



PROFESSIONAL OVERSIGHT BOARD

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

JULY 2008



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Chairman's Foreword

This is the sixth edition of 'Key Facts and Trends in the Accountancy Profession'. Consistent with previous editions this document provides statistical information principally for the six Chartered Accountancy Bodies¹ who are members of the UK Consultative Committee of Accountancy Bodies (CCAB), and for most of the larger registered audit firms, for the period up to 31 December 2007. In addition we have included some information specifically relating to audit and the responsibilities of those bodies which offer the recognised professional qualification and those bodies who register and supervise the work of statutory auditors.

All of the CCAB bodies have a Royal Charter and the "Chartered" title their members use is therefore protected. It is, however, misleading to equate the CCAB to the accountancy profession in the UK. There are a number of other bodies in the UK and the Republic of Ireland, whose members provide accountancy and related services, must have passed examinations prior to offering these services and are subject to regulatory requirements.

The purpose of this document is to provide information and, where appropriate, provide some clarification and comment on possible limitations of the data. It is often difficult to make comparisons between the different accountancy bodies or between the audit firms, as a result of a number of factors including differing entry requirements and a different classification of income.

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

- Members of the six Chartered Accountancy Bodies;
- Students of the six Chartered Accountancy Bodies;
- The income, costs and staffing of the six Chartered Accountancy Bodies;
- Fee income of the larger UK audit firms;
- Concentration of UK listed companies' audits; and
- Number and size of audit registered firms.

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

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)

The changes we have made to this edition reflect comments received on information in previous editions. We would welcome further comments on what information you think may improve future editions. Your comments should be sent to Tracy Neilson (t.neilson@frc-pob.org.uk).

The Financial Reporting Council (FRC) is the unified independent regulator for the accounting, audit and actuarial profession and for accounting, auditing and actuarial standard setting and enforcement. Within the FRC, the Professional Oversight Board 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.
- Independent oversight of the regulation of the actuarial profession by the professional actuarial bodies and promoting high quality actuarial work.

Further information about the FRC and its operating bodies is available at www.frc.org.uk.

Sir John Bourn
Chairman of the Professional Oversight Board
July 2008

SECTION ONE

MAIN HIGHLIGHTS

One - Main Highlights

The Accountancy Bodies 2002 - 2007

- Accountancy continues to flourish and grow in the UK. The six Chartered bodies have over 275,000 members and over 165,000 students in the UK and Republic of Ireland. (Table 1, Chart 1 and Table 11)
- The Six Chartered bodies have over 370,000 members and over 390,000 students worldwide. The compound annual growth rate of members between 2002 and 2007 was 3.1% per annum (Table 2, Chart 2 and Table 9)
- Worldwide, student numbers have been growing more quickly than membership numbers between 2002 and 2007, (compound annual growth in members was 3.1% and compared to 7.9% for students) (Tables 2 and 9)
- 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 2002 (11,211) and in 2007 (8,574) has decreased by 23.5%. However, the rate of decline has been less in recent years. (Table 7)
- In comparison to the high number of students who become members, very few members are awarded with the recognised professional qualification for audit. In 2007, 13,238 students became members, but only 623 members were awarded the recognised professional qualification for audit. (Table 16)

The Audit Firms 2002 – 2007

- 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 over the same period (Chart 27).
- There has been a similar trend in the split of fee income for the larger registered audit firms outside of the Big Four over the past three years. (Chart 28).
- The trends described above followed the introduction of the Auditing Practices Board's ethical standards and the Smith guidance on the provision of non audit services.
- Audit fee income per responsible individual in both Big Four and the larger registered audit firms outside of the Big Four firms has grown in 2007 (Table 23).
- Table 26 shows that there are more listed companies outside of the FTSE 350 now audited by the non-Big Four firms. This could reflect a gradual opening of the market or may be a result of fee pressure.

SECTION TWO

MEMBERS OF ACCOUNTANCY BODIES

Two – Members of Accountancy Bodies

Members in the UK and the Republic of Ireland 2002 – 2007

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 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS | TOTAL |
|----------------------------------|--------|--------|--------|---------|--------|--------|---------|
| 2002 | 52,678 | 46,820 | 13,213 | 108,157 | 11,840 | 13,004 | 245,712 |
| 2003 | 54,209 | 48,986 | 13,223 | 110,468 | 12,186 | 13,312 | 252,384 |
| 2004 | 56,837 | 51,386 | 13,266 | 110,776 | 12,757 | 13,811 | 258,833 |
| 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 |
| % growth (02 - 07) | 22.0 | 24.7 | 1.4 | 3.3 | 27.7 | 14.6 | 13.0 |
| % compound annual growth (02-07) | 4.1 | 4.5 | 0.3 | 0.6 | 5.0 | 2.8 | 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 245,000 in 2002 to over 275,000 in 2007.
- 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 5% per year between 2002 and 2007.
- 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 2002 - 2007

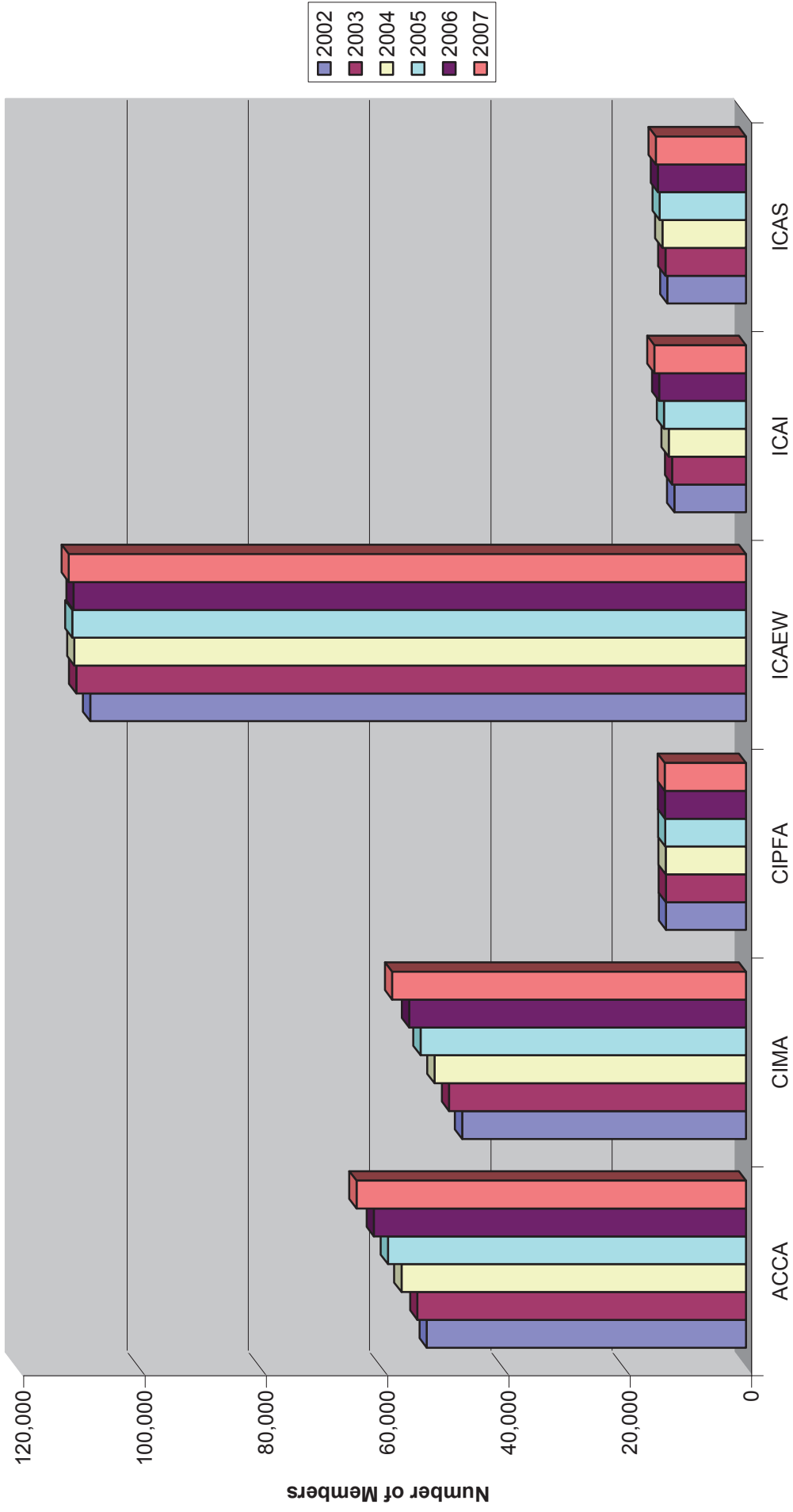


Chart 1

Members Worldwide 2002 – 2007

Table 2 and Chart 2 show the number of members of each of the six Chartered Accountancy Bodies worldwide at the end 31 December for each of the six years to 31 December 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS | TOTAL |
|----------------------------------|---------|--------|--------|---------|--------|--------|---------|
| 2002 | 95,416 | 59,782 | 13,521 | 123,719 | 13,039 | 15,166 | 320,643 |
| 2003 | 98,293 | 62,361 | 13,510 | 125,643 | 13,551 | 15,749 | 329,107 |
| 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 |
| % growth (02 - 07) | 28.3 | 22.7 | 1.2 | 5.3 | 28.0 | 12.6 | 16.5 |
| % compound annual growth (02-07) | 5.1 | 4.2 | 0.2 | 1.0 | 5.1 | 2.4 | 3.1 |

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. (3.1% compared with 2.5% compound annual growth).
- The worldwide growth rate is mainly driven by the strong growth of ACCA globally. 47.5% of ACCA's membership is outside of the UK and Republic of Ireland (2007). This compares with 44.8% in 2002.
- The ICAI has experienced a strong growth rate in total members worldwide. This is explained by its growth in members in the UK & ROI (Table 1). In contrast to ACCA the ICAI only has 9% of its total membership population outside of the UK & ROI (Table 3).
- All other Chartered Accountancy Bodies have a much smaller percentage of their membership outside of the UK and Republic of Ireland. (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 2002 - 2007

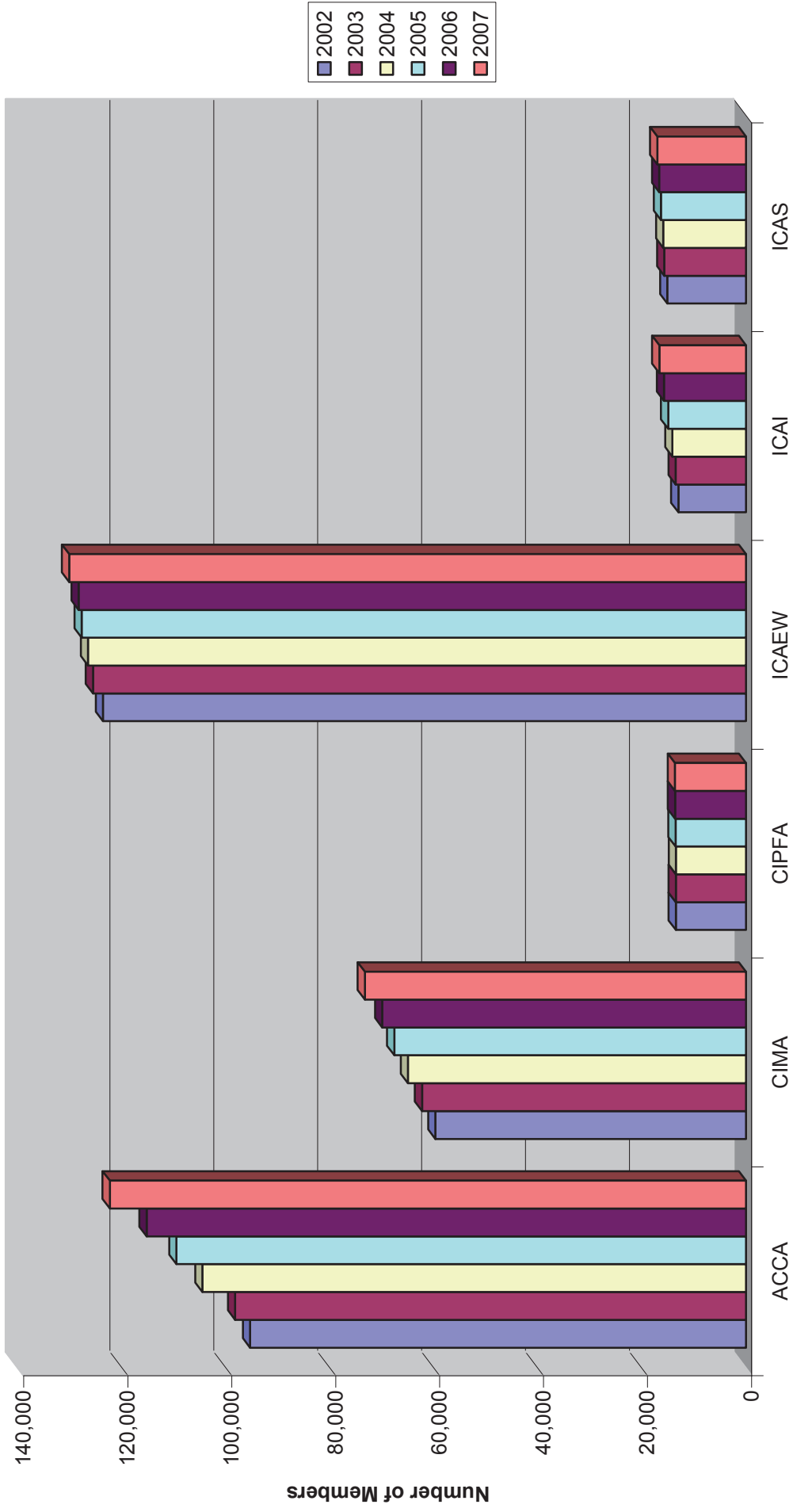


Chart 2

Members outside the UK and the Republic of Ireland 2002 – 2007

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 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS | TOTAL |
|--|-----------|-----------|----------|-----------|----------|-----------|---------------|
| 2002 | 42,738 | 12,962 | 308 | 15,562 | 1,199 | 2,162 | 74,931 |
| 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 |
| % of total worldwide membership outside UK/ROI 2002 | 45 | 22 | 2 | 13 | 9 | 14 | 23 |
| % of total worldwide membership outside UK/ROI 2007 | 48 | 20 | 2 | 14 | 9 | 13 | 26 |

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 2007

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 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI ¹ | ICAS | TOTAL |
|--------------------------------|------------|------------|------------|------------|-------------------|------------|------------|
| Public Practice | 29 | 2 | 0 | 36 | 33 | 29 | 25 |
| Industry & Commerce | 54 | 70 | 11 | 42 | 60 | 41 | 51 |
| Public Sector | 10 | 17 | 64 | 3 | 0 | 3 | 10 |
| Retired | 4 | 10 | 23 | 14 | 5 | 19 | 10 |
| Other² | 3 | 1 | 2 | 5 | 2 | 8 | 4 |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Table 4

- At the end of 2007 there were no CIPFA members and very few CIMA members employed in public practice.
- During 2007 we saw a change in the sectoral employment of members worldwide. The number of worldwide members employed in public practice declined from 28% in 2006 to 25% in 2007. For three of the Chartered Accountancy Bodies above (CIPFA, ICAEW and ICAI) there has been an increase in members employed in industry and commerce from 48% in 2006 to 51% in 2007.

¹ The ICAI combine members working within the public sector with those working within industry & commerce.

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 2002 – 2007

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 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS | TOTAL |
|------|------|------|-------|-------|------|------|-------|
| 2002 | 36 | 23 | 24 | 20 | 24 | 22 | 26 |
| 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 |

Table 5

- The percentage of female members of all six Chartered Accountancy Bodies has risen over the past six years from 26% in 2002 to 31% in 2007.
- ACCA has the largest percentage of female members whilst the ICAI has had the highest percentage growth in female members between 2002 and 2007.

Age of members worldwide 2007

Table 6 shows the number of members of each of the six Chartered Accountancy Bodies worldwide by age as at 31 December 2007. Chart 3 shows this information in a graphical format. Charts 4 to 9 compare the age distribution for each body as at 31 December 2002 compared to the age distribution as at 31 December 2007.

| | ACCA | CIMA | CIPFA ³ | ICAEW | ICAI | ICAS | TOTAL |
|--------------------|----------------|---------------|--------------------|----------------|---------------|---------------|----------------|
| Under 25 | 580 | 68 | 8 | 138 | 16 | 41 | 851 |
| 25 - 34 | 39,338 | 14,836 | 1,204 | 24,138 | 6,060 | 4,274 | 89,850 |
| 35 - 44 | 46,082 | 26,469 | 3,879 | 35,731 | 5,248 | 3,896 | 121,305 |
| 45 - 54 | 20,536 | 16,374 | 3,661 | 29,341 | 2,962 | 3,485 | 76,359 |
| 55 - 64 | 9,590 | 9,051 | 3,167 | 23,266 | 1,431 | 2,564 | 49,069 |
| 65 and over | 6,300 | 6,558 | 1,742 | 17,629 | 974 | 2,823 | 36,026 |
| TOTAL | 122,426 | 73,356 | 13,661 | 130,243 | 16,691 | 17,083 | 373,460 |

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 68% respectively of their membership younger than 45 years.
- In contrast 63% of CIPFA's membership is over 45 years old.
- The most marked change in age profile between 2002 and 2007 relates to CIPFA where the percentage of members aged below 45 years in 2002 was 44% compared to 37% in 2007.

³ The age is not known for 28 CIPFA members.

Comparison of Age Profiles of Members of Accountancy Bodies 2007

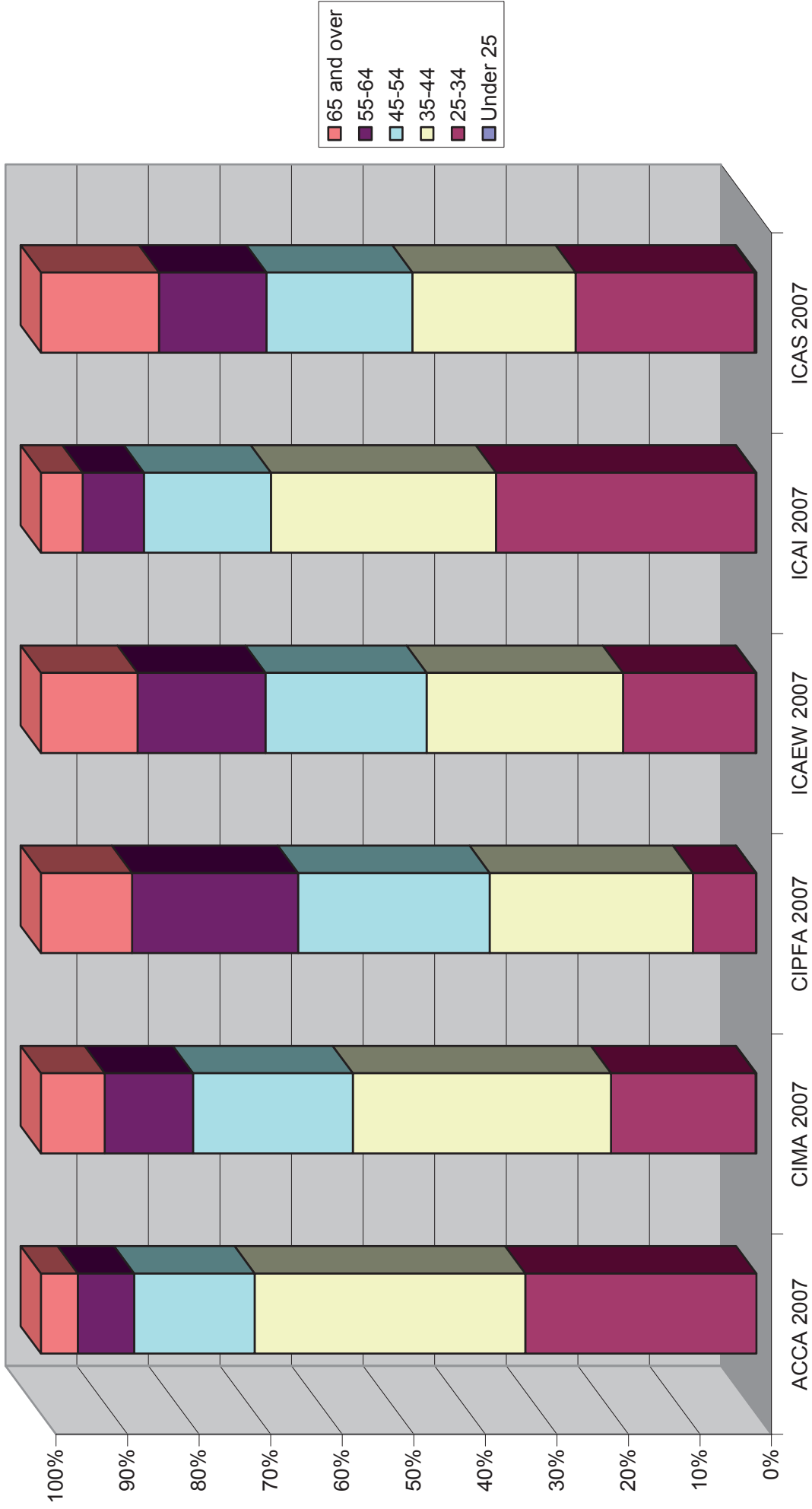


Chart 3

Age of members of the six Chartered Accountancy Bodies 2002 – 2007

The following charts compare the age distribution of members of the bodies for 2002 and 2007.

Age of ACCA Members 2002 and 2007

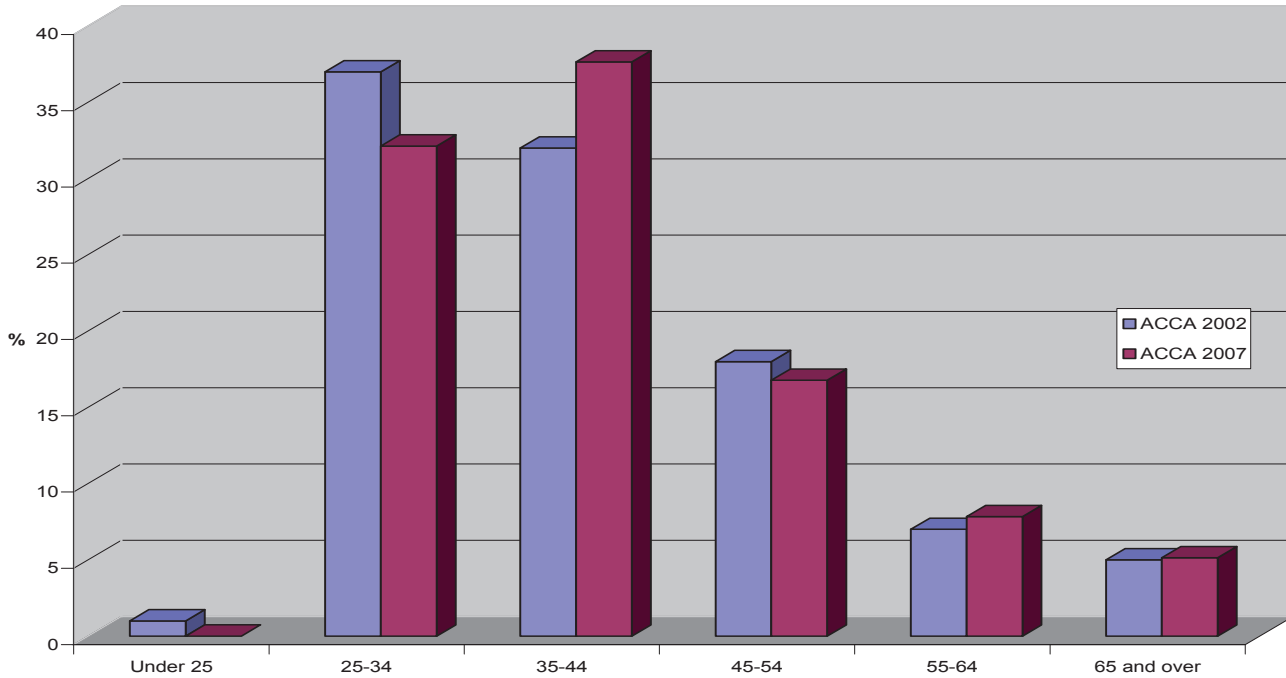


Chart 4

Age of CIMA Members 2002 and 2007

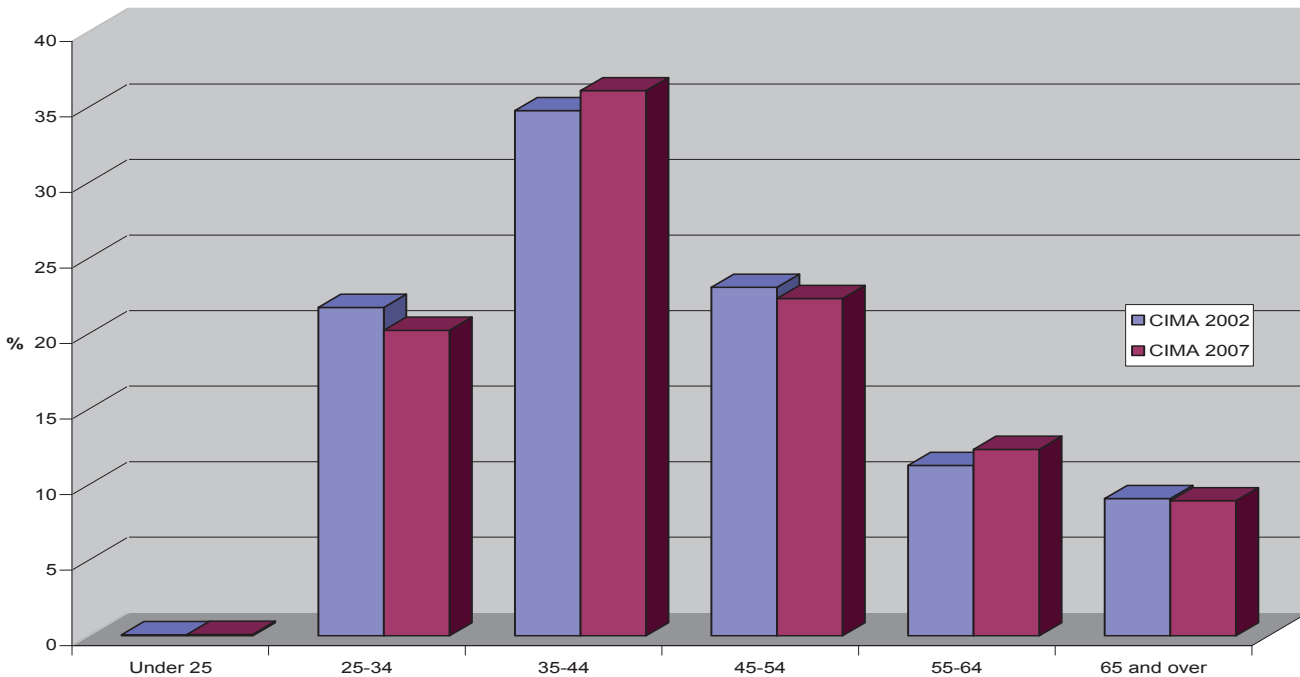


Chart 5

Age of CIPFA Members 2002 and 2007

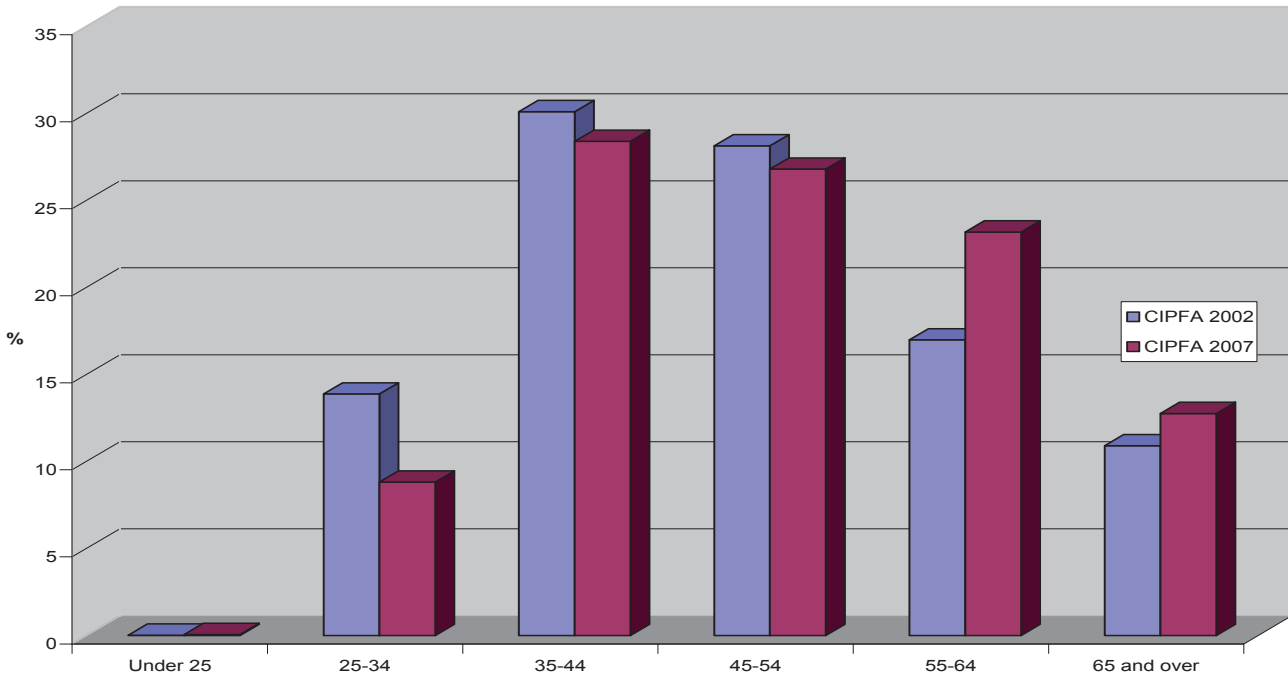


Chart 6

Age of ICAEW Members 2002 and 2007

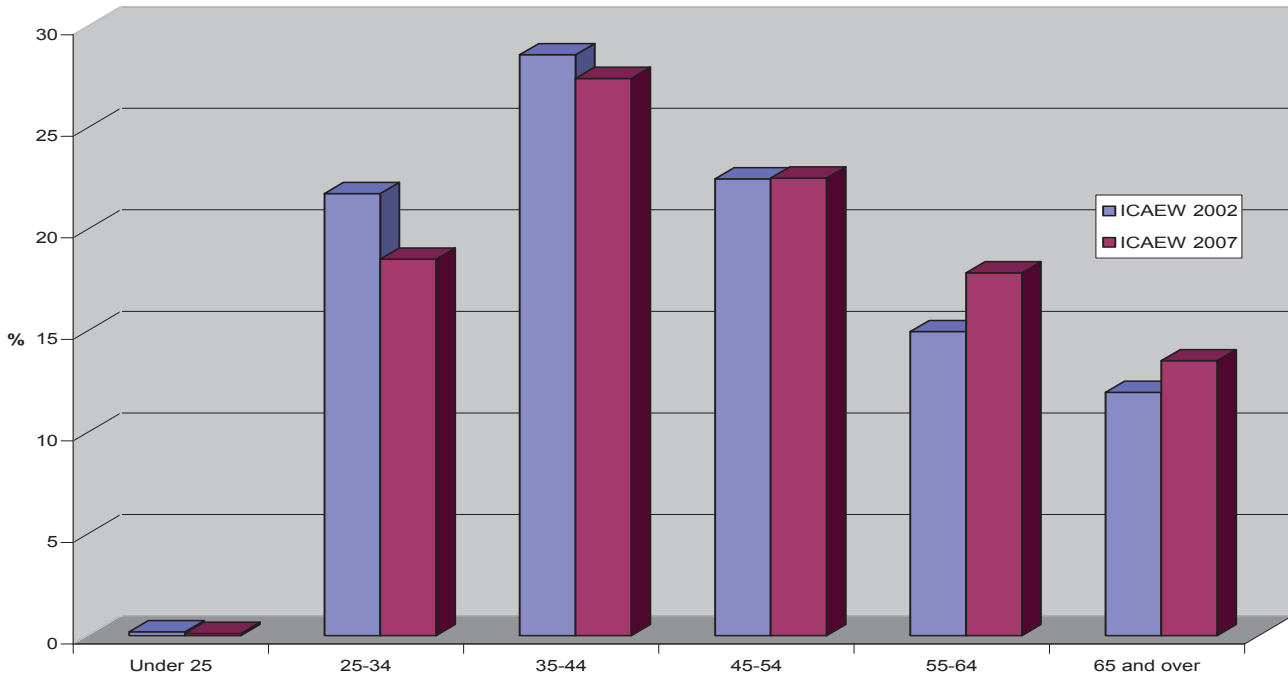


Chart 7

Age of ICAI Members 2002 and 2007

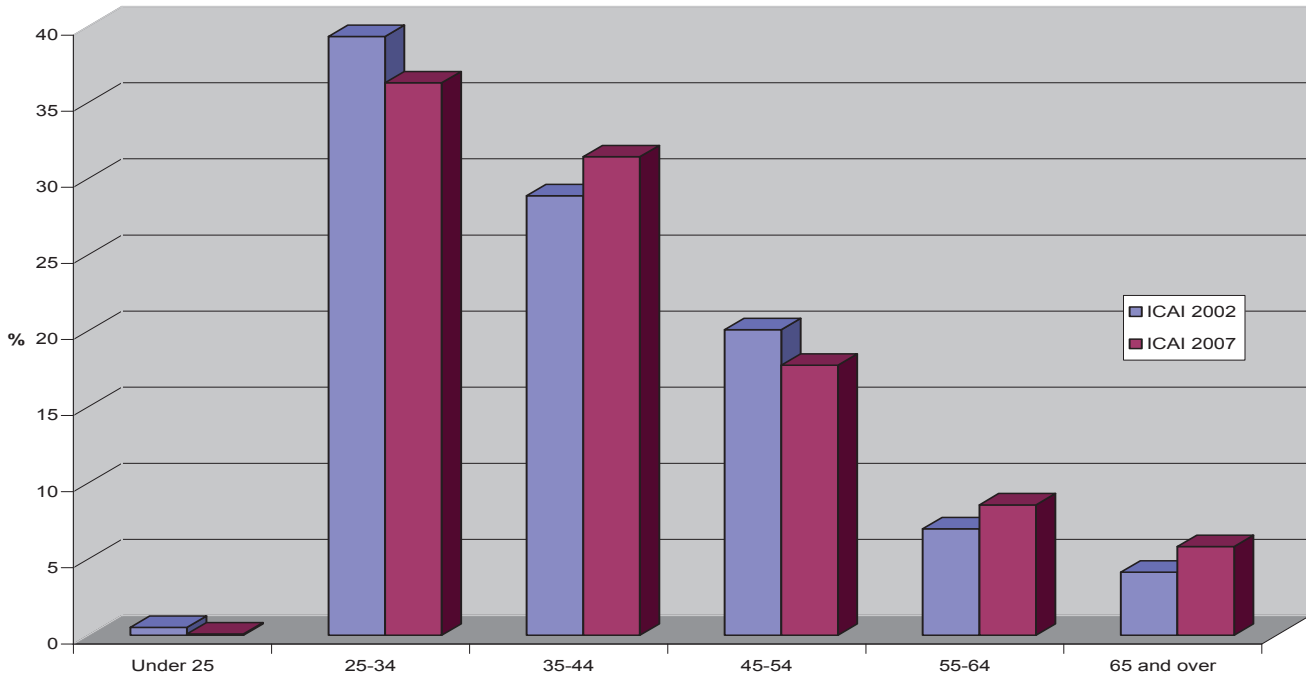


Chart 8

Age of ICAS Members 2002 and 2007

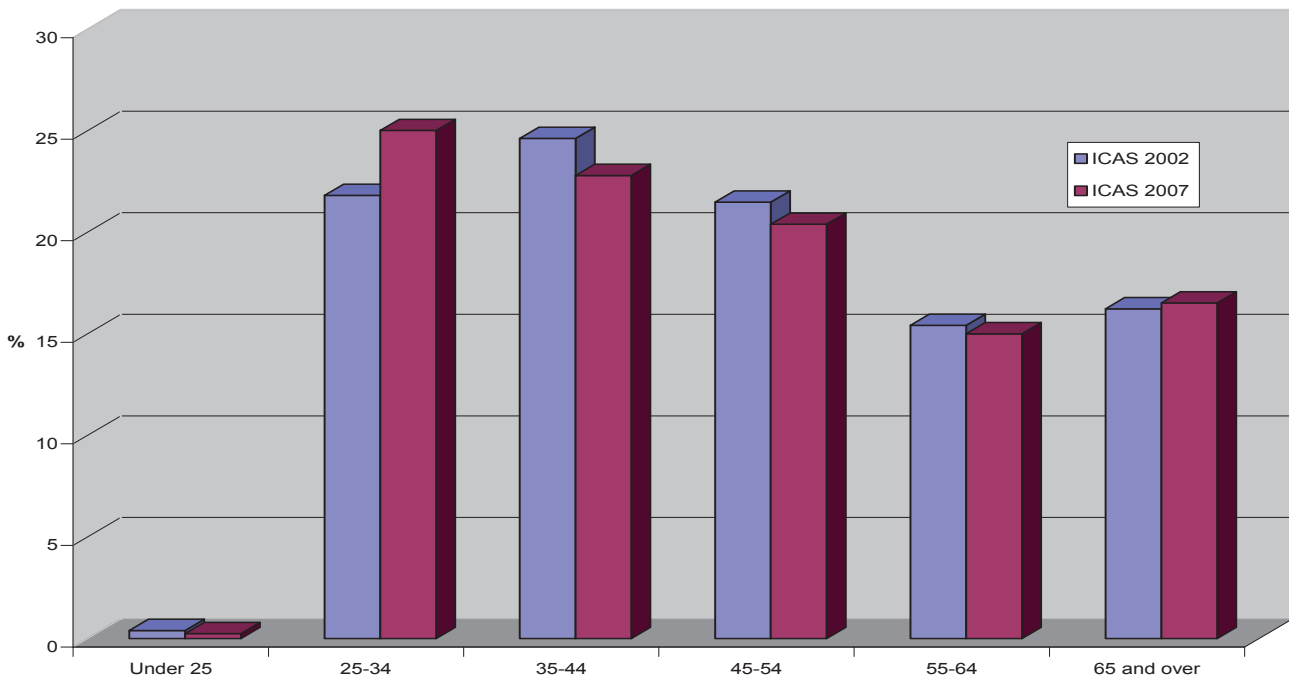


Chart 9

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 of the Companies Act 2006 – Recognised Supervisory Bodies⁴. The requirements as outlined in Schedule 10 of 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 recognised supervisory bodies as at 31 December for each of the six years to 31 December 2007.

| Number of Principals in Firm | ACCA | AAPA | ICAEW | ICAI | ICAS | TOTAL |
|------------------------------|--------------|---------------|--------------|--------------|------------|--------------|
| 1 | 1,894 | 78 | 2,265 | 654 | 109 | 5,000 |
| 2 - 6 | 770 | 1 | 1,986 | 329 | 132 | 3,218 |
| 7 - 10 | 25 | 0 | 156 | 13 | 17 | 211 |
| 11 -50 | 8 | 0 | 106 | 9 | 7 | 130 |
| 50+ | 0 | 0 | 13 | 1 | 1 | 15 |
| 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 |
| Total as at 31.12.02 | 3,112 | 124 | 6,478 | 1,044 | 453 | 11,211 |

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. Whilst the number of registered audit firms (excluding those registered with the AAPA) fell by over 23% between 2002 and 2007, the number of registered audit firms (excluding those registered with the AAPA) only fell by 4.8% between 2006 and 2007.
- The overall decrease between 2002 and 2007 can be explained by the increase in the audit threshold and the corresponding decrease in the number of entities requiring an audit and therefore of firms requiring audit registration and an increase in the number of audit firms merging.
- Even though the number of companies requiring an audit has dropped sharply during the period there are still, 5,000 sole practitioners registered to carry out statutory audit work in the UK.

The Statutory Audit Directive (effective April 2008 in the UK) introduced a requirement that the Recognised Supervisory Bodies should monitor the activities undertaken by audit firms at least once every six years. This replaced a more general requirement that RSBs had procedures in place to monitor their registrants that left the frequency of these visits for the body to decide. Table 8 below provides details of the number of monitoring visits conducted by the RSBs during the year ended 31 December 2007. Whilst the Directive was not in force during 2007, a number of the Recognised Supervisory Bodies increased the number of firms they monitored to bring practice into line with the Directive at an early stage.

| | ACCA | AAPA | ICAEW | ICAI | ICAS | TOTAL |
|--|------|------|-------|------|------|--------------|
| Number of registered audit firms monitored during the year ended 31 December 2007 | 285 | 4 | 975 | 43 | 41 | 1,348 |

Table 8

SECTION THREE

STUDENTS OF ACCOUNTANCY BODIES

THREE – STUDENTS OF ACCOUNTANCY BODIES

Students registered worldwide 2002 – 2007

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 2007.

| | ACCA ¹ | CIMA ¹ | CIPFA ¹ | ICAEW ^{2,3} | ICAI ¹ | ICAS ¹ | TOTAL |
|---|-------------------|-------------------|--------------------|----------------------|-------------------|-------------------|---------|
| 2002 | 174,158 | 77,923 | 2,412 | 9,648 | 3,392 | 2,327 | 269,860 |
| 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 |
| % growth (02 - 07) ⁴ | 58.5 | 14.6 | 24.1 | - | 96.1 | 48.7 | 45.9 |
| % compound annual growth (02-07) ⁴ | 9.7 | 2.8 | 4.4 | - | 14.4 | 8.3 | 7.9 |

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 for 2005, 2006 and 2007 comprise 596, 666 and 1,087 individuals respectively 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 for 2006 and 2007 comprise 1,871 and 2,123 individuals respectively who have passed their final case study examination and completed their training contracts. These individuals are entitled for membership but have not yet applied.

⁴ Percentage growth rates and percentage compound annual growth rates have not been calculated for the ICAEW as the figures in Table 9 are not comparable year on year, see footnote 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 |

Table 10

- There continues to be wide differences in the numbers and rates of growth in the student membership worldwide of the Chartered Accountancy Bodies.
- Overall student numbers continue to grow (excluding the ICAEW figures) (7.9% compound growth to 2007) compared with (6.5% to 2006), reflecting the health of the profession and the continued attraction for students.
- The ICAI shows the highest growth rate and compound growth rate during the period 2002 to 2007.

Location of Students 2007

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

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS | TOTAL |
|-------------------------------------|----------------|---------------|--------------|---------------|--------------|--------------|----------------|
| UK & Republic of Ireland | 84,340 | 56,854 | 2,940 | 14,193 | 6,643 | 3,455 | 168,425 |
| Rest of the World | 191,717 | 32,418 | 53 | 1,229 | 10 | 5 | 225,432 |
| TOTAL | 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 grown since last year for ACCA (6.4%), ICAEW (11.7%), ICAI (47%) and ICAS (9.6%).
- The ACCA and CIMA have a significantly higher proportion of students outside the UK and Republic of Ireland (69.4% and 36.3% respectively) compared to the other Chartered Accountancy Bodies.

Note: 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.

Life of Students of the six Chartered Accountancy Bodies worldwide 2007

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 ⁵ | CIPFA ⁶ | ICAEW ⁷ | ICAI ⁸ | ICAS |
|--|--------|-------------------|--------------------|--------------------|-------------------|-------|
| Number of students who have been a student for ≤ 1 year | 73,292 | 19,261 | 641 | 4,942 | 1,790 | 1,081 |
| Number of students who have been a student for ≤ 2 years but > 1 year | 56,636 | 14,139 | 434 | 4,243 | 1,456 | 1,128 |
| Number of students who have been a student for ≤ 3 years but > 2 years | 38,558 | 10,843 | 523 | 3,379 | 1,212 | 809 |
| Number of students who have been a student for ≤ 4 years but > 3 years | 26,571 | 9,231 | 401 | 2,177 | 982 | 344 |
| Number of students who have been a student for ≤ 5 years but > 4 years | 20,589 | 6,744 | 295 | 287 | 364 | 58 |
| Number of students who have been a student for over 5 years | 60,411 | 29,054 | 699 | 394 | 0 | 40 |

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

⁵ Individuals who are entitled to membership but have not yet been admitted (passed finalist) are included in the figures according to the length of time they have been a passed finalist.

⁶ In 2002 CIPFA transferred onto a new business system and no longer has information on original registration dates for students who joined prior to this date.

⁷ Pre 2005 ICAEW retained information on all individuals who were entitled to membership but not yet been admitted. In 2005 ICAEW kept information on students up to 2 years post the completion of their training contract from 2006 this was reduced to 1 year post training contract completion.

⁸ 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 2007

Chart 10 compares the age distribution for the six Chartered Accountancy Bodies as at 31 December 2007.

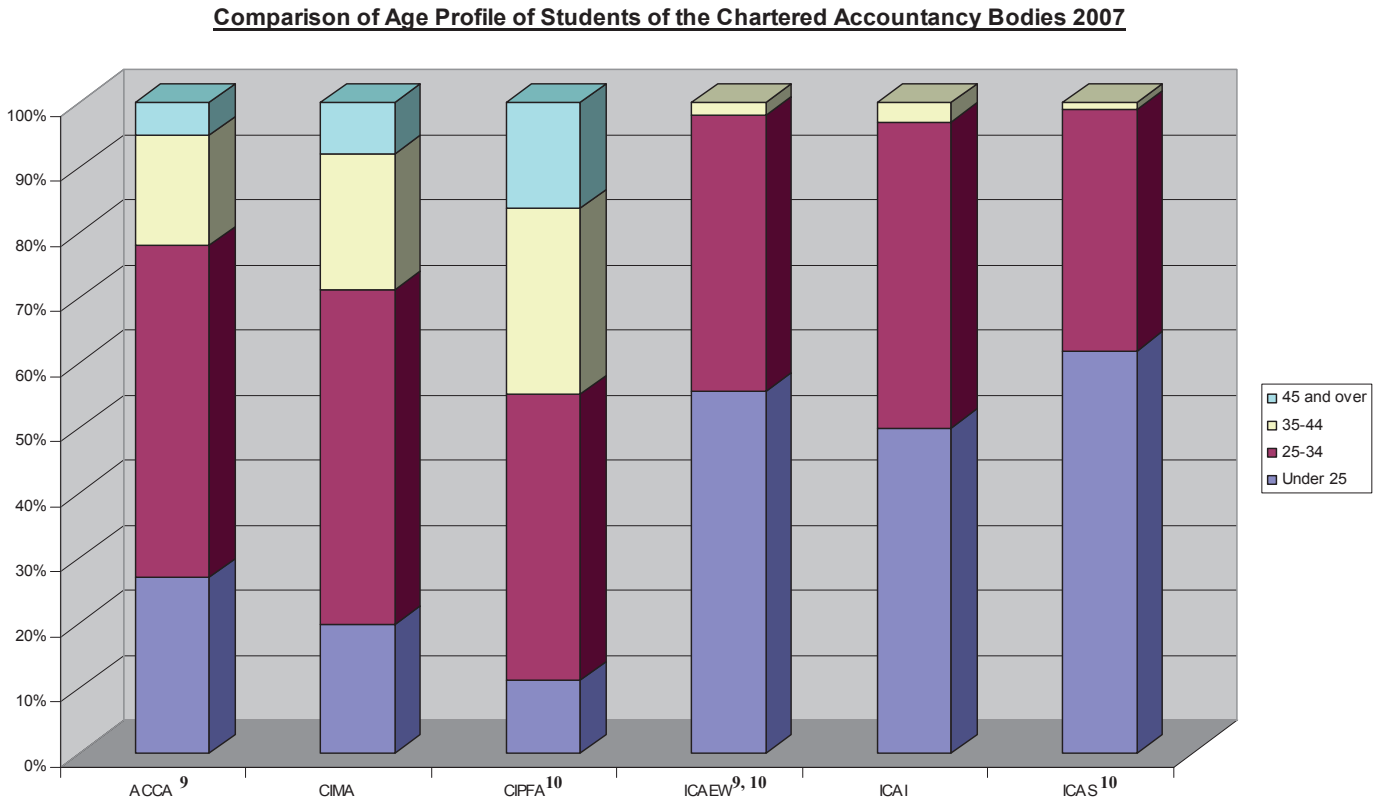


Chart 10

- CIPFA has the oldest student age profile with 45% of students aged 35 and older.
- Charts 11 to 22 show that most of the six Chartered Accountancy Bodies have an ageing population of students. The exception to this is CIMA which has seen a small increase in the number of students under the age of 25.

⁹ ACCA and ICAEW figures relate to the age of the student intake, not the ages of all students.

¹⁰ CIPFA, ICAEW and ICAS have 1.6%, 1.3% and 3.2% respectively of unknown student ages.

Age comparison of Students of the Chartered Accountancy Bodies 2002 – 2007

The following charts compare the age distribution of students of the Chartered Accountancy Bodies as at 31 December 2002 and 2007.

Change in age profile for ACCA students 2002 and 2007

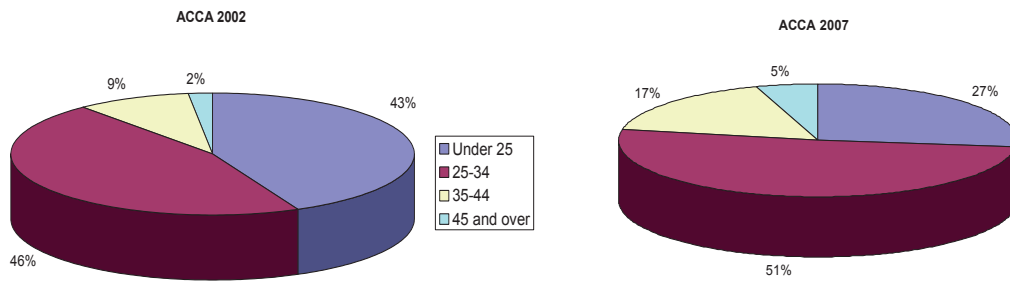


Chart 11 and Chart 12

Change in age profile for CIMA students 2002 and 2007

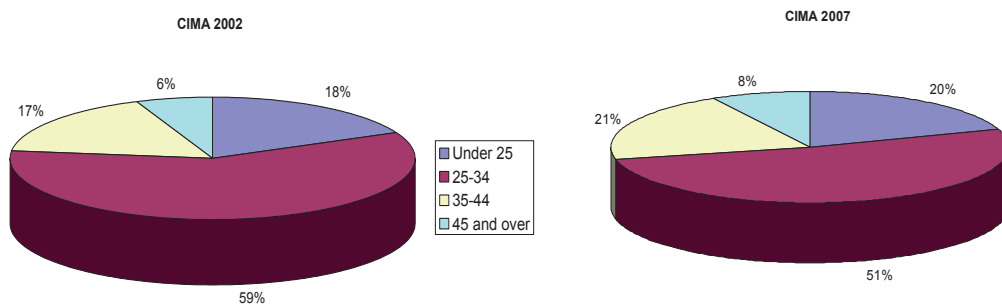


Chart 13 and Chart 14

Change in age profile for CIPFA students 2002 and 2007

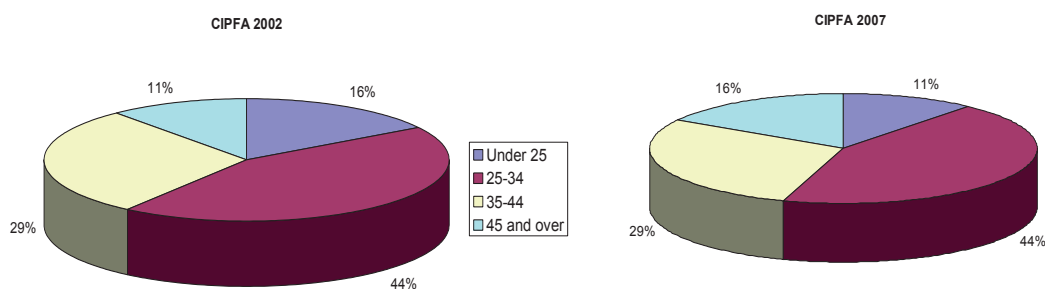


Chart 15 and Chart 16

Change in age profile for ICAEW students 2002 and 2007

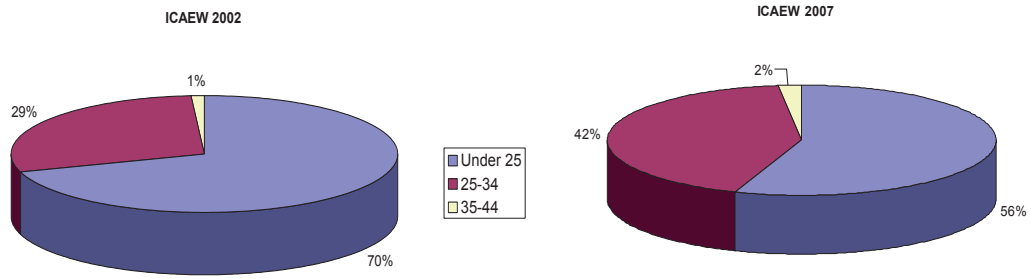


Chart 17 and Chart 18

Change in age profile for ICAI students 2002 and 2007

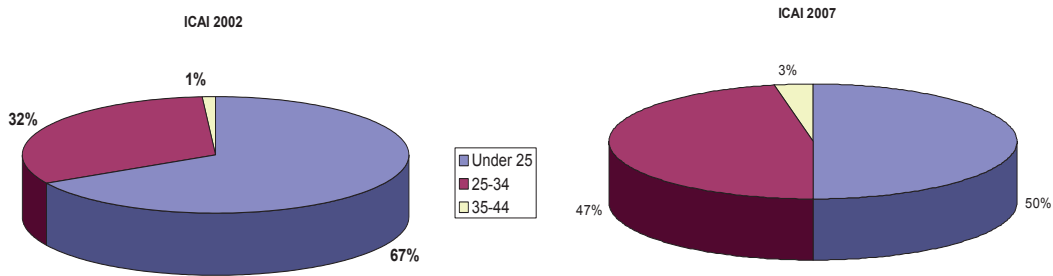


Chart 19 and Chart 20

Change in age profile for ICAS students 2002 and 2007

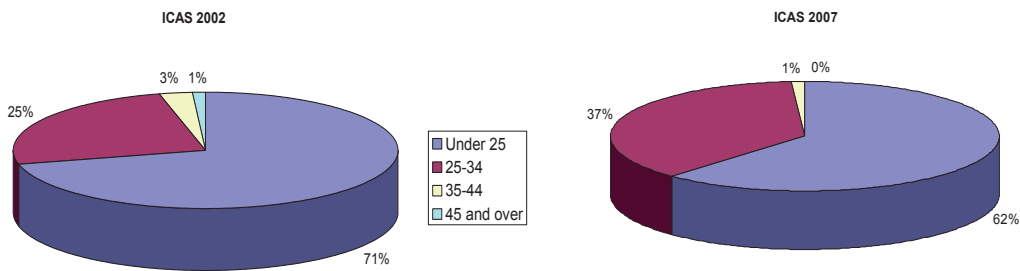


Chart 21 and Chart 22

Sectoral employment of students worldwide 2007

Table 13 shows the sectoral employment of worldwide students of each of the accountancy bodies as at 31 December 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS ¹¹ | TOTAL |
|--------------------------------|----------------|---------------|--------------|---------------|--------------|--------------------|----------------|
| Public Practice | 70,008 | 0 | 0 | 11,895 | 6,309 | 3,358 | 91,570 |
| Industry & Commerce | 130,768 | 70,382 | 82 | 115 | 164 | 102 | 201,613 |
| Public Sector | 35,120 | 14,782 | 2,909 | 202 | 28 | 0 | 53,041 |
| Other¹² | 40,161 | 4,108 | 2 | 3,210 | 152 | 0 | 47,633 |
| TOTAL | 276,057 | 89,272 | 2,993 | 15,422 | 6,653 | 3,460 | 393,857 |

Table 13

- Over 75% of ICAEW, ICAI and ICAS students are employed in public practice. In contrast only 25% of ACCA's students are employed in public practice.
- 97% of CIPFA's students are employed in the public sector.
- Whilst a large number of ACCA's students are employed in industry and commerce (47%), their students are most widely dispersed across the employment sectors of the profession.

¹¹ The ICAS figure for industry and commerce includes students working within the public sector.

¹² '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 2007

Table 14 shows the percentage of female students of each of the accountancy bodies worldwide as at 31 December 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI ¹³ | ICAS ¹³ | TOTAL |
|------|------|------|-------|-------|--------------------|--------------------|-------|
| 2002 | 51 | 43 | 50 | 45 | 54 | 46 | 48 |
| 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 |

Table 14

- The total proportion of female students worldwide has remained constant between 2002 and 2007.
- The biggest change is for the ICAEW, where the percentage of female students fell between 2002 and 2007.
- The percentage of female students remains higher than the percentage of female members (see Table 5)

¹³ 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 and (ii) graduates who held a relevant degree.

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 who hold a degree and the percentage of those students who hold a relevant degree.

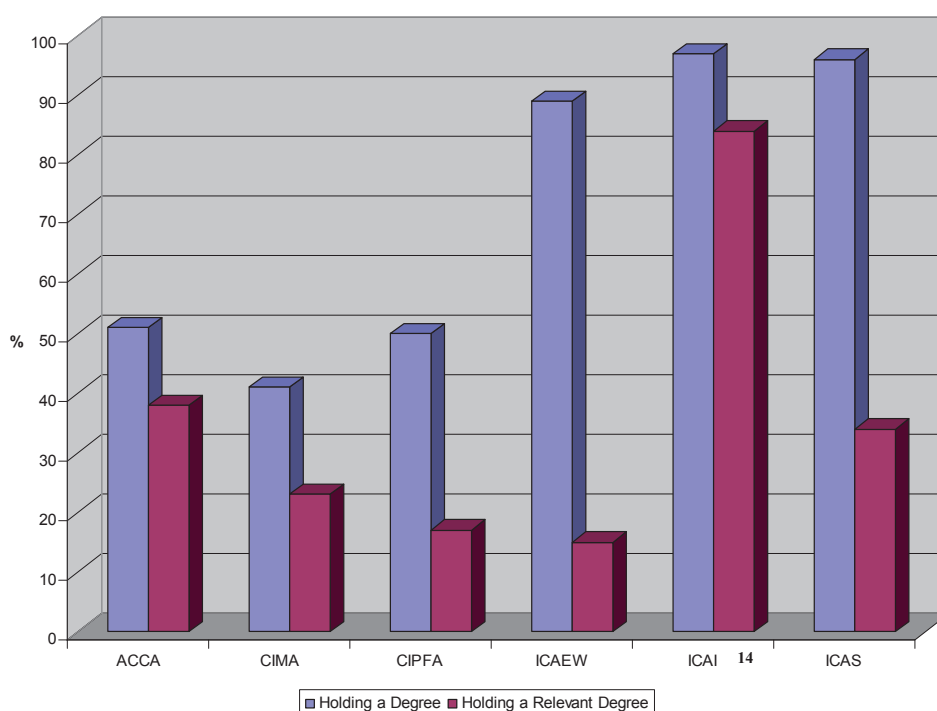


Chart 23

- The ICAEW, ICAI and ICAS have a significantly higher percentage of students holding a degree than the other accountancy bodies.
- 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)

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 and Accounting & Finance |
| ICAI | Accountancy, Business & Commerce, Finance |
| ICAS | Accountancy |

¹⁴ 23% of the ICAI student intake in 2007 was post-graduate students.

Pass rates 2007

Table 15 shows:

- The percentage of overall passes at the final examination stage for the year 2007;
- The percentage of those overall passes at the final examination stage which are first time passes; and
- Of those first time passes the number of students who have been awarded at least one exemption at any stage of the process.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI | ICAS |
|---|------|---------------|---------------|-------|---------------|---------------|
| Percentage of overall passes at the final examination | 47 | 54 | 71 | 79 | 83 | 74 |
| Percentage of those overall passes that were first time passes | 52 | 60 | Not Available | 61 | 74 | Not Available |
| Percentage of students with first time passes who took advantage of one or more exemption | 78 | Not Available | Not Available | 44 | Not Available | Not Available |

Table 15

- The percentage of overall passes has gone up for all of the Chartered Accountancy Bodies compared to the prior year (ACCA = 45% CIMA = 46% ICAEW = 78% ICAI = 83% ICAS = 60%¹⁵ (note that this information was not provided by CIPFA last year)).
- For all bodies, where information is available, more than 50% of the overall passes were first time passes.
- Of those with first time passes at ACCA a significant majority of students had at least one exemption.

¹⁵ Source: Key Facts and Trends 5th edition

Recognised Qualifying Bodies (RQBs)

There are six bodies¹⁶ in the UK recognised to offer the audit qualification in line with the requirements of Schedule 11 of 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 2007, and the number of students following the audit route and as a result eligible for the recognised professional qualification, if successful.

| | ACCA | AIA ¹⁸ | CIPFA ¹⁸ | ICAEW | ICAI | ICAS |
|--|--------|-------------------|---------------------|---------------------|-------|-------------------|
| Number of students in the UK and ROI ¹⁷ | 84,340 | 286 | 2,940 | 14,193 | 6,643 | 3,455 |
| Number of students following the audit route or eligible for the recognised professional qualification ¹⁷ | N/A | 0 | 0 | 11,129 | 4,022 | N/A |
| Number of students who became members during 2007 | 8,856 | 2 | 293 | 2,459 | 971 | 657 |
| The number of members who were awarded the recognised professional qualification | 161 | 0 | 0 | 225 | 196 | 41 |
| Total number of approved training offices in the UK and ROI | 5,336 | 125 | 0 | 2,635 | 722 | 174 ²⁰ |
| Total number of training offices in the UK and ROI approved for training audit students | 4,226 | 0 | 0 | 2,118 ¹⁹ | 500 | N/A |

Table 16

The table shows that, whilst all bodies have a large number of students, very few are awarded the audit qualification. 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.

¹⁶ 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)

¹⁷ This includes individuals who have passed the final examination but have not yet been admitted to membership.

¹⁸ 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.

¹⁹ This figure represents the number of authorised training offices with adequate levels of audit experience for their students to be awarded the audit qualification on completion of training.

²⁰ ICAS figure includes a number of group authorisations. ICAS treats group authorisations as one office. The 174 approved training offices noted above include 27 group authorisations covering 135 offices.

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 2002 – 2007

Table 17 and Chart 24 shows the income of each of the six Chartered Accountancy Bodies in £m over the period 2002 – 2007.

| | ACCA | CIMA | CIPFA | ICAEW | ICAI ¹ | ICAS | TOTAL |
|------|------|------|-------|-------|-------------------|------|-------|
| 2002 | 46.0 | 27.1 | 32.8 | 44.3 | 10.6 | 13.9 | 174.7 |
| 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 |

Table 17

Income of the six Chartered Accountancy Bodies between 2002 and 2007

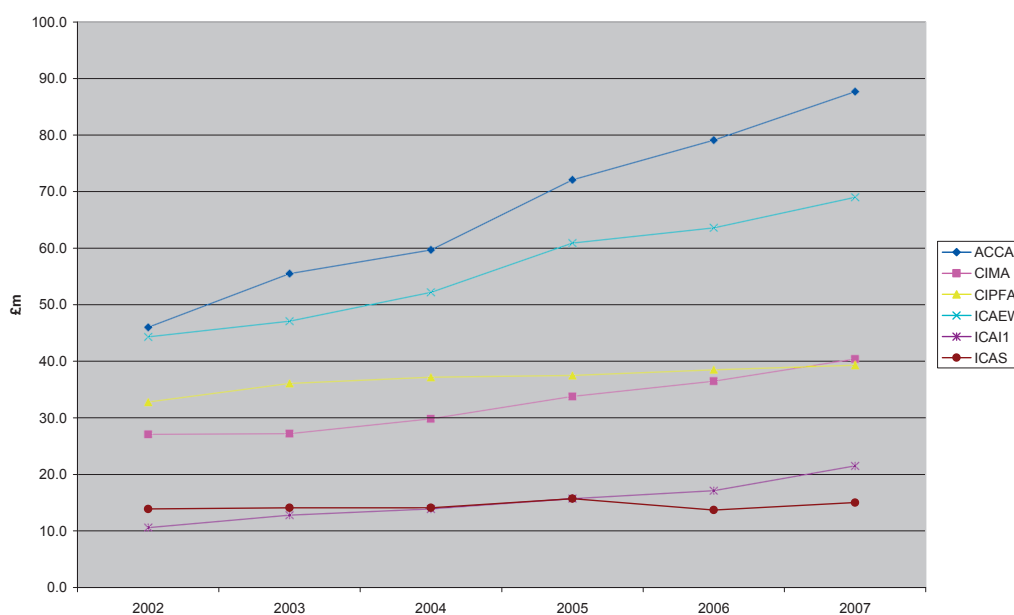


Chart 24

¹ The ICAI income has been converted from Euros at the year end rate.

- 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 15%. Whilst this can be explained in part by changes in exchange rates it may also reflect the growth in the number of both members and students 5.1% and 14.4% respectively (see Tables 2 and 9)

Income and costs for the Bodies for the year ended 31 December 2007

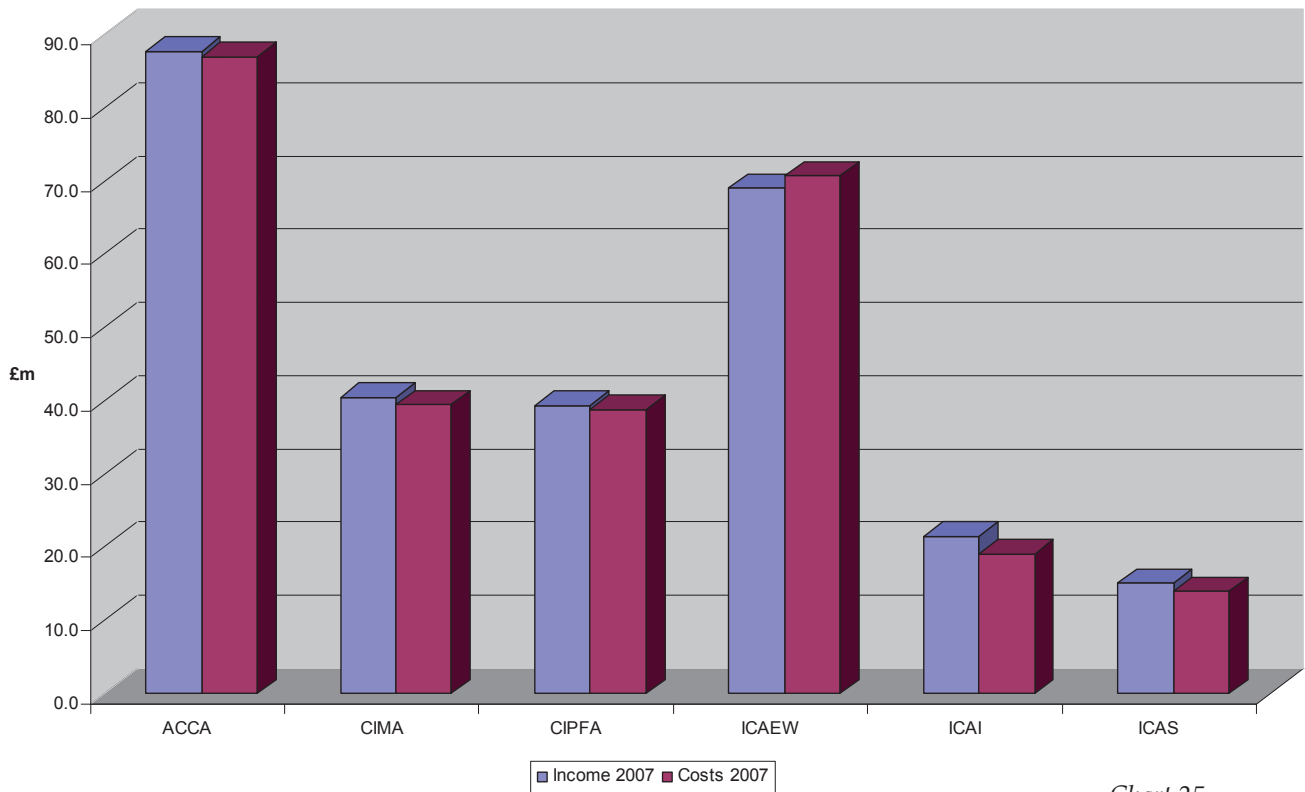


Chart 25

Staffing of the six Chartered Accountancy Bodies 2002 – 2007

Table 18 shows the number of staff (full time equivalent) employed by the six Chartered Accountancy Bodies over the period 2002 to 2007.

| | ACCA | CIMA | CIPFA | ICAEW ² | ICAI | ICAS | TOTAL |
|------|------|------------------|-------|--------------------|------|------|-------|
| 2002 | 487 | 235 | 302 | 425 | 95 | 137 | 1,681 |
| 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 | 365 ³ | 314 | 579 | 129 | 143 | 2,293 |

Table 18

- The total number of staff employed by the six accountancy bodies in the UK and ROI has increased by 30.4% since 2002. Most of that increase is accounted for by ACCA with an increase of 57%.

Comparison of staff levels from 2002 and 2007

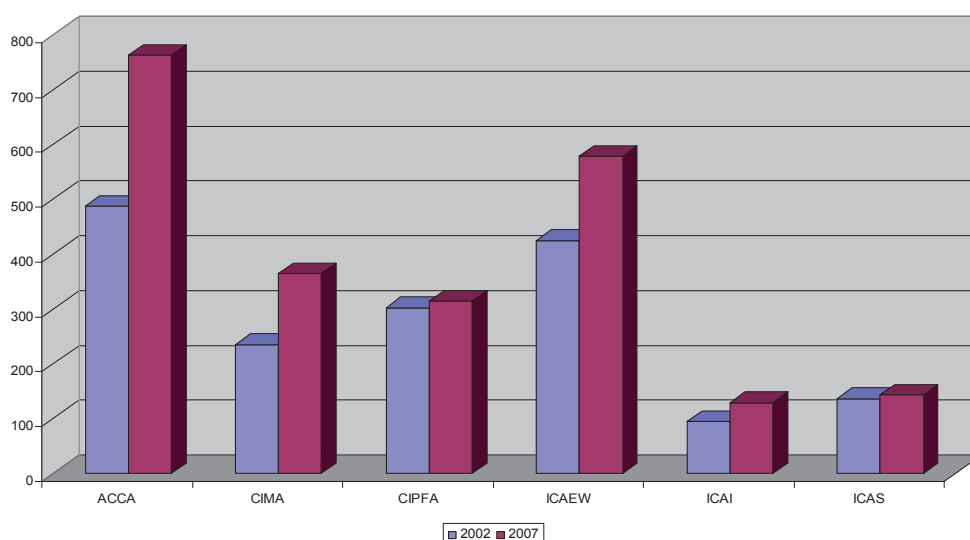


Chart 26

² The figures for ICAEW up to and including 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.

³ CIMA's staff figure for 2007 has been included on a global basis in 2007. Prior to this the figures only included the UK and ROI. The 2007 figure includes 100 staff employed outside of the UK and ROI.

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 2005-7. 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 Limited Liability Partnerships Act 2000.

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 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.

The audit scandals in the US in late 2001 and mid 2002 resulted in debate in the UK on the provision of non audit services to audit clients. This led to the Auditing Practicing Board's ethical standard 5 on non-audit services and to new guidance for listed companies in the Combined Code on the purchase of non audit services from a company's auditors. As a result we have seen a reduction in total fee income from the provision of non audit services to audit clients. (Charts 27 and 28)

In 2005, there was an increase in the audit threshold resulting in fewer companies requiring an audit. Audit fee income has fallen slightly in the past 6 years; however, this is not as dramatic as one may have expected and can be partially explained by fee income from the introduction and implementation of IFRS. (Charts 27 and 28)

It is not possible to make 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.

Key Points: Major Audit Firms

- Chart 27 shows the split of fee income for the Big Four firms for the five years to 2007 based on the detailed information in the fee income tables (Tables 19-21) and similar tables in both the 5th and 4th 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 as a result of the new guidance and requirements introduced within the ethical standards in 2005. In addition, the Combined Code and Smith Guidance 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 five years (Chart 27). Fee income from non audit work to audit clients has been declining over the period shown. This fall may have arisen as a result of the introduction of the guidance and requirements stated within the APB's ethical standards and the Combined Code and Smith Guidance relating to the independence of the external auditor and the provision of non audit services.
- Total fee income for many of the larger registered audit firms grew more strongly between 2005 and 2006 than between 2006 and 2007. This can be explained in part as a result of the one off advisory work in relation to the implementation of IFRS.
- 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 year on year (Charts 27 and 28), the total fee income from audit per Responsible Individual (RI) has risen.
- The percentage of listed companies outside of the FTSE 350 audited by the Big Four has fallen over the past four years (Table 26).

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2007

(By fee income from audit)

| Firm Name | Structure | Year End | No of Principals ¹ | No of Audit Principals | No of responsible individuals ² | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|-------------------------|------------------|-----------|-------------------------------|------------------------|--|-----------------------|------------------------|--|--|
| PricewaterhouseCoopers | LLP | 30-Jun-07 | 822 | 264 | 360 | 2,107 | 595 | 431 | 1,081 |
| KPMG ³ | LLP | 30-Sep-07 | 559 | 249 | 317 | 1,607 | 423 | 264 | 920 |
| Deloitte & Touche | LLP | 31-May-07 | 651 ⁴ | 202 | 209 | 1,802 | 339 ⁵ | 255 ⁵ | 1208 ⁵ |
| 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 ⁶ | 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 ⁷ | 12 ⁷ |

¹ Principals are partners or members of an LLP

² Responsible Individuals are those individuals who are able to sign audit reports

³ Includes both KPMG LLP and KPMG Audit Plc

⁴ This includes principles who retired from the firm at midnight on the final day of the financial year

⁵ These figures are best estimates for the split of the firm's total fee income

⁶ PKF became an LLP on 1st April 2005 (PKF (UK) LLP)

⁷ These figures are best estimates for the split of Fee income from Non-Audit Work to Audit Clients and to Non-Audit Clients

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

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

⁸ Nexia Smith & Williamson Audit merged with Solomon Hare on 31st May 2005.

⁹ Nexia Smith & Williamson changed their name with effect from 1st May 2006

¹⁰ RSM Bentley Jennison's information is provided as at 31st May 2007

¹¹ LLP from 1 May 2006

¹² Change in year end therefore, 14 Month period.

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

| Firm Name | Structure | Year End | No of Principals ¹ | No of Audit Principals | No of responsible individuals ² | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|--------------------------------|----------------------|-----------|-------------------------------|------------------------|--|-----------------------|------------------------|--|--|
| HLB Vantis Audit plc | Plc | 31-May-07 | 3 | 3 | 58 | 8 | 8 | 0 | 0 |
| 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 ¹³ | 1 ¹³ | 6 ¹³ |
| Chiene & Tait | Scottish Partnership | 30-Sep-07 | 7 | 4 | 4 | 6 | 2 | 0 | 4 |
| DTE Business Advisory Services | Limited Company | 30-Apr-07 | 11 | 5 | 11 | 6 | 2 | 1 | 3 |

¹³ These figures are best estimates for the split of the firm's total fee income

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

| Firm Name | Structure | Year End | No of Principals ¹ | No of Audit Principals | No of responsible individuals ² | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|------------------------------------|-------------|-----------|-------------------------------|------------------------|--|-----------------------|------------------------|--|--|
| Jeffreys Henry | LLP | 30-Apr-07 | 8 | 6 | 6 | 5 | 2 | 1 | 2 |
| Armstrong Watson | Partnership | 31-Mar-07 | 35 | 7 | 7 | 18 | 1 | NA | NA |
| Begbies Chettle Agar ¹⁴ | Partnership | 31-Mar-07 | 5 | 4 | 4 | 2 | 1 | NA | 1 |

Table 19

¹⁴ Name changed to Begbies Chettle Agar with effect from 1st April 2006

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 ¹⁵ | No of Audit Principals | No of responsible individuals ¹⁶ | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|------------------------|---------------------------|-----------|--------------------------------|------------------------|---|-----------------------|------------------------|--|--|
| PricewaterhouseCoopers | LLP | 30-Jun-06 | 793 | 268 | 355 | 1,980 | 551 | 449 | 980 |
| KPMG ¹⁷ | 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 | LLP | 31-May-06 | 598 | 194 | 198 | 1,559 | 310 ¹⁸ | 291 ¹⁸ | 958 ¹⁸ |
| 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 ¹⁹ | 31-Mar-06 | 264 | 142 | 142 | 175 | 54 | 32 | 89 |
| PKF (UK) | LLP ²⁰ | 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 |

¹⁵ Principals are partners or members of an LLP

¹⁶ Responsible Individuals are those individuals who are authorised to sign audit reports

¹⁷ Includes both KPMG LLP and KPMG Audit Plc

¹⁸ These figures are best estimates for the split of the firm's total fee income

¹⁹ Effective from 1st April 2007 Baker Tilly became an LLP

²⁰ 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 ¹⁵ | No of Audit Principals ¹⁶ | No of responsible individuals | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|--|-----------------------|-------------------------|--------------------------------|--------------------------------------|-------------------------------|-----------------------|------------------------|--|--|
| Horwath Clark Whitehill | LLP | 31-Mar-06 | 63 | 40 | 40 | 39 | 17 | 11 ²¹ | 11 ²¹ |
| Nexia Smith & Williamson Audit ²² | 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 | Limited Company | 30-Jun-06 | 4 | 3 | 46 | 11 | 11 | 0 ²³ | 0 ²³ |
| 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 ²⁴ | NA |
| CLB Littlejohn Frazer | Partnership | 31-May-06 ²⁵ | 26 | 17 | 17 | 16 | 8 | 2 | 6 |
| HLB Vantis Audit plc | Plc | 31-May-06 | 3 | 3 | 58 | 7 | 7 | 0 ²⁶ | 0 ²⁶ |

²¹ These figures are estimated.

²² Nexia Smith & Williamson changed their name with effect from 1st May 2006. Nexia Smith & Williamson Audit merged with Soloman Hare on 31st May 2005.

²³ Tenon Audit and HLB Vantis Audit's fee income for non-audit work is nil as these firms only provide audit work.

²⁴ 'NA' means the information was 'Not Available'

²⁵ Change in year end therefore, 14 Month period has been prorated to 12 months.

²⁶ HLB Vantis Audit plc has zero income from non-audit work 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 ¹⁵ | No of Audit Principals ¹⁶ | No of responsible individuals ¹⁶ | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non- Audit Clients (£m) |
|-----------------------------------|-------------------------|-----------|-----------------------------------|--|---|-----------------------------|------------------------------|---|---|
| Chantrey Vellacott | LLP ²⁷ | 30-Jun-06 | 50 | 26 | 26 | 23 | 7 | 2 | 14 |
| Kingston Smith | LLP ²⁸ | 30-Apr-06 | 42 | 38 | 1 | 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 | Limited Company | 30-Apr-06 | 11 | 5 | 10 | 5 | 2 | 1 | 2 |
| James Cowper | Partnership | 30-Apr-06 | 16 | 10 | 10 | 8 | 1 ²⁹ | 1 ²⁹ | 6 |
| Jeffreys Henry | LLP | 30-Apr-06 | 8 | 6 | 6 | 5 | 1 | 1 | 3 |

²⁷ Chantrey Vellacott changed from a Partnership to an LLP on 4 July 2005

²⁸ LLP from 1 May 2006

²⁹ 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 Principals ¹⁵ | No of Audit Principals | No of responsible individuals ¹⁶ | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: | | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|------------------------------------|-------------|-----------|--------------------------------|------------------------|---|-----------------------|------------------------|---------------|-----------|--|
| | | | | | | | | Work to Audit | Non-Audit | |
| Armstrong Watson | Partnership | 31-Mar-06 | 34 | 6 | NA | 16 | 1 | NA | NA | NA |
| Begbies Chettle Agar ³⁰ | Partnership | 31-Mar-06 | 5 | 4 | 4 | 1 | 0 | 0 | 1 | 1 |
| Johnston Carmichael | Partnership | 31-May-06 | 39 | 16 | 19 | 16 | NA | NA | NA | NA |

Table 20

³⁰ Name changed to Begbies Chettle Agar from 1st April 2006

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2005 (By fee income from audit)

| Firm Name | Structure | Year End | No of Principals ³¹ | No of Audit Principals ³² | No of responsible individuals ³² | Total Fee Income (£m) | Fee Income: Audit (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|------------------------|-------------------|------------|--------------------------------|--------------------------------------|---|-----------------------|------------------------|--|--|
| PricewaterhouseCoopers | LLP | 30-Jun-05 | 755 | 267 | 346 | 1,780 | 496 | 456 | 828 |
| KPMG ³³ | LLP | 30-Sept-05 | 560 | 256 | 328 | 1,280 | 357 | 295 | 628 |
| Ernst & Young | LLP | 30-Jun-05 | 408 | 147 | 201 | 945 | 299 ³⁴ | 154 | 492 |
| Deloitte & Touche | LLP | 31-May-05 | 591 | 193 | 197 | 1,355 | 291 | 194 | 870 |
| BDO Stoy Hayward | LLP | 30-Jun-05 | 209 | 102 | 130 | 208 | 64 ³⁵ | 60 ³⁵ | 84 ³⁵ |
| Grant Thornton | LLP | 30-Jun-05 | 240 | 99 | 106 | 256 | 56 | 36 | 164 |
| PKF | LLP ³⁶ | 31-Mar-05 | 98 | NA ³⁷ | 52 | 114 | 48 | 31 | 35 |
| Baker Tilly | Partnership | 31-Mar-05 | 258 | 155 | 155 | 165 | 46 | 36 | 83 |
| Mazars | LLP | 31-Aug-05 | 80 | 54 | 54 | 65 | 27 | 10 | 28 |

³¹ Principals are partners or members of an LLP

³² Responsible Individuals are those individuals who are authorised to sign audit reports

³³ Includes both KPMG LLP and KPMG Audit Plc

³⁴ Included US GAAP/GAAS opinion on dual registered clients and regulatory return work on financial services clients.

³⁵ Re-statement of income analysis following a change in systems in 2006 providing more detailed information

³⁶ At 31 March 2005 PKF were a partnership. Subsequent to this PKF became an LLP called PKF(UK)LLP

³⁷ 'NA' means the information was 'Not Available'

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2005 (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 (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|------------------------------------|---------------------------|-------------------------|--------------------------------|------------------------|---|-----------------------|------------------------|--|--|
| RSM Robson Rhodes | LLP | 30-Apr-05 | 85 | 36 | 39 | 86 | 19 | 11 | 55 |
| Horwath Clark Whitehill | LLP | 31-Mar-05 | 60 | 41 | 41 | 35 | 13 | 14 | 9 |
| Moore Stephens | LLP ³⁸ | 30-Apr-05 | 59 | 26 | 26 | 37 | 11 | 3 | 22 |
| Tenon Audit ³⁹ | Ltd Company | 30-Jun-05 | 4 | 3 | 57 | 11 | 11 | 0 ⁴⁰ | 0 ⁴⁰ |
| Bentley Jennison | Partnership | 31-Dec-05 | 64 | 29 | 40 | 44 | 11 | 7 | 26 |
| HLB Vantis Audit plc ⁴¹ | Plc | 31-May-05 ⁴² | 11 | 8 | 25 | 9 | 9 | 0 ⁴⁰ | 0 ⁴⁰ |
| Smith & Williamson ⁴³ | Ltd Company | 30-Apr-05 | 78 | 21 | 22 | 46 | 9 | NA | 37 |
| Macintyre Hudson | LLP | 31-Mar-05 | 41 | 30 | NA | 21 | 8 | NA | NA |
| Chantrey Vellacott | Partnership | 30-Jun-05 | 48 | 25 | 25 | 23 | 8 | 3 | 12 |
| Kingston Smith | Partnership ⁴⁴ | 30-Apr-05 | 41 | 38 | NA | 23 | 7 | 6 | 10 |

³⁸ All amounts relate to previous partnership (Changed 3 October 2005)

³⁹ Name changed from Blueprint Audit Limited with effect from 28 February 2005

⁴⁰ Tenon Audit and HLB Vantis Audit's fee income for non-audit work is nil as these firms only provide audit work

⁴¹ Name changed from HLB AV Audit plc with effect from 31 May 2005

⁴² 14 Month period

⁴³ Name changed to Nexia Smith & Williamson Audit Ltd with effect from 1 May 2006

⁴⁴ LLP from 1 May 2006

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2005 (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 (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non- Audit Clients (£m) |
|-----------------------|-----------------------|------------|-----------------------------------|------------------------------|---|-----------------------------|------------------------------|---|---|
| UHY Hacker Young | Group of Partnerships | 30-Apr-05 | 63 | 45 | 47 | 26 | 7 | 4 | 15 |
| CLB Littlejohn Frazer | Partnership | 30-Mar-05 | 20 | 13 | 13 | 13 | 5 | 2 | 6 |
| Menzies | Partnership | 31-Mar-05 | 32 | 25 | 23 | 22 | 5 | 8 | 9 |
| Scott Moncrieff | Partnership | 30-Apr-05 | 21 | 11 | 11 | 10 | 4 | 1 | 5 |
| Cooper Parry | LLP | 30-Apr-05 | 22 | 11 | 13 ⁴⁵ | 12 | 4 | 3 | 5 |
| Saffery Champness | Partnership | 31-Mar-05 | 53 | 32 | 32 | 25 | 3 | 7 | 15 |
| Wilkins Kennedy | Partnership | 30-Apr-05 | 34 | 26 | 26 | 15 | 3 | 3 | 9 |
| Chiene & Tait | Scottish Partnership | 30-Sept-05 | 7 | 4 | 4 | 6 | 2 | 1 | 3 |
| DTE | Limited Company | 30-Apr-05 | 11 | 5 | 9 | 4 | 1 | 1 | 2 |
| Jeffreys Henry | LLP ⁴⁶ | 30-Apr-05 | 8 | 5 | 5 | 4 | 1 | 1 | 2 |

⁴⁵ Including audit principals

⁴⁶ LLP From 1st May 2004

FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS YEAR ENDED 2005 (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 (£m) | Fee Income: Non-Audit Work to Audit Clients (£m) | Fee Income: Non-Audit Work to Non-Audit Clients (£m) |
|---------------------------------------|-------------|-----------|--------------------------------|------------------------|---|-----------------------|------------------------|--|--|
| James Cowper | Partnership | 30-Apr-05 | 16 | 10 | 10 | 7 | 1 ⁴⁷ | 1 ⁴⁷ | 5 |
| Armstrong Watson | Partnership | 31-Mar-05 | 34 | 6 | 0 | 16 | 1 | NA | NA |
| Begbies Everett Chettle ⁴⁸ | Partnership | 31-Mar-05 | 5 | 3 | 3 | 1 | 0 | NA | 1 |
| Johnston Carmichael | Partnership | 31-May-05 | 33 | 14 | 19 | 14 | NA | NA | NA |

Table 21

⁴⁷ Figure estimated

⁴⁸ Name changed to Begbies Chettle Agar from 01 April 2006

Analysis of Big 4 Fee Income (2002-2007)

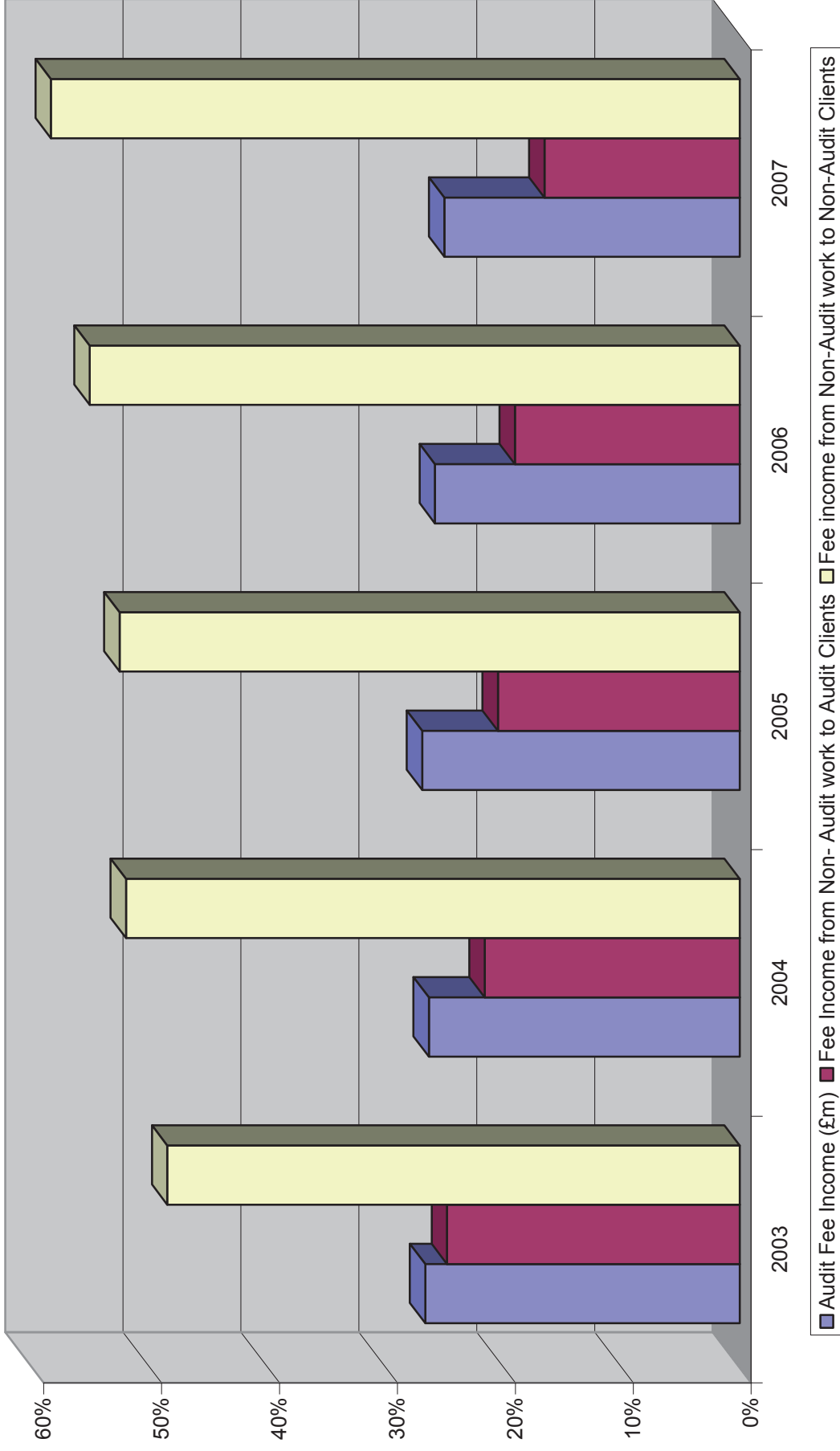


Chart 27

Analysis of the Fee Income (2002-2007) of many of the larger registered audit firms outside of the Big Four

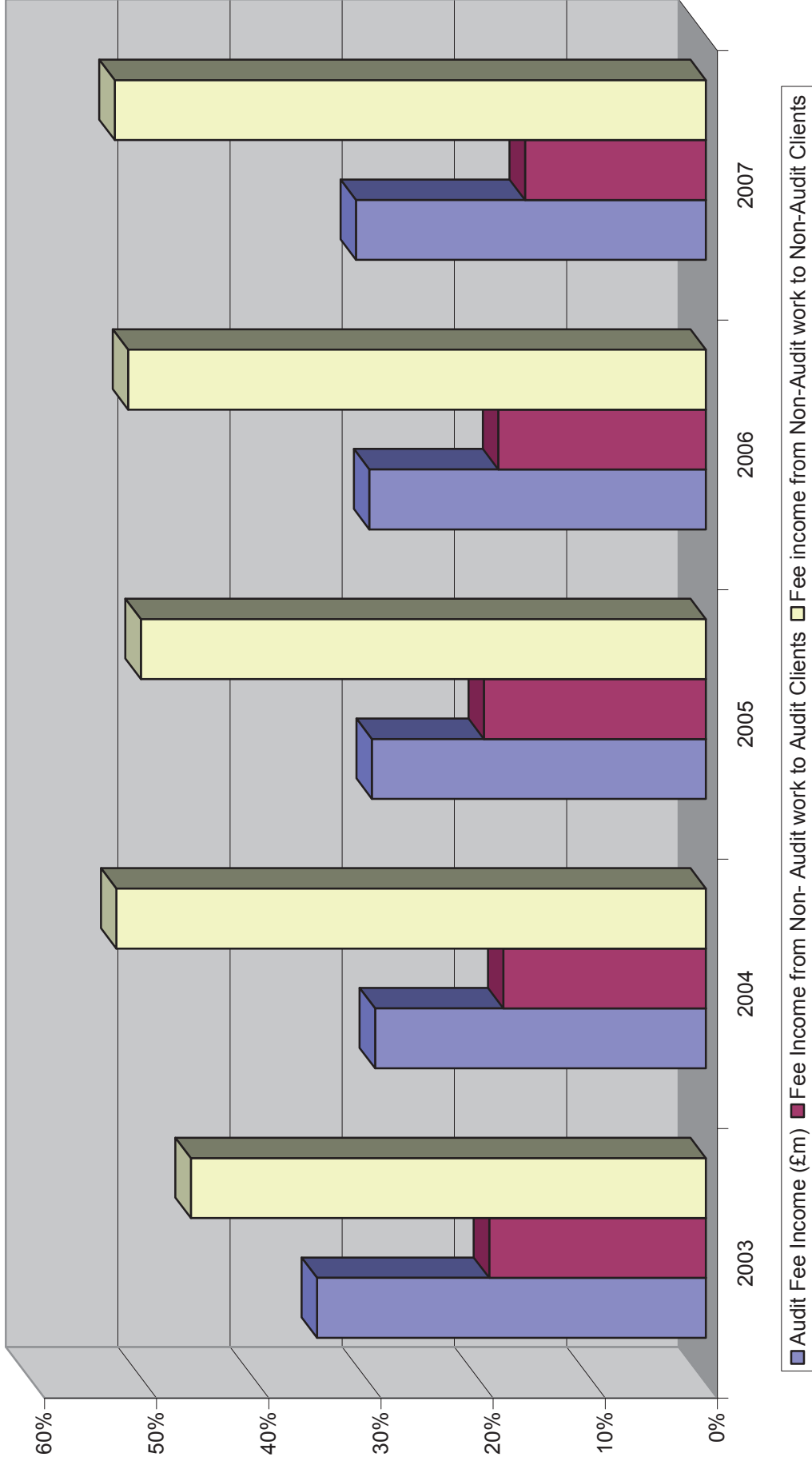


Chart 28

Growth of Total Fee Income

Table 22 shows the growth rate of total fee income between 2003 and 2007 for many of the largest registered audit firms with clients who are defined as UK public interest entities. This information is split further between the Big Four audit firms and the largest firms outside the Big Four.

To ensure consistency in the table below, we have only included the total fee income figures for those firms where data has been submitted for all five years.

| | 2006-7 | 2005-6 | 2004-5 | 2003-4 |
|---|--------|--------|--------|--------|
| Percentage growth rate of total fee income for the largest registered audit firms with UK public interest entities as clients ⁴⁹ | 9.96 | 13.99 | 12.61 | 5.58 |
| Percentage growth rate of total fee income for the Big Four Firms | 10.11 | 14.24 | 13.55 | 4.60 |
| Percentage growth rate of total fee income for the Non Big Four Firms | 9.26 | 12.82 | 8.33 | 10.27 |

Table 22

- The overall growth rate of total fee income was higher between 2005 and 2006 than between 2006 and 2007. This reflects the percentage growth of total fee income at both Big 4 firms and Non Big 4 firms.
- This growth rate may be explained by additional fees gained during 2005 and 2006 in relation to one off advisory work in relation to the implementation of IFRS and additional audit fees in respect of this.

⁴⁹ 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 23 illustrates audit fee generated per Responsible Individual (RI) for 2003 to 2007 (inclusive). This information is split further between the Big Four audit firms and the largest firms outside of the Big Four.

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|------|------|------|------|------|
| Audit fee income (£m) per RI for the largest registered audit firms with UK public interest entities as clients | 1.01 | 0.96 | 0.89 | 0.88 | 0.93 |
| Audit fee income (£m) per RI for the Big Four Firms | 1.52 | 1.47 | 1.35 | 1.13 | 1.07 |
| Audit fee income (£m) per RI for the Non Big Four Firms | 0.46 | 0.41 | 0.37 | 0.38 | 0.44 |

Table 23

- Audit fee income generated per Responsible Individual has grown between 2003 and 2007 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 increase in audit fee income compared to the number of responsible individuals.

Responsible Individual Status

Table 24 shows the percentage of Responsible Individuals⁵⁰ within the Big Four firms and the larger registered audit firms outside of the Big Four who are audit principals⁵¹ for 2003 to 2007 (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 |
| 2003 | 80.45% | 19.55% | 93.51% | 6.49% |
| 2004 | 78.42% | 21.58% | 92.65% | 7.35% |
| 2005 | 80.50% | 19.50% | 85.10% | 14.90% |
| 2006 | 79.65% | 20.35% | 87.28% | 12.72% |
| 2007 | 78.34% | 21.66% | 91.02% | 8.98% |

Table 24

- The split between audit principals and employees with Responsible Individual status has changed more dramatically outside of the Big Four.
- The number of employee Responsible Individuals is greater at the Big Four firms than the larger registered audit firms outside of the Big Four Firms.

⁵⁰ A Responsible Individual has been awarded the recognised professional qualification in audit and holds a practising certificate. A responsible Individual can sign an audit report on behalf of his/her firm.

⁵¹ An audit principal is an audit partner or both partners and members of an LLP.

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2007 (By Number of Listed Clients – FTSE 100, FTSE 250, Other Main Market and AIM)

| Firm Name | Structure | Year End | No of Audit Clients | No of FTSE 100 Audit Clients | No of FTSE 250 Audit Clients | No of Other Main Market Audit Clients | No of AIM Audit Clients |
|--------------------------------|-----------------------|-----------|---------------------|------------------------------|------------------------------|---------------------------------------|-------------------------|
| PricewaterhouseCoopers | LLP | 30-Jun-07 | 21000 | 39 | 75 | 82 | 141 |
| Deloitte & Touche ¹ | LLP | 31-May-07 | 16843 | 22 | 70 | 206 | 86 |
| KPMG ² | LLP | 30-Sep-07 | 17008 | 21 | 48 | 192 | 113 |
| Ernst & Young | LLP | 30-Jun-07 | 5350 | 19 | 36 | 368 | 21 |
| BDO Stoy Hayward | LLP | 30-Jun-07 | 7035 | 0 | 6 | 30 | 146 |
| Grant Thornton ³ | LLP | 30-Jun-07 | 9000 | 0 | 5 | 75 | 217 |
| PKF (UK) ⁴ | LLP | 31-Mar-07 | 2875 | 0 | 0 | 28 | 53 |
| Baker Tilly | Partnership | 31-Mar-07 | 6392 | 0 | 0 | 26 | 108 |
| UHY Hacker Young | Group of Partnerships | 30-Apr-07 | 1590 | 0 | 0 | 5 | 20 |
| Scott Moncrieff | Partnership | 30-Apr-07 | 473 | 0 | 0 | 5 | 3 |

¹ Figures reported as best estimates as at 31 October 2007

² Includes both KPMG LLP and KPMG Audit Plc

³ Figures reported as best estimates as at 30 June 2007

⁴ PKF became PKF (UK) LLP on 1st April 2005

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2007 (By Number of Listed Clients – FTSE 100, FTSE 250, Other Main Market and AIM)

| Firm Name | Structure | Year End | No of Audit Clients | No of FTSE 100 Audit Clients | No of FTSE 250 Audit Clients | No of Other Main Market Audit Clients | No of AIM Audit Clients |
|---|-------------------------|-----------|------------------------|------------------------------------|------------------------------------|---|-------------------------------|
| Nexia Smith & Williamson Audit ^{5, 6} | Company | 30-Apr-07 | 1492 | 0 | 0 | 4 | 34 |
| James Cowper | Partnership | 30-Apr-07 | 306 | 0 | 0 | 4 | 0 |
| Chiene & Tait | Scottish Partnership | 30-Sep-07 | 365 | 0 | 0 | 4 | 0 |
| Moore Stephens | LLP | 30-Apr-07 | 1700 | 0 | 0 | 3 | 14 |
| Chantrey Vellacott | LLP | 30-Jun-07 | 689 | 0 | 0 | 3 | 12 |
| Saffery Champness | Partnership | 31-Mar-07 | 960 | 0 | 0 | 3 | 8 |
| Mazars | LLP | 31-Aug-07 | 2300 | 0 | 0 | 2 | 33 |
| Horwath Clark Whitehill | LLP | 31-Mar-07 | 1995 | 0 | 0 | 2 | 26 |
| Haysmacintyre | Partnership | 31-Mar-07 | 1099 | 0 | 0 | 2 | 6 |

⁵ Nexia Smith & Williamson Audit merged with Solomon Hare.

⁶ Name changed to Nexia Smith & Williamson Audit with effect 1st May 2006

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2007 (By Number of Listed Clients – FTSE 100, FTSE 250, Other Main Market and AIM)

| Firm Name | Structure | Year End | No of Audit Clients | No of FTSE 100 Audit Clients | No of FTSE 250 Audit Clients | No of Other Main Market Audit Clients | No of AIM Audit Clients |
|-----------------------------------|-----------------|-----------|---------------------|------------------------------|------------------------------|---------------------------------------|-------------------------|
| Kingston Smith | LLP | 30-Apr-07 | 1158 | 0 | 0 | 1 | 21 |
| Jeffreys Henry | LLP | 30-Apr-07 | 188 | 0 | 0 | 1 | 18 |
| Tenon Audit | Limited Company | 30-Jun-07 | 1845 | 0 | 0 | 1 | 10 |
| Menzies | Partnership | 31-Mar-07 | 730 | 0 | 0 | 1 | 4 |
| Begbies Chettle Agar ⁷ | Partnership | 31-Mar-07 | 94 | 0 | 1 | 1 | n/a |
| CLB Littlejohn Frazer | Partnership | 31-May-07 | 1283 | 0 | 0 | 0 | 21 |
| RSM Bentley Jennison ⁸ | Partnership | 31-Dec-07 | 1450 | 0 | 0 | 0 | 9 |
| HLB Vantis Audit plc | Plc | 31-May-07 | 1601 | 0 | 0 | 0 | 8 |
| HW Group | Partnership | 31-Mar-07 | 1931 | 0 | 0 | 0 | 3 |
| Macintyre Hudson | LLP | 31-Mar-07 | 1099 | 0 | 0 | 0 | 2 |
| Armstrong Watson | Partnership | 31-Mar-07 | 253 | 0 | 0 | 0 | 1 |

⁷ Name changed to Begbies Chettle Agar with effect from 1st April 2006

⁸ RSM Bentley Jennison's information is provided as at 31st May 2007

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2007
(By Number of Listed Clients – FTSE 100, FTSE 250, Other Main Market and AIM)

| Firm Name | Structure | Year End | No of Audit Clients | No of FTSE 100 Audit Clients | No of FTSE 250 Audit Clients | No of Other Main Market Audit Clients | No of AIM Audit Clients |
|----------------------------------|--------------------|-----------|------------------------|------------------------------------|------------------------------------|---|-------------------------------|
| Cooper Parry | LLP | 30-Apr-07 | 553 | 0 | 0 | 0 | 0 |
| DTE Business Advisory Service | Limited Company | 30-Apr-07 | 183 | 0 | 0 | 0 | 0 |
| Johnston Carmichael | Partnership | 31-May-07 | 329 | 0 | 0 | 0 | 0 |

Table 25

Concentration of listed Companies' Audits

Table 26 illustrates the percentage of the number of audits undertaken by the Big 4 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 (%) | | | |
|--------------------------|--------------------|----------|----------|----------|---------------------|----------|----------|----------|-----------------|----------|----------|----------|
| | 28/02/08 | 28/02/07 | 31/03/06 | 31/03/05 | 28/02/08 | 28/02/07 | 31/03/06 | 31/03/05 | 28/02/08 | 28/02/07 | 31/03/06 | 31/03/05 |
| FTSE 100 | 100.0 | 100.0 | 99.0 | 100.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FTSE 250 | 96.0 | 96.8 | 96.4 | 96.8 | 4.0 | 2.8 | 3.2 | 2.0 | 0.0 | 0.4 | 0.4 | 1.2 |
| Other Main Market | 72.3 | 75.4 | 79.0 | 79.3 | 20.1 | 17.7 | 15.0 | 14.1 | 7.6 | 6.9 | 6.0 | 6.6 |
| All Main Market | 79.9 | 82.3 | 84.0 | 83.6 | 14.8 | 12.9 | 11.6 | 11.1 | 5.3 | 4.8 | 4.4 | 5.3 |

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.

Audit Firms registered with ICAEW (December 2007)

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 | 1,491,472 | 2,285 |
| 5 to 9 | 188,335 | 1,168 |
| 10 to 30 | 22,415 | 614 |
| 31 to 100 | 7,165 | 497 |
| 101 to 500 | 2,280 | 371 |
| 501 to 1000 | 966 | 297 |
| 1001 to 2000 | 482 | 234 |
| 2001 to 3000 | 221 | 152 |
| 3001 to 4000 | 87 | 77 |
| 4001 to 4526 | 20 | 16 |

Table 27

Table 27, is consistent with the information included within Tables 19-21 illustrating that over 59% of the total fee income of firms registered with the ICAEW is attributable to the Big 4.

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