those employed in industry and commerce. They are included under "Other".
2. ICAEW, ICAS and ICAI do not separately identify those employed in the public sector. They are included under "Industry & Commerce".
3. "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, 1998-2003:

Table 5 shows the percentage of female members of each of the six chartered accountancy bodies worldwide over the period 1998 to 2003:

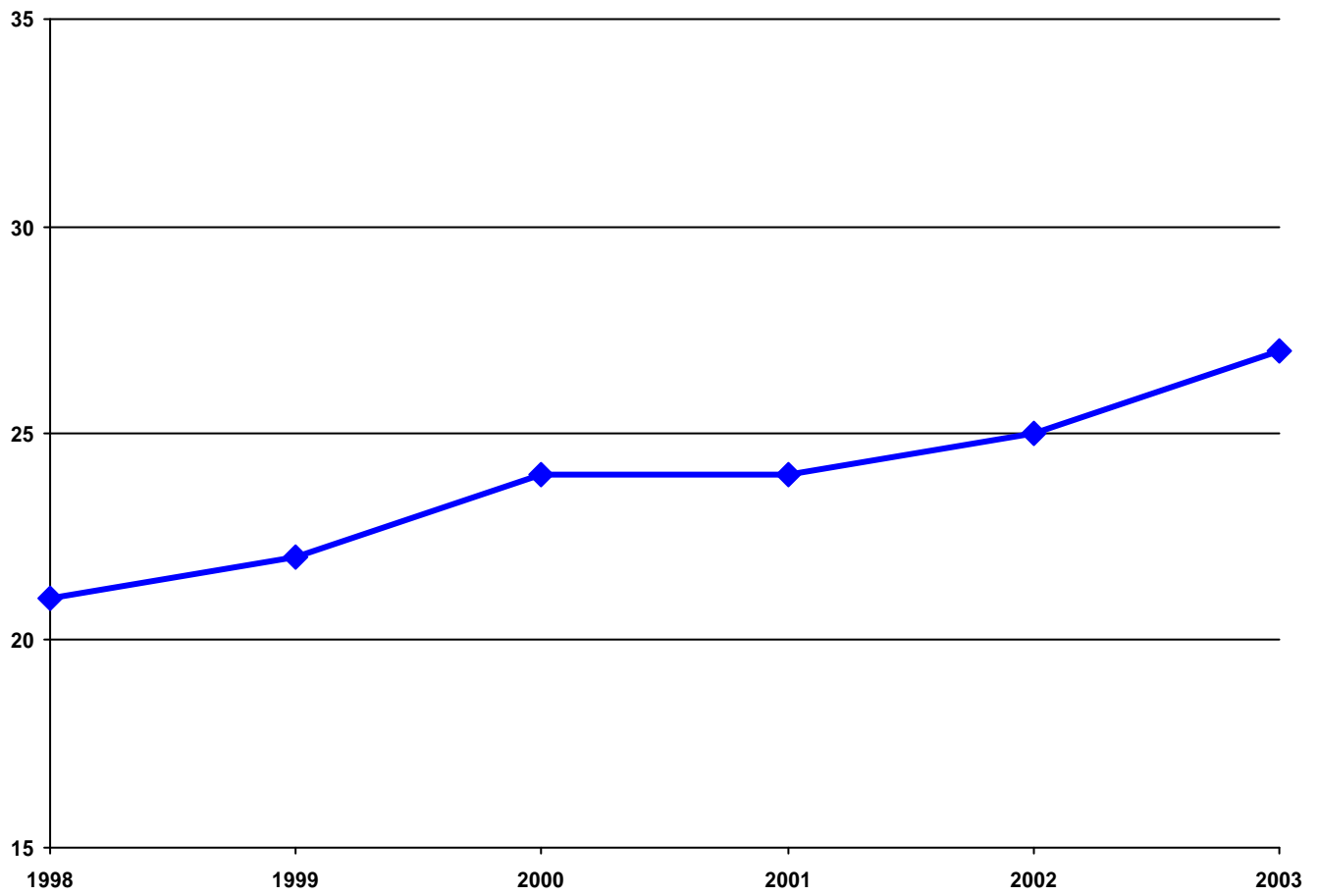
	ACCA %	CIMA %	CIPFA %	ICAEW %	ICAI %	ICAS %	TOTAL %
1998	29	18	22	17	-	19	21
1999	31	19	22	18	-	20	22
2000	33	21	23	19	23	20	24
2001	35	22	24	19	25	21	24
2002	36	23	24	20	24	22	25
2003	38	24	25	21	27	23	27

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 21% in 1998 to 27% as at the end of 2003.
- The percentage of female members is within a relatively narrow range for 5 of the 6 bodies – from 21% to 27% in 2003. The exception is the ACCA which has 38% female members.

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

### Percentage of Female Members All Bodies Worldwide 1998 to 2003



## Age of members: 2003

Table 6 shows the number of members of each of the six chartered accountancy bodies worldwide by age range for 2003. Chart 4 shows this information in a graphic format. Charts 5 to 10 compare the age distribution for each body for 1997 and 2003.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>under 25</b>	408	43	5	182	65	95	<b>798</b>
<b>25-34</b>	33,345	13,052	1,613	26,454	4,598	3,368	<b>82,700</b>
<b>35-44</b>	34,832	21,946	4,124	35,920	4,501	3,762	<b>105,085</b>
<b>45-54</b>	17,161	14,070	3,750	27,979	2,435	3,321	<b>68,716</b>
<b>55-64</b>	7,750	7,517	2,505	19,473	1,122	2,363	<b>40,730</b>
<b>65 and over</b>	4,797	5,734	1,513	15,635	830	2,570	<b>31,079</b>
<b>TOTAL</b>	<b>98,293</b>	<b>62,361</b>	<b>13,510</b>	<b>125,643</b>	<b>13,551</b>	<b>15,479</b>	<b>329,108</b>

Table 6

- There are marked differences in the age profile of members of the six bodies. For example, the ACCA and ICAI have the youngest population of members - roughly 70% of members are below 45. The corresponding figure for CIPFA is 43%, for the ICAEW and ICAS roughly 50% , and for CIMA 55% (Chart 4).
- There are variations in the change of age profile of the different bodies between 1997 and 2003. For example, the age profile of ACCA members has reduced somewhat overall – the percentage of members below 45 has increased from 68% to 70% (Chart 5). On the other hand the age profile of CIPFA members has increased, with the percentage below 45 declining from around 50% to 43% over that period (Chart 7).

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

**Comparison of Age Profiles of Members of the  
Accountancy Bodies 2003**

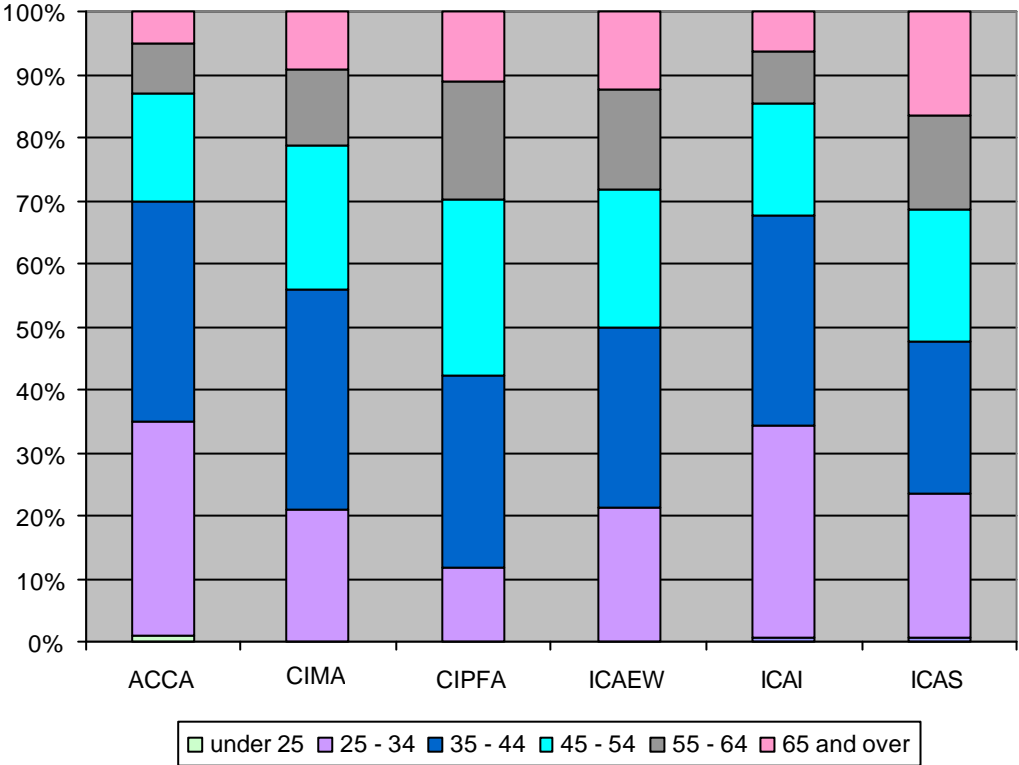


Chart 4

## Age of Members of the six Chartered Accountancy Bodies, 1997 and 2003:

The following charts compare the age distribution of members of the bodies for 1997 and 2003.  
 Note: The information is not available in respect of the ICAEW and ICAI for 1997

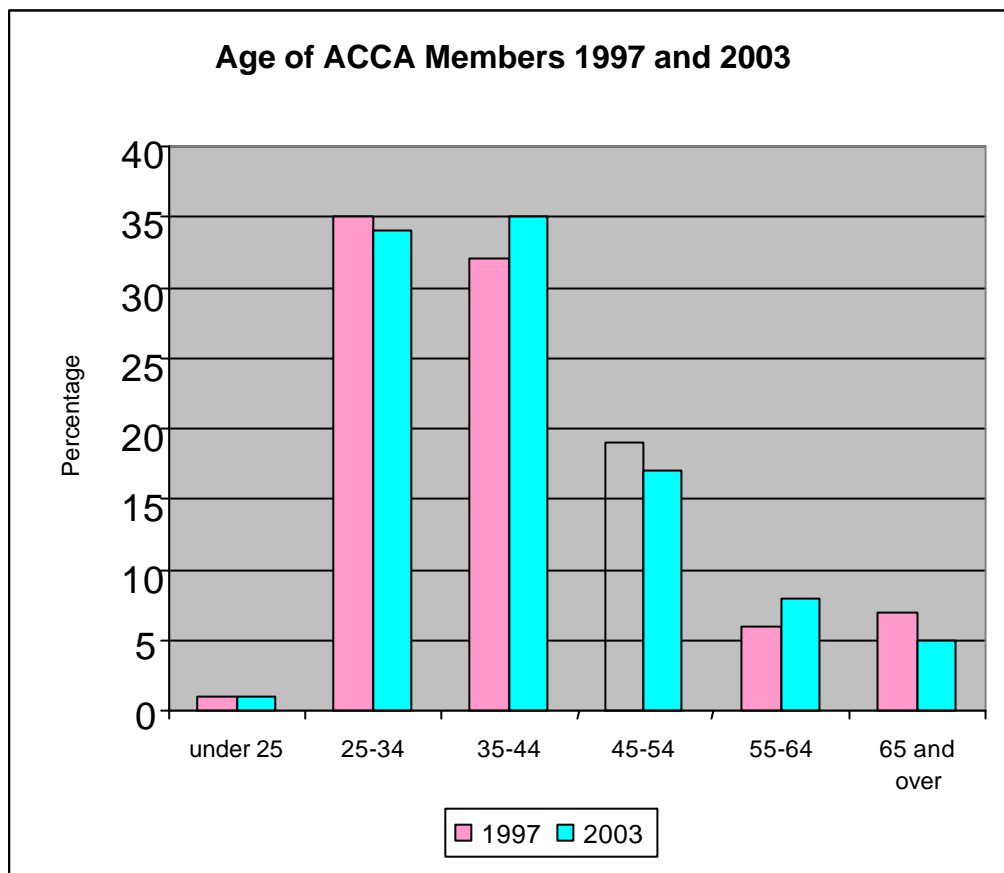


Chart 5

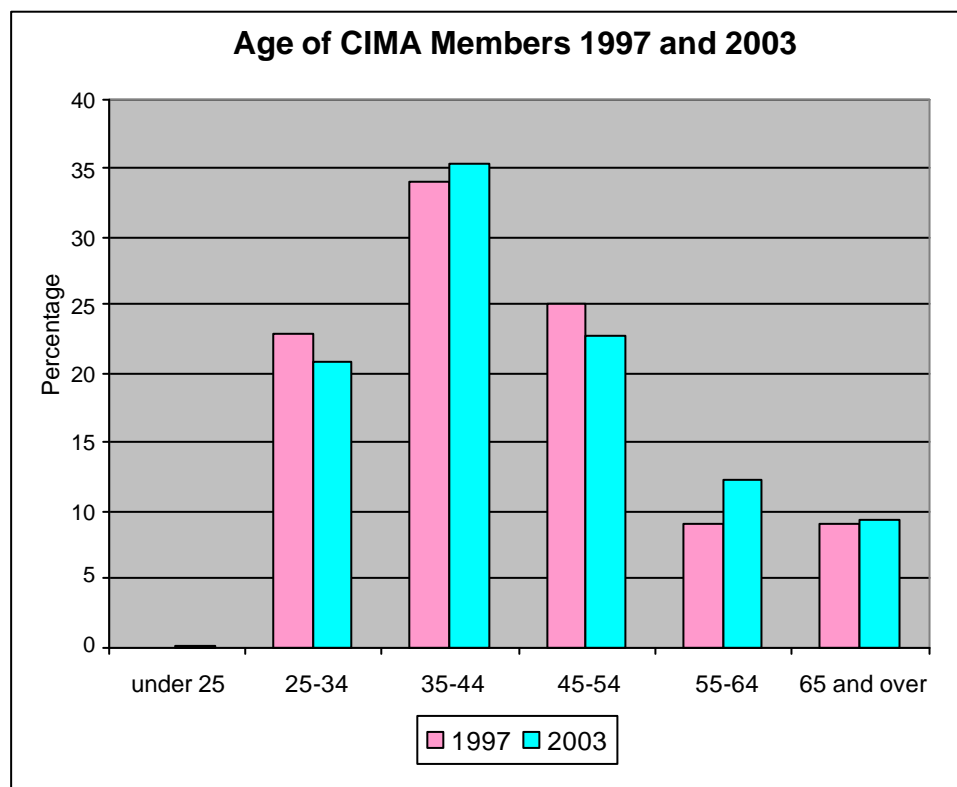


Chart 6

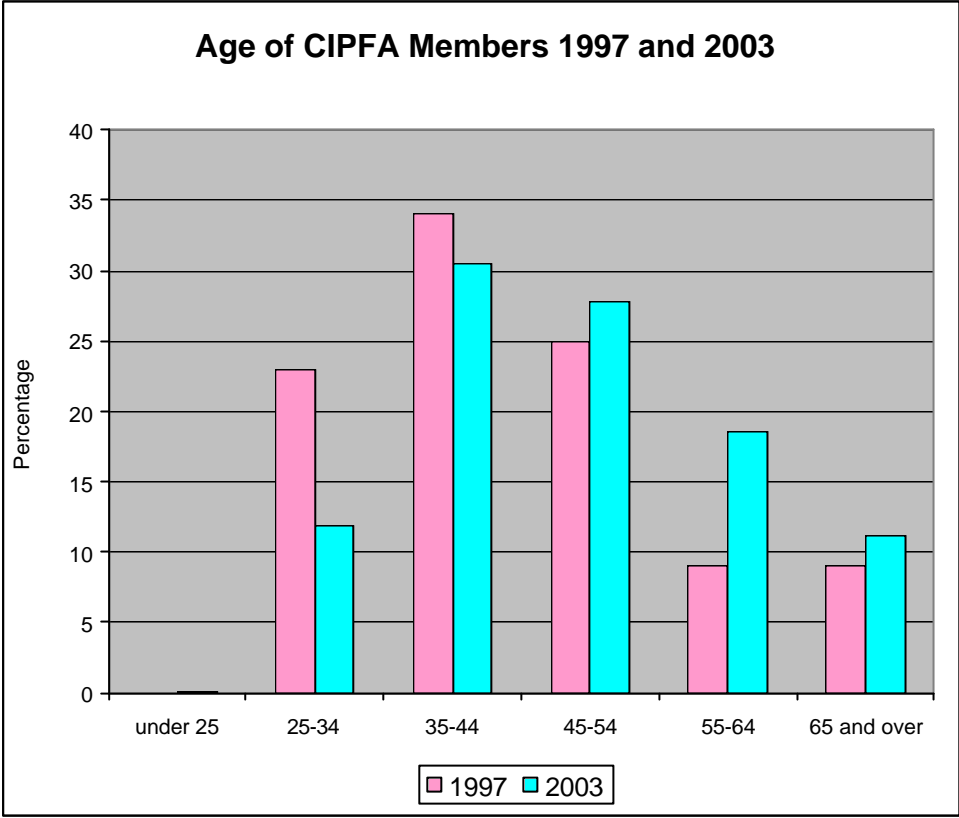


Chart 7

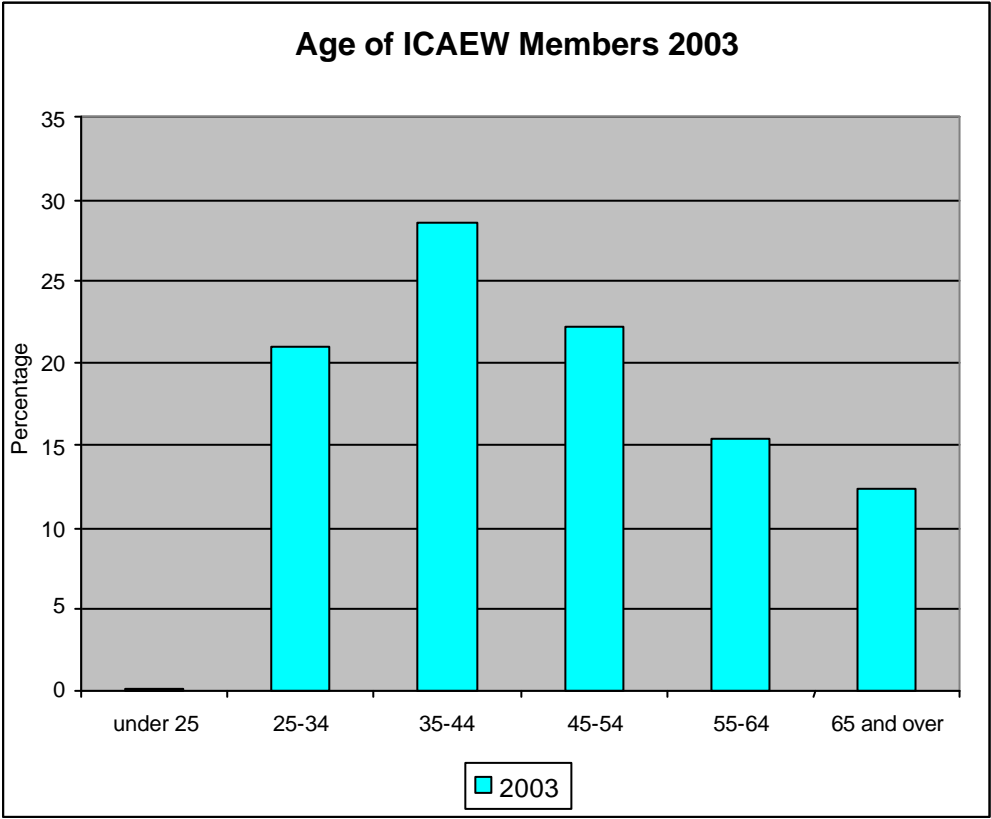


Chart 8

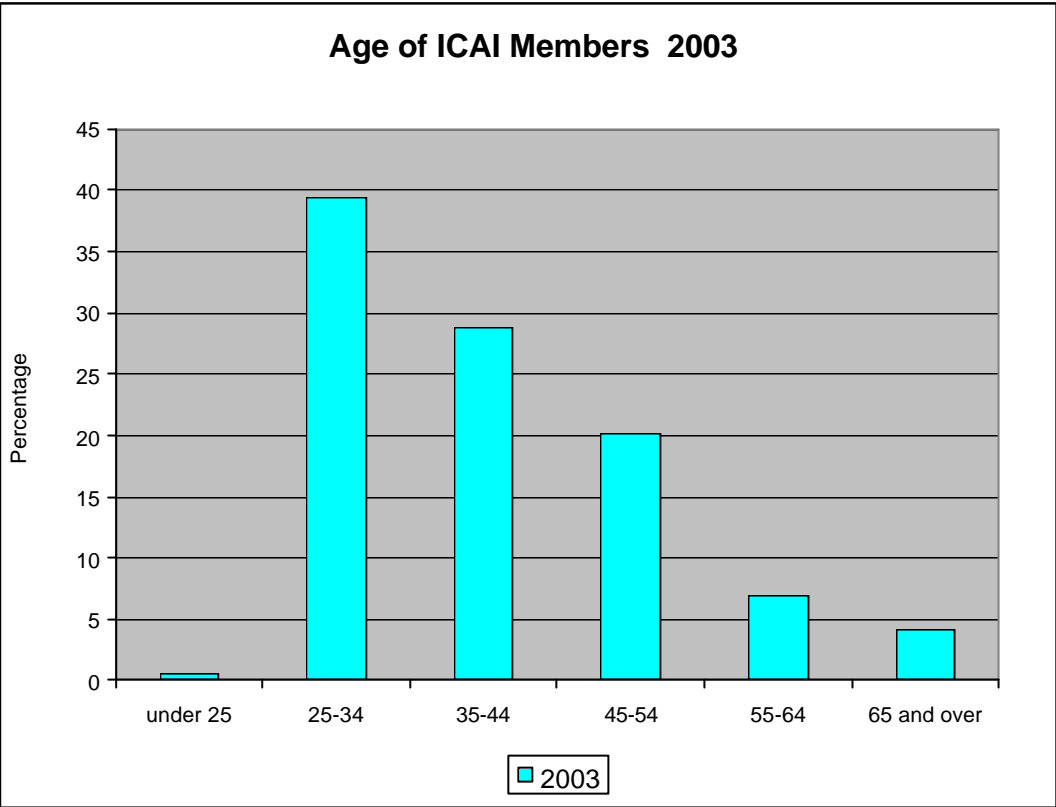


Chart 9

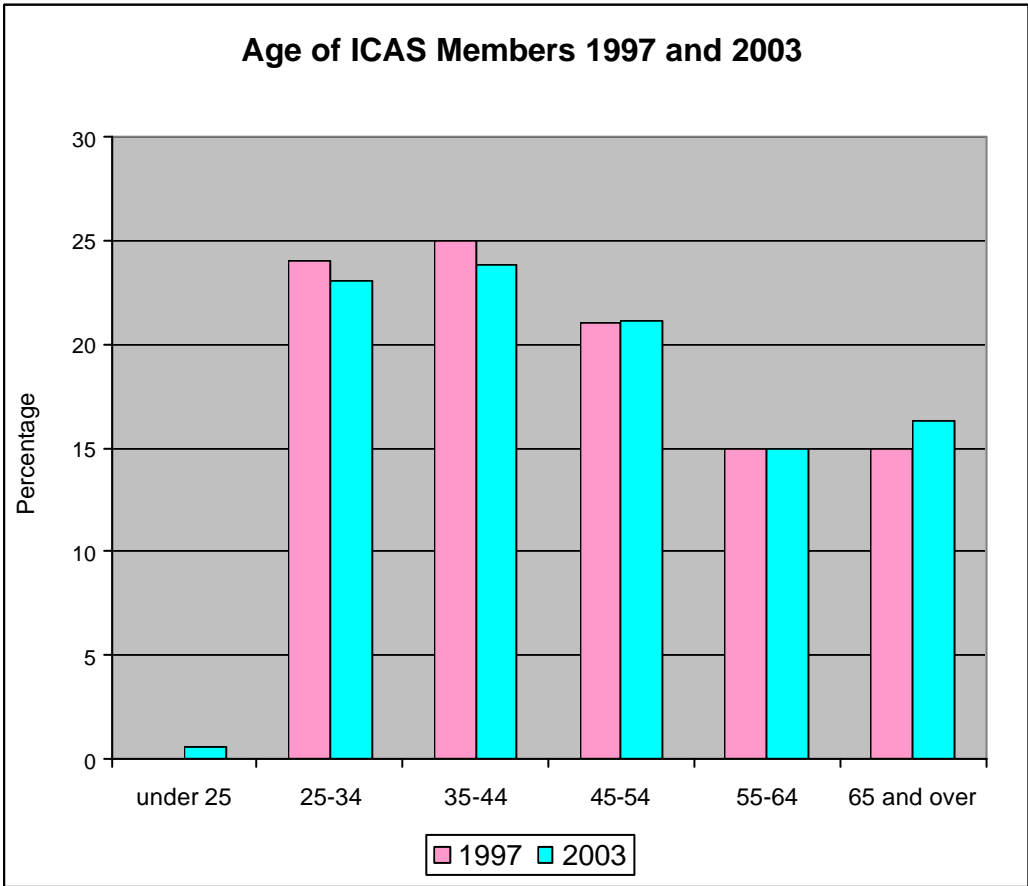


Chart 10

**STUDENTS OF THE  
ACCOUNTANCY BODIES**



## STUDENTS

### Students registered worldwide, 1998-2003:

Table 7 shows the number of students of each of the six chartered accountancy bodies registered worldwide over the period 1998 to 2003:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>1998</b>	156,299	67,320	2,086	11,720	2,600	1,252	<b>241,277</b>
<b>1999</b>	167,668	71,203	2,079	11,585	2,667	1,235	<b>256,437</b>
<b>2000</b>	174,201	73,761	2,213	10,727	2,789	1,652	<b>265,343</b>
<b>2001</b>	185,392	75,263	2,322	10,114	3,008	2,080	<b>278,179</b>
<b>2002</b>	205,099	77,923	2,412	9,648	3,392	2,327	<b>300,801</b>
<b>2003</b>	221,261	81,590	2,707	8,694	3,000	2,431	<b>319,683</b>
<b>% growth (98 – 03)</b>	<b>41.6</b>	<b>21.2</b>	<b>29.8</b>	<b>-25.8</b>	<b>15.4</b>	<b>94.2</b>	<b>32.5</b>
<b>% compound annual growth (98 – 03)</b>	<b>7.2</b>	<b>3.9</b>	<b>5.4</b>	<b>-4.7</b>	<b>2.9</b>	<b>14.2</b>	<b>5.8</b>

Table 7

- There are wide differences in the numbers and rates of growth in the student membership worldwide of the accountancy bodies.
- The most rapidly growing accountancy bodies in percentage terms of worldwide student numbers, from a 1998 base, are ICAS and the ACCA.
- However, 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.
- Student numbers for the ICAEW have declined every year since 1998.

### Location of students, 2003:

Table 8 shows the location (UK, Republic of Ireland and the rest of the world) of students of the six chartered accountancy bodies for 2003:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>UK &amp; Republic of Ireland</b>	67,665	56,126	2,683	8,406	3,000	2,425	<b>140,305</b>
<b>Rest of the world</b>	153,596	25,464	24	288	-	6	<b>179,378</b>
<b>TOTAL</b>	<b>221,261</b>	<b>81,590</b>	<b>2,707</b>	<b>8,694</b>	<b>3,000</b>	<b>2,431</b>	<b>319,683</b>

Table 8

- The overwhelming majority (97% or more) of students of four of the bodies – CIPFA, ICAEW, ICAI and ICAS are based in the UK and the ROI.
- Some two thirds of 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 (69.4%) than the proportion of members outside UK and the ROI (44.8% - 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, 2003:

This chart compares the age distributions for the 6 chartered accountancy bodies.

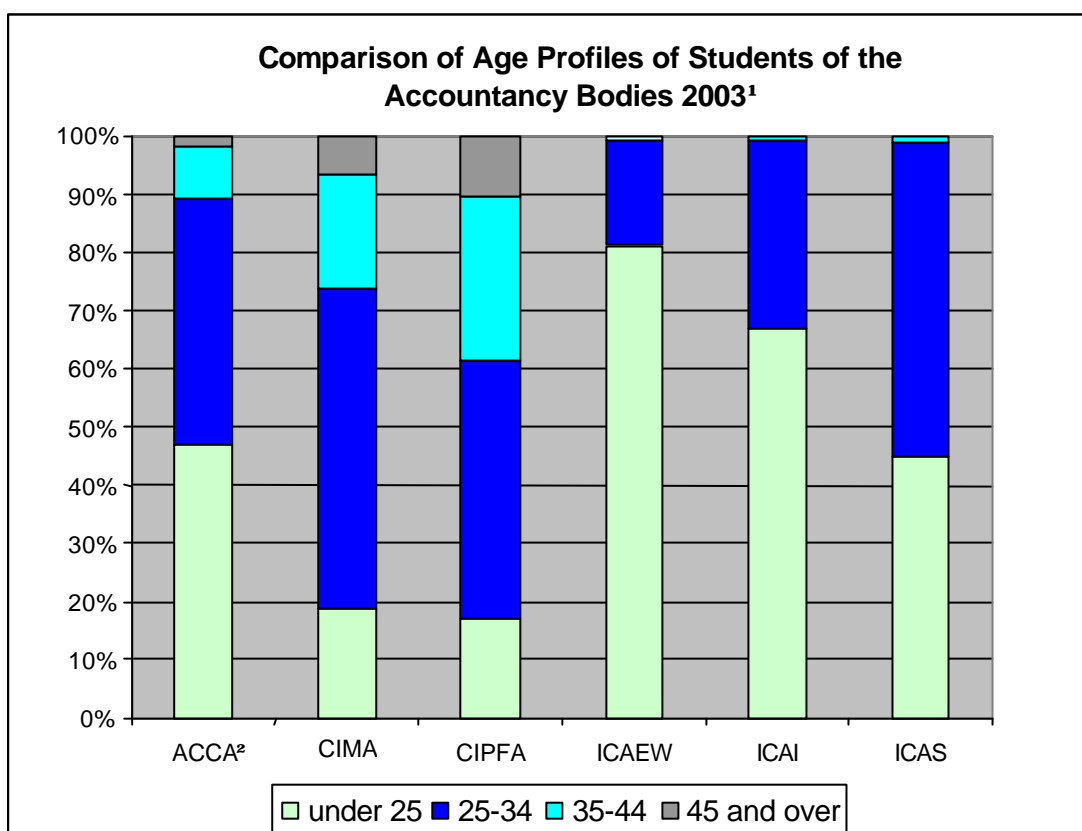


Chart 11

- CIPFA and CIMA have more mature students than the other bodies. 17% of CIMA students are under 25 and 39% over 35. 19% of CIPFA students are under 25 and 26% over 35. By way of contrast 80% of ICAEW students are under 25 and only 1% over 35.

### Notes

1. ICAI figures are for 2002. They note that the average age of students as at the end of 2003 was 25.
2. ACCA and ICAEW figures relate to the age of the student intake, not the student body.

## Sectoral employment of students worldwide, 2003:

Table 9 shows the sectoral employment of students of each of the accountancy bodies worldwide for 2003:

	ACCA	CIMA <sup>1</sup>	CIPFA <sup>3</sup>	ICAEW <sup>2</sup>	ICAI <sup>2</sup>	ICAS <sup>2</sup>	TOTAL
<b>Public practice</b>	62,660		-	8,503	2,910	2,338	<b>76,411</b>
<b>Industry and commerce</b>	112,435		-	191	90	55	<b>112,771</b>
<b>Public sector</b>	39,902		2,386	-	-	-	<b>42,288</b>
<b>Other?</b>	6264		321	-	-	38	<b>6,623</b>
<b>TOTAL</b>	<b>221,261</b>	<b>81,590</b>	<b>2,707</b>	<b>8,694</b>	<b>3,000</b>	<b>2,431</b>	<b>319,683</b>

Table 9

- Almost all the student members of ICAEW, ICAS and 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, 50% in industry and commerce and 20% in the public sector.

Notes:

1. No information was available on the Sectoral employment of CIMA students.
2. ICAEW, ICAS and ICAI 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, 1998-2003:

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 1998 to 2003:

	ACCA %	CIMA %	CIPFA %	ICAEW %	ICAI %	ICAS %	TOTAL
<b>1998</b>	49	39	44	43	49	52	46
<b>1999</b>	50	41	46	43	51	47	47
<b>2000</b>	51	42	46	45	49	46	48
<b>2001</b>	51	42	47	45	54	46	48
<b>2002</b>	51	43	50	45	52	46	49
<b>2003</b>	51	43	49	45	54	43	49

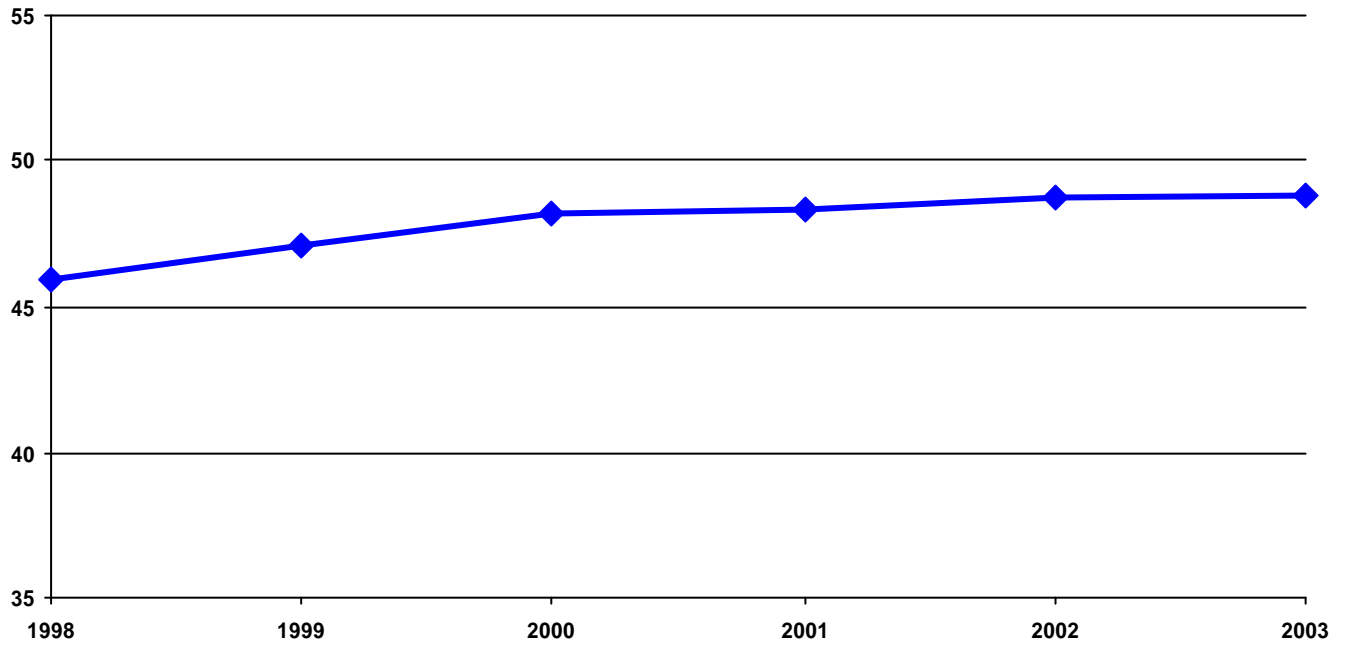
Table 10

- The proportion of female students overall world-wide has increased from 46% to 49% since 1998 but has been stable since 2000.
- 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

Chart 12

## Percentage of Female Students All Bodies Worldwide 1998 - 2003



## Graduate entrants to training with the six Chartered Accountancy Bodies

Charts 13 and 14 show 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 respective 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 1998 and 2003

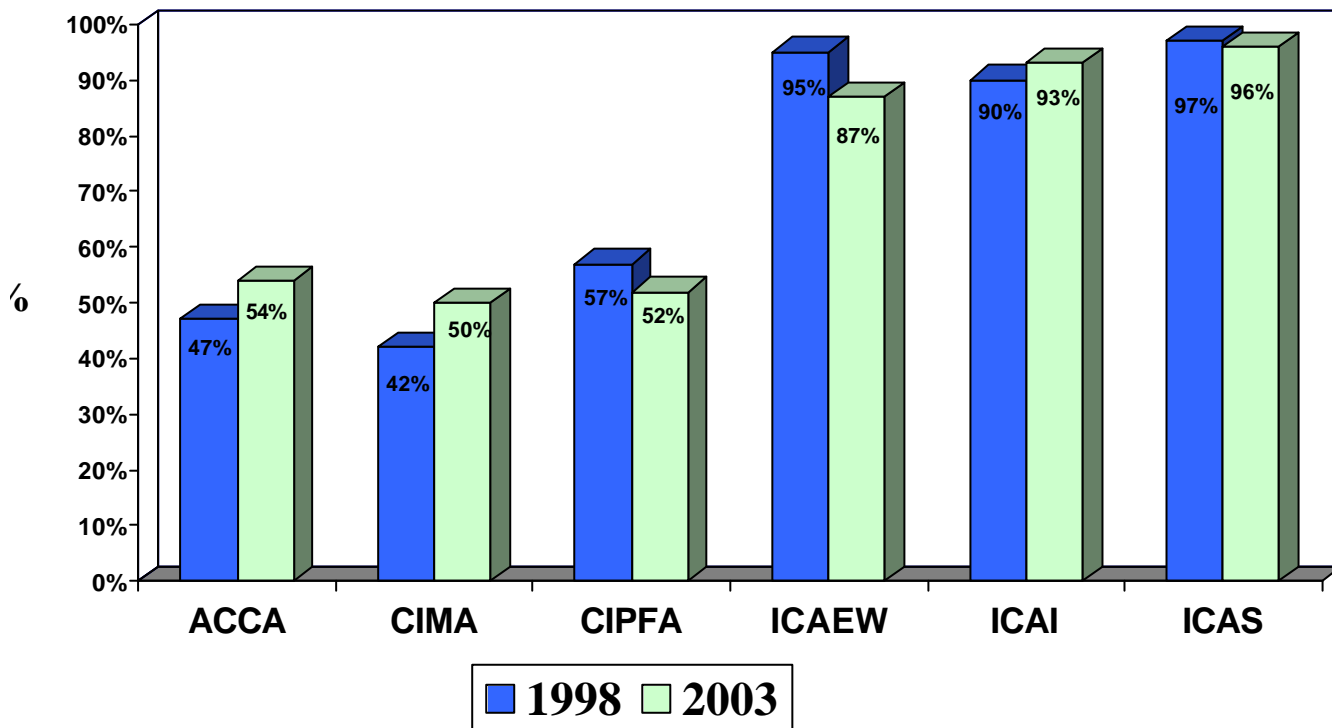


Chart 13

- ICAEW, ICAI and ICAS have a higher percentage of students with a degree than the other accountancy bodies.
- Overall worldwide the percentage of students holding a degree increased from 49% to 55% between 1998 and 2003, largely as a result of the increasing proportion of ACCA and CIMA students holding a degree.

## Percentage of students holding a relevant degree 1998 and 2003

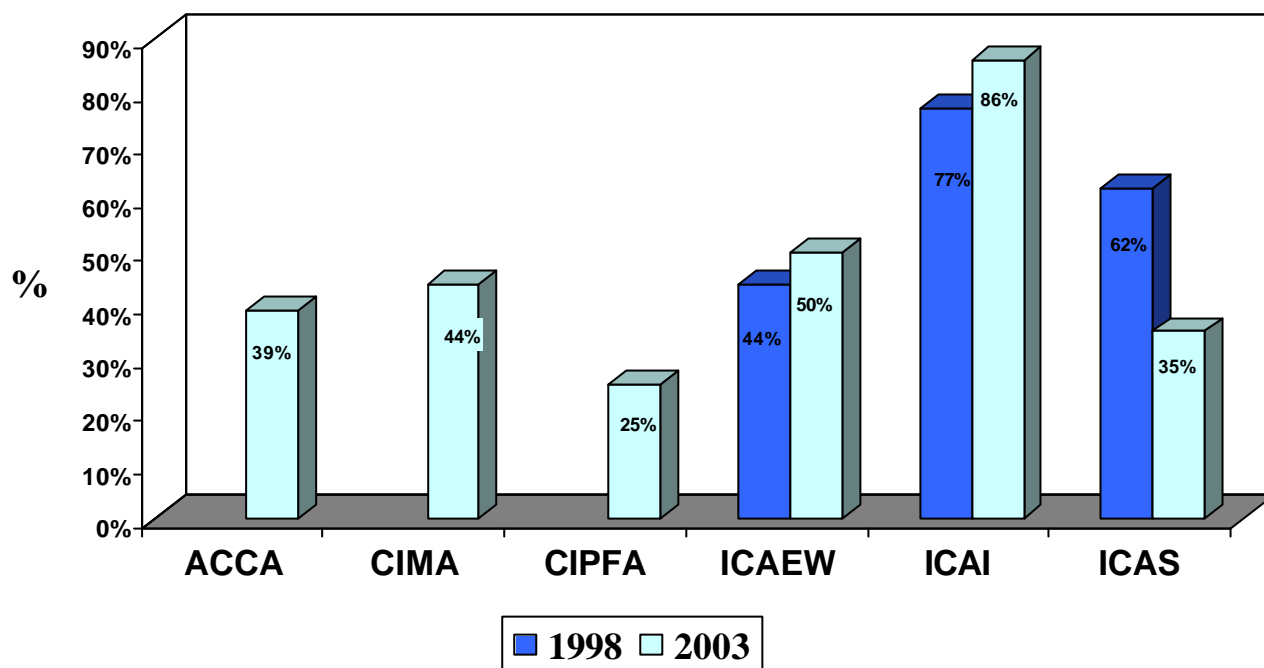


Chart 14

- Comparisons are difficult to make, because the accountancy bodies use different definitions of a “relevant degree” (see notes below)
- ICAI has more students with a relevant degree than the other accountancy bodies.
- The decrease in the percentage of ICAS students with a relevant degree in part reflects the increase in students from offices in England, which are more likely to recruit graduates from a wider range of disciplines.

### Notes to Charts 13 and 14

1. The figures are based on students worldwide.
2. ACCA, CIMA and CIPFA did not collect this data in 1998.
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.



## Pass Rates

Table 11 shows, for five of the six chartered accountancy bodies:

- (1) the percentage of overall passes at the final examination stage for the year 2003
- (2) the percentage of those overall passes at the final examination stage which are first time passes

%	ACCA	CIMA	ICAEW	ICAI	ICAS
Percentage of overall passes	47	46	83	80	82
Percentage of overall passes which are first time passes	59	65	N/A	71	84

Table 11

- The overall pass rate and the level of first time passes are higher for ICAI, ICAS and ICAEW (first time pass rate not available) 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. 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, 2000-2003

Table 12 shows the income of each of the six chartered accountancy bodies over the period 2000 to 2003

£M	ACCA	CIMA	CIPFA	ICAEW	ICAI <sup>1</sup>	ICAS	TOTAL
2000	34.9	23.0	24.8	53.8	7.6	10.7	154.8
2001	41.0	25.6	29.0	54.0	8.1	13.3	171.0
2002	46.0	27.1	32.8	44.3	10.6	13.9	174.7
2003	52.6	27.2	36.1	47.1	12.8	14.1	189.9

Table 12

Note 1: ICAI income converted from euros

## Income of six chartered accountancy bodies 2000–2003

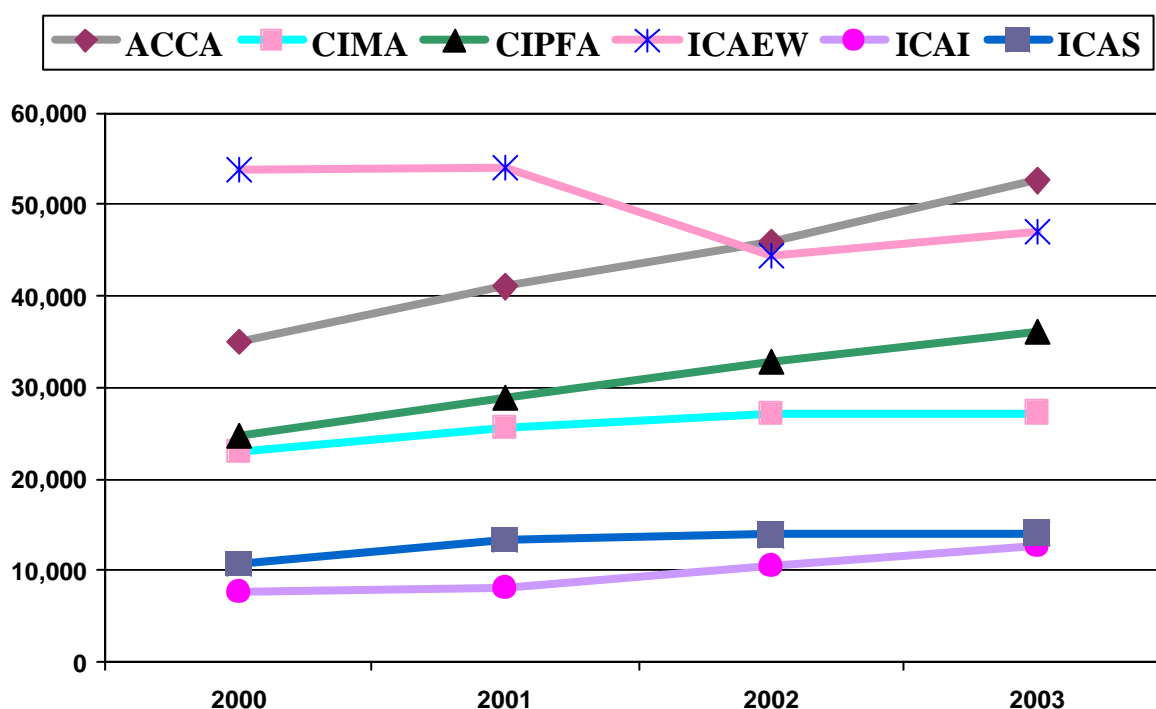


Chart 15

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, 2000–2003:

Table 13 shows the number of staff (full time equivalent) employed by the six chartered accountancy bodies over the period 2000 to 2003:

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
<b>2000</b>	295	223	242	471	84	132	<b>1447</b>
<b>2001</b>	348	240	278	541	87	137	<b>1631</b>
<b>2002</b>	487	235	302	425	95	137	<b>1680</b>
<b>2003</b>	571	239	335	428	104	135	<b>1812</b>

Table 13

- The total number of staff employed by the six accountancy bodies in the UK and ROI has increased by approximately 25% since 1998. Most of that increase is accounted for by ACCA and CIPFA.

Notes:

1. Figures for ICAEW 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 UK<sup>2</sup>. 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.

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<sup>2</sup> 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 01/02<sup>1</sup> 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).

<sup>1</sup> figures for 2001/02 exclude Deloittes, since information in the required form is not available.



**FEE INCOME OF MAJOR AUDIT FIRMS 2003-2004<sup>1</sup>**  
**(by audit fee income)**

**Table 14**

<b>Name</b>	<b>Business Structure</b>	<b>No of Principals</b>	<b>Year To</b>	<b>Total Fee Income £m</b>	<b>Fee Income: Audit £m</b>	<b>Fee Income: Non-Audit Work to Audit Clients £m</b>	<b>Fee Income: Non-Audit Work to Non-Audit Clients £m</b>
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 <sup>2</sup>	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**

<b>Name</b>	<b>Year To</b>	<b>Total Fee Income £m</b>	<b>Fee Income: Audit £m</b>	<b>Fee Income: Non-Audit Work to Audit Clients £m</b>	<b>Fee Income: Non-Audit Work to Non-Audit Clients £m</b>
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**

<b>Name</b>	<b>Year To</b>	<b>Total Fee Income £m</b>	<b>Fee Income: Audit £m</b>	<b>Fee Income: Non Audit Work to Audit Clients £m</b>	<b>Fee Income: Non-Audit Work to Non- Audit Clients £m</b>
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

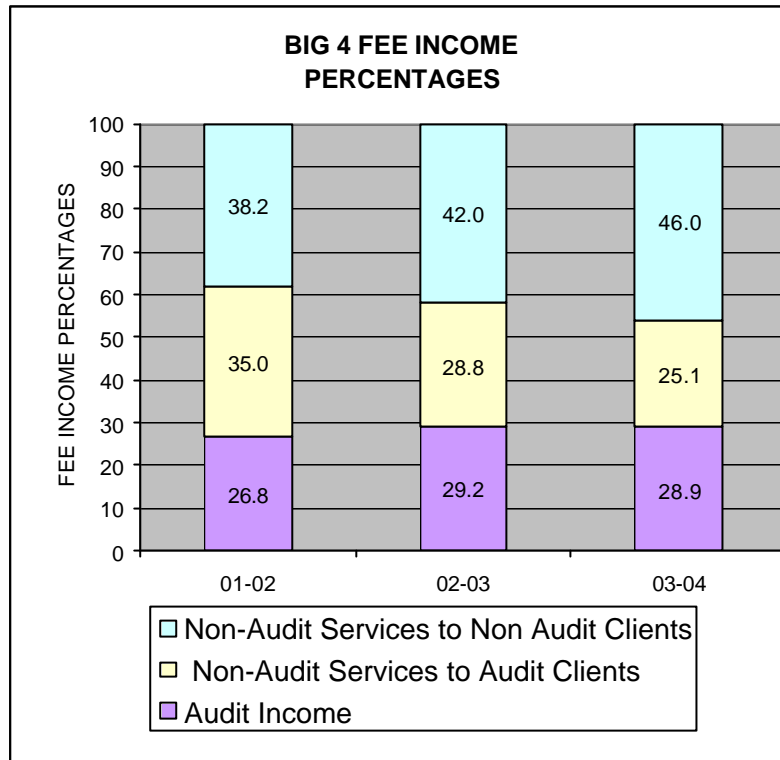


Chart 16

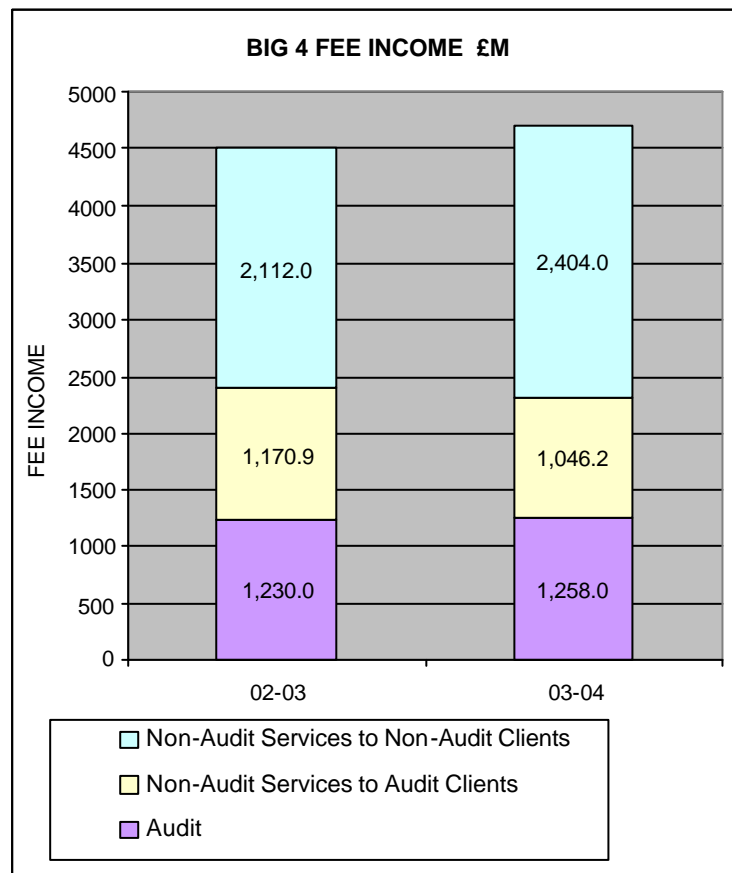
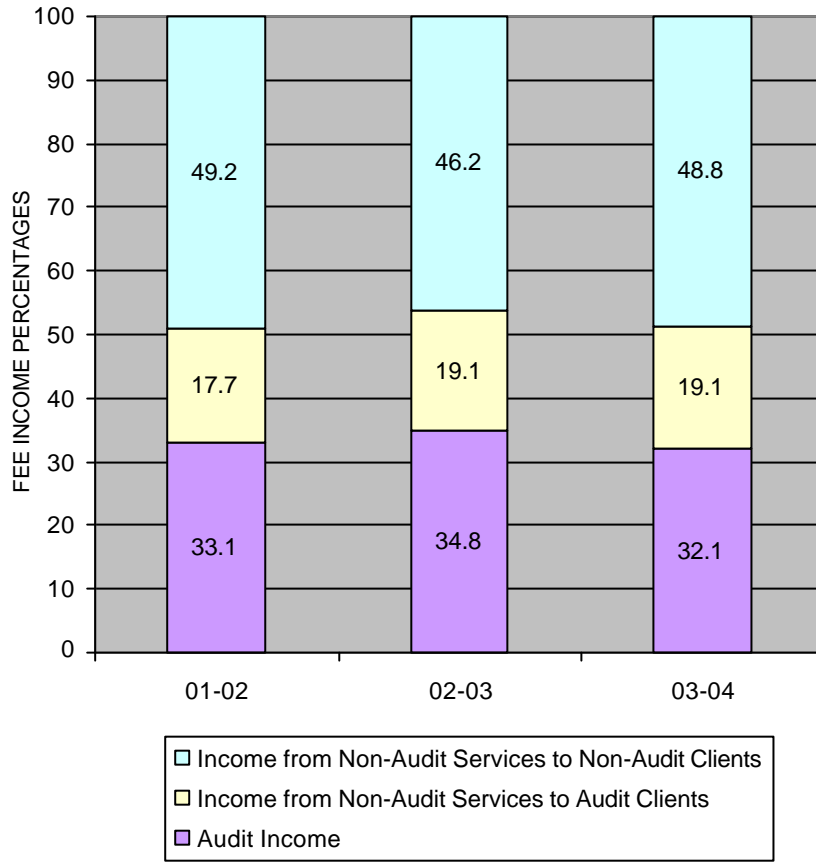


Chart 17

## NON BIG 4 LARGE AUDIT FIRMS FEE INCOME PERCENTAGES



*Chart 18*

## NUMBER OF AUDIT FIRMS REGISTERED WITH RECOGNISED SUPERVISORY BODIES

	No of principals <sup>1</sup>	ICAEW	ICAS	ICAI	No of principals <sup>1</sup>	ACCA	TOTAL
	<b>1</b>	3,800	220	693	<b>1</b>	1,988	
	<b>2-3</b>	1,674	124	271	<b>2-3</b>	689	
	<b>4-6</b>	581	59	59	<b>4-6</b>	160	
	<b>7-10</b>	163	13	13	<b>7-10</b>	31	
	<b>11-20</b>	78	6	3	<b>10+</b>	12	
	<b>21-50</b>	25	1	6			
	<b>51+</b>	15	0	1			
	<b>as at 30.9.04</b>					2,880	
	<b>as at 31.12.03</b>	6,336	423	1,046		3,083	10,888
	<b>as at 31.12.02</b>	6,478	453	1,044		3,112	11,087
	<b>as at 31.12.01</b>	6,671	482	1,044		2,975	11,172
							<i>Table 17</i>

- 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 modest decline in the number of registered audit firms, other than those registered with the ICAI.
- It is likely 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.)

### 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.

<b>Audit Firms Registered with ICAEW (October 2004)</b>		
<b>Firms ranked by size</b>	<b>Average Total Fee Income £'000</b>	<b>Fee Income Per Partner £'000</b>
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 presents the data in Table 18 in a different way. It 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.

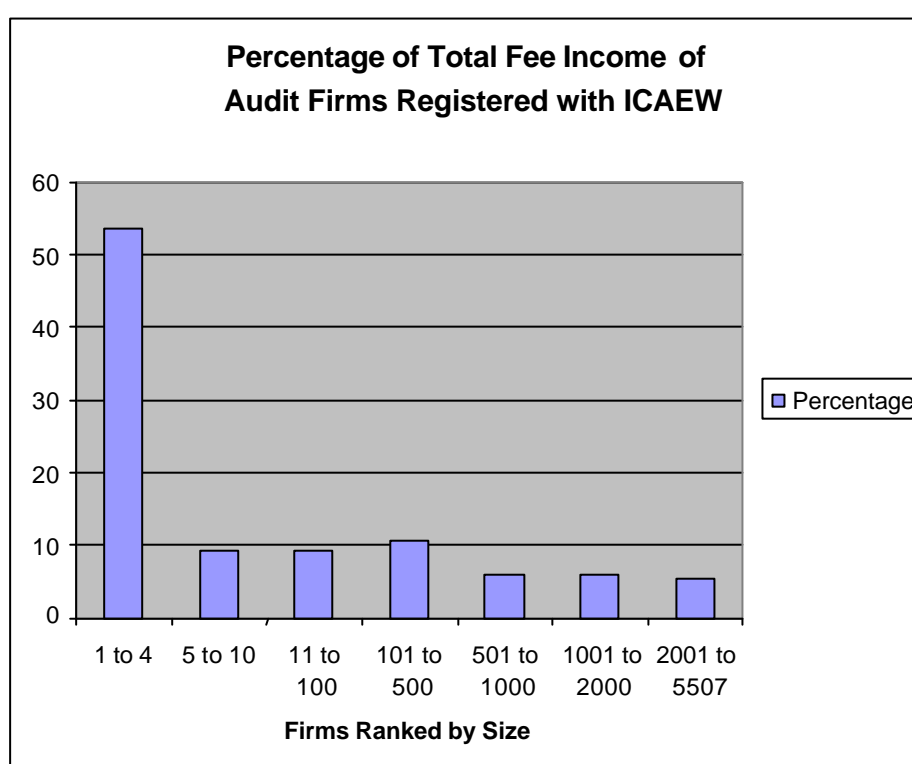


Chart 19

- 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. Firms are not included in this chart which either have no fee income or have not yet submitted their first annual return.





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