



PROFESSIONAL OVERSIGHT BOARD

KEY FACTS AND TRENDS IN THE ACCOUNTANCY PROFESSION

JULY 2007



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KEY FACTS AND TRENDS IN THE ACCOUNTANCY PROFESSION

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CHAIRMAN'S FOREWORD

This is the fifth edition of 'Key Facts and Trends in the Accountancy Profession'. Consistent with previous editions this document provides statistical information up to 31st December 2006 principally for the six chartered accountancy bodies¹ who are members of the UK Consultative Committee of Accountancy Bodies (CCAB), and for most of the largest registered audit firms.

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. We have included details of the worldwide membership and students for a number of these bodies. This is not an exhaustive list of all bodies whose members provide accountancy or related services. A number of the bodies chose not to provide information for publication.

The purpose of this document is simply to provide information, not to offer explanations or interpretations, other than to refer to possible limitations of the data. It is 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 different classification of income.

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

- Members of accountancy bodies and bodies who provide accountancy or related services
- Students of accountancy bodies and bodies who provide accountancy or related services
- The income, costs and staffing of the six chartered bodies
- Fee income of the largest UK audit firms
- Concentration of UK listed companies' audits
- Number and size of audit registered 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.

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 2007

MAIN HIGHLIGHTS

THE ACCOUNTANCY BODIES 2001-2006

- Accountancy continues to flourish and grow in the UK. The six chartered bodies have over 270,000 members and nearly 160,000 students in the UK and the Republic of Ireland. (Table 1 and Chart 1, and Table 10).
- The six chartered bodies have over 359,000 members and over 365,000 students worldwide. The average growth of members was 3.2% per annum between 2001 and 2006. (Table 2 and Chart 2, and Table 8).
- Student numbers have been growing more quickly (5.5% per year worldwide) than membership (3.2% per year worldwide, 2.6% in the UK and ROI) (Tables 1 and 2 and Table 8). This finding is consistent with the growth of the numbers of members and students for the year ended 31st December 2005.
- There are a significant number of bodies with members and students outside of the CCAB who offer accountancy and other related services (Table 4 and Table 11).
- There are significant differences between the bodies in terms of the number of worldwide members and students, the location of members and students, growth rates of the bodies' populations and the age profile of members and students.
- There has been a steady rise in the proportion of female members since 2001 from 25% to 30% (Table 6).
- The majority of the chartered bodies have an ageing population of both members and students (Charts 4-9 and Charts 11-16).

THE AUDIT FIRMS

- Between 2005 and 2006 there was an increase in the proportion of income of the Big 4 and other major audit firms from the provision of non-audit services to non-audit clients and a broadly equivalent decline in the proportion of income from the provision of non-audit services to audit clients. (Charts 21, 22, 24 and 25).
- The growth rate of total fee income has increased between 2004 and 2006. Audit fee income has increased during this period in part as a result of work related to the implementation of IFRS and ISAs (Table 21).
- For 2006 year ends disclosed in Table 23, 99% of FTSE 100 and 97% of FTSE 250 companies were audited by the Big 4 firms. However, of the AIM audits disclosed in Table 23, only 28% of these are audited by the UK Big 4 firms.
- Both ICAEW and ICAS have seen a reduction in registered audit firms between 2001 and 2006 by greater than 25%. This is likely to be as a result of increases in audit thresholds in the UK. (Table 25).

**MEMBERS OF ACCOUNTANCY BODIES
AND BODIES WHO PROVIDE
ACCOUNTANCY AND RELATED
SERVICES**

Members in the UK and the Republic of Ireland, 2001-2006:

Table 1 shows the number of members of each of the six chartered accountancy bodies in the UK and the Republic of Ireland, at the 31 December for each of the six years to 31st December 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2001	49,085	44,979	13,192	105,804	11,196	12,870	237,126
2002	52,678	46,820	13,213	108,157	11,840	13,004	245,712
2003	54,209	48,986	13,223	110,468	12,186	13,312	252,384
2004	56,837	51,386	13,266	110,776	12,757	13,811	258,833
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
% growth (01 – 06)	25.1	23.6	1.4	4.8	28.0	12.9	13.9
% compound annual growth (01 – 06)	4.6	4.3	0.3	0.9	5.1	2.5	2.6

Table 1

- The total number of members of the six bodies in the UK and ROI has grown steadily in recent years, at an average compound annual rate of 2.6%, from just over 237,000 in 2001 to over 270,000 at the end of 2006.
- There are significant differences within that overall percentage growth, between the chartered bodies. The ICAI's membership in the UK and ROI grew most strongly at an average of 5.1% per year in the period, followed by ACCA and CIMA.
- 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 accountancy bodies. This may be either the place of employment or the place of residence.

Members in the United Kingdom and Republic of Ireland 2001-2006

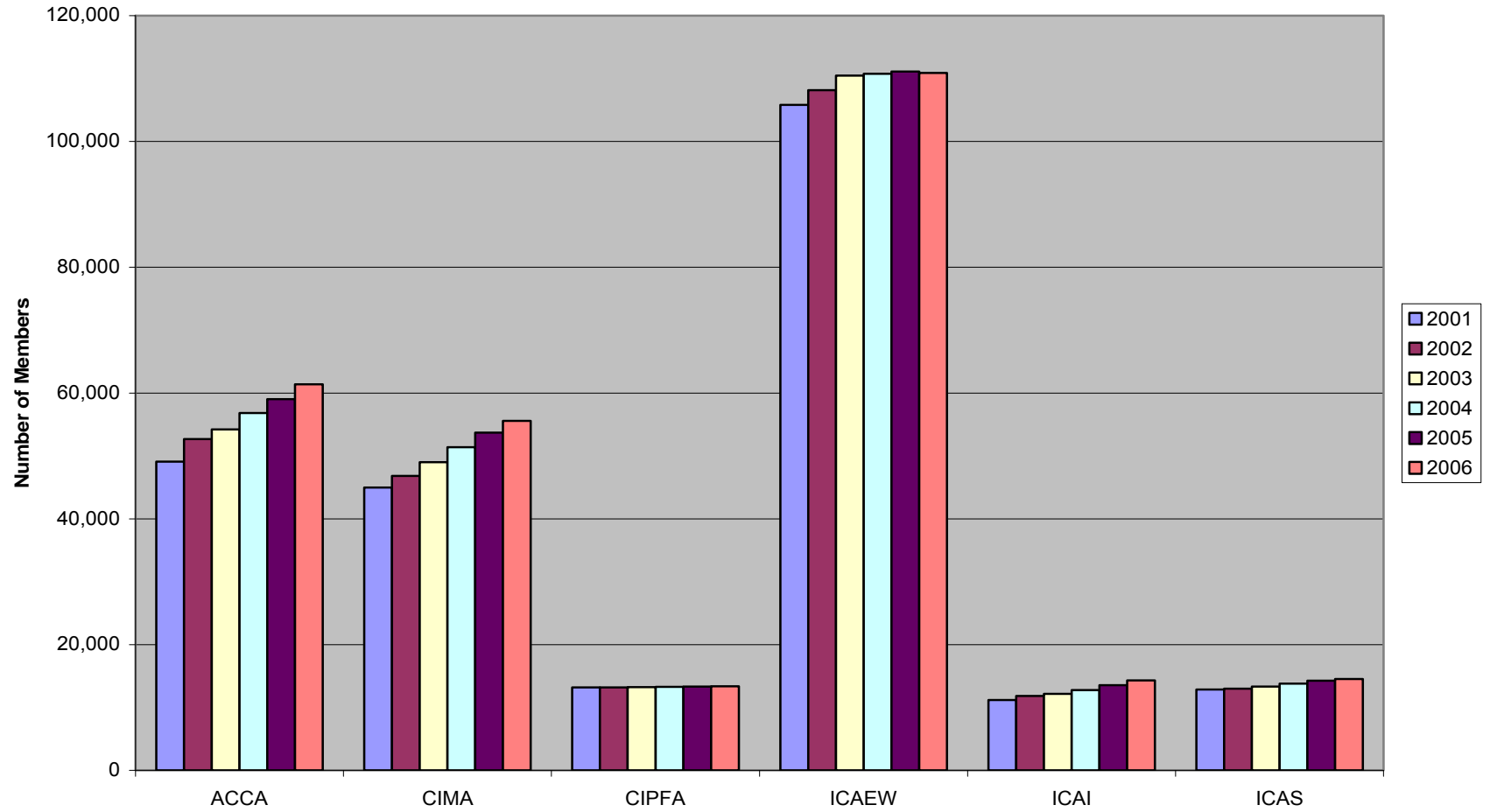


Chart 1

Members Worldwide, 2001-2006:

Table 2 shows the number of members of each of the six chartered accountancy bodies worldwide at the 31 December for each of the six years to 31st December 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2001	86,929	57,616	13,471	121,356	12,515	15,042	306,929
2002	95,416	59,782	13,521	123,719	13,039	15,166	320,643
2003	98,293	62,361	13,510	125,643	13,551	15,749	329,107
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
% growth (01 –06)	32.7	21.5	1.4	5.8	26.2	11.1	17.3
% compound annual growth (01 –06)	5.8	4.0	0.3	1.1	4.8	2.1	3.2

Table 2

- The total worldwide membership numbers of the six bodies has grown on average more quickly than UK/ROI membership alone (3.2% compared with 2.6% compound annual growth).
- In particular, this reflects the strong growth of the ACCA globally, which in 2006 had 47% of its members outside UK/ROI (2001: 44%) (Table 3). In addition the worldwide annualised compound growth in the period was 5.8% compared to 4.6% in the UK/ROI.
- 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 2001-2006

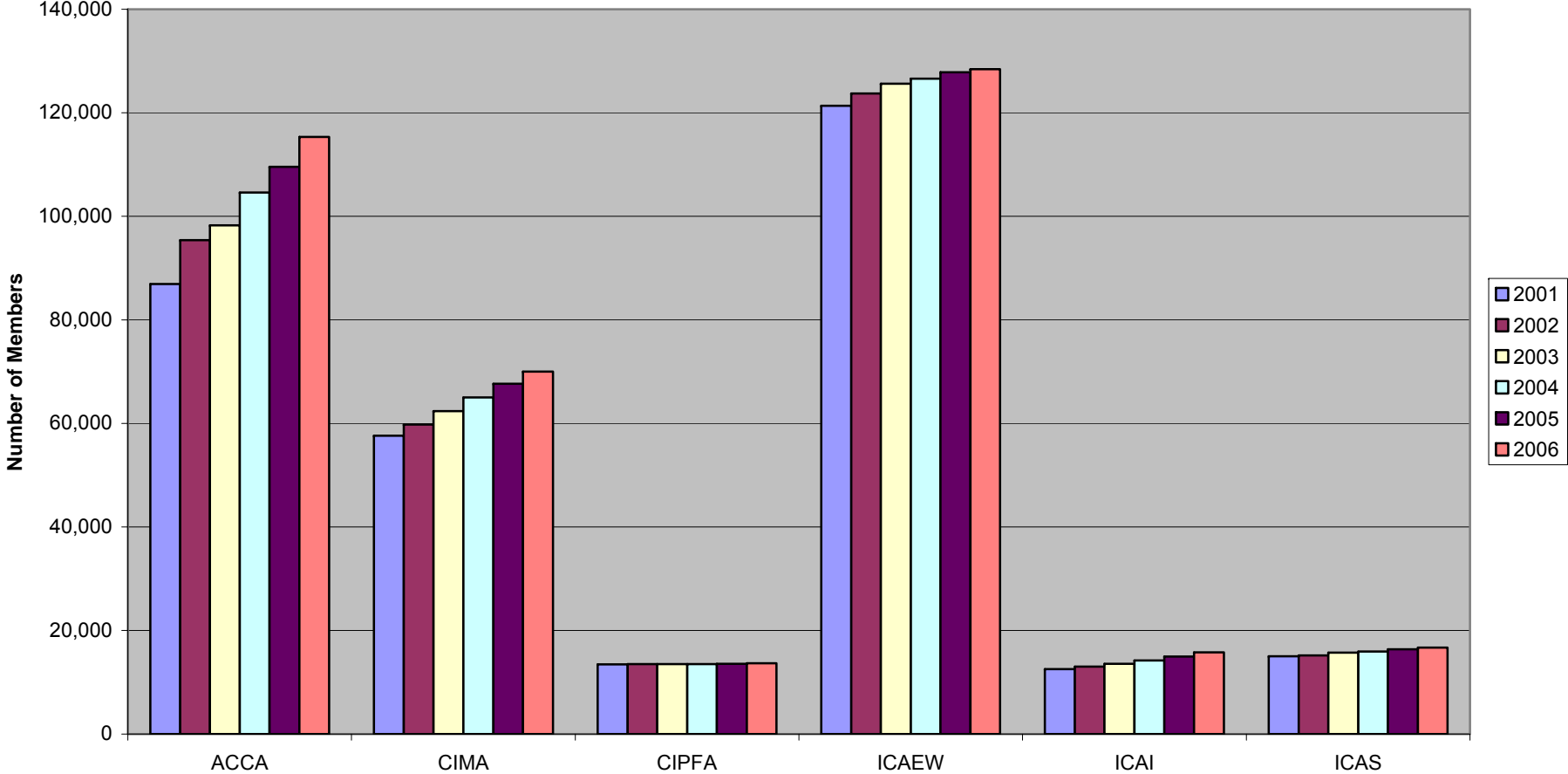


Chart 2

Members outside the UK and the Republic of Ireland, 2001-2006:

Table 3 shows the number of members of each of the six chartered accountancy bodies outside the UK and the Republic of Ireland at 31 December for each of the six years to 31st December 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2001	37,844	12,637	279	15,552	1,319	2,172	69,803
2002	42,738	12,962	308	15,562	1,199	2,162	74,931
2003	44,084	13,375	287	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
% of total members outside UK/ROI 2006	47	21	2	14	9	13	25

Table 3

- The ACCA continues to have the largest percentage of members outside the UK and ROI. Its membership outside UK/ROI has increased by over 40% since 2001. This compares to a 25% rise in membership numbers in the UK and ROI for the same period (Table 1).
- 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.

Members Worldwide, 2006:

Table 4 shows membership for a number of non-CCAB bodies in the UK and Republic of Ireland whose members provide accountancy or related services. All the bodies have an examination requirement prior to awarding membership and regulate their members. It would be meaningless to make direct comparisons between the bodies listed as their entrance requirements differ and the services which their members provide varies. The figures are included to provide further information on the accountancy profession in the UK. It is important to note that there may be some overlap between members of some of the bodies shown and of the CCAB bodies.

Body	Total Members Worldwide	Members in the UK & ROI
Association of Accounting Technicians	42,897	40,253
Association of Authorised Public Accountants ¹	426	334
Association of International Accountants ²	5,077	2,088
Certified Accounting Technicians ³	4,688	1,988
Institute of Certified Public Accountants in Ireland	3,115	Not available
Institute of Accounting Technicians in Ireland	4,360	4,360
Institute of Financial Accountants	6,544	3,998
International Association of Bookkeepers	2,255	1,922

Table 4

Notes:

This information has been provided on a voluntary basis and we would like to thank the bodies who responded to our requests. It is not therefore comprehensive.

1. The Association of Authorised Public Accountants is a Recognised Supervisory Body in the UK. It is able to register and supervise audit firms.
2. The Association of International Accountants is a Recognised Qualifying Body in the UK. It offers the recognised professional qualification for audit.
3. In comparison to the student figures for Certified Accounting Technicians (CAT) in Table 11, members' numbers are very low as a result of students using the CAT qualification primarily as a route to registration as a student on the ACCA qualification rather than to membership of CAT itself.

Sectoral employment of members worldwide, 2006:

Table 5 shows the percentages of members of each of the six chartered accountancy bodies worldwide, according to their sectoral employment at the end of 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI ¹	ICAS	TOTAL
Public practice	27	2	0	45	33	28	28
Industry and Commerce	55	70	9	35	59	41	48
Public Sector	10	18	67	2	-	4	10
Retired	4	8	22	13	5	19	9
Other ²	4	3	2	5	3	8	5
TOTAL	100	100	100	100	100	100	100

Table 5

- There were no CIPFA members and very few CIMA members employed in public practice at the end of 2006.
- In 2006, 70% of CIMA members were employed in industry and commerce and 67% of CIPFA members were employed in the public sector.
- The ICAEW continues to be the only body with more members employed in public practice than any other employment category listed in Table 5 above.

Notes:

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

1. ICAI does not separately identify those employed in the public sector and those employed in industry and commerce. The joint figure is shown under "Industry & Commerce" in table 5 above.
2. "Other" includes those members who are unemployed, taking a career break, undertaking full time study, on maternity leave and others who are unclassified, for example because they have not provided the information.

Gender of members worldwide, 2001-2006:

Table 6 shows the percentage of female members of each of the six chartered accountancy bodies worldwide at 31 December for each of the six years to 31st December 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2001	35	22	24	19	25	21	25
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

Table 6

- The percentage of female members of all six bodies has been rising over the past six years.
- Taking all the bodies together the percentage of female members has risen steadily from 25% in 2001 to 30% at the end of 2006.
- ICAI has had the greatest percentage growth in female members in the six years 2001 to 2006 inclusive with a rise of 56%, followed by CIMA with a rise of 55%.

Age of members worldwide, 2006:

Table 7 shows the number of members of each of the six chartered accountancy bodies worldwide by age at 31st December 2006. Chart 3 shows this information in a graphic format. Charts 4 to 9 compare the age distribution for each body at 31st December 2001 compared to the age distribution at 31st December 2006.

	ACCA	CIMA	CIPFA ¹	ICAEW	ICAI	ICAS	TOTAL
under 25	548	46	2	144	23	38	801
25-34	37,263	14,255	1,220	24,622	5,676	3,943	86,979
35-44	42,797	25,115	4,044	35,725	5,055	3,895	116,631
45-54	20,076	15,709	3,682	28,515	2,770	3,496	74,248
55-64	9,465	8,595	3,034	22,534	1,341	2,548	47,517
65 and over	5,196	6,296	1,663	16,876	926	2,790	33,747
TOTAL	115,345	70,016	13,645	128,416	15,791	16,710	359,923

Table 7

- There are marked differences in the age profile of members of the six bodies. For example, ACCA has the youngest population of members - 70% of members are below 45. ICAI has the second youngest population with approximately 68% below 45.
- In contrast 61% of CIPFA's members are 45 and over. ICAEW and ICAS both have slightly over 50% of their members aged 45 and over (Chart 3).
- Four of the six bodies (ACCA, CIMA, CIPFA and ICAEW) had a higher percentage of members under the age of 35 in 2001 than in 2006. (Charts 4-7).
- The greatest shift in age profile relates to the CIPFA figure where the percentage of members aged 45 and over in 2001 was 55% compared to 61% in 2006.
- The age profile of members of ICAI and ICAS changed little between 2001 and 2006. (Charts 8 and 9)

Notes:

1. The age is not known for 16 CIPFA members

Comparison of Age Profiles of Members of Accountancy Bodies 2006

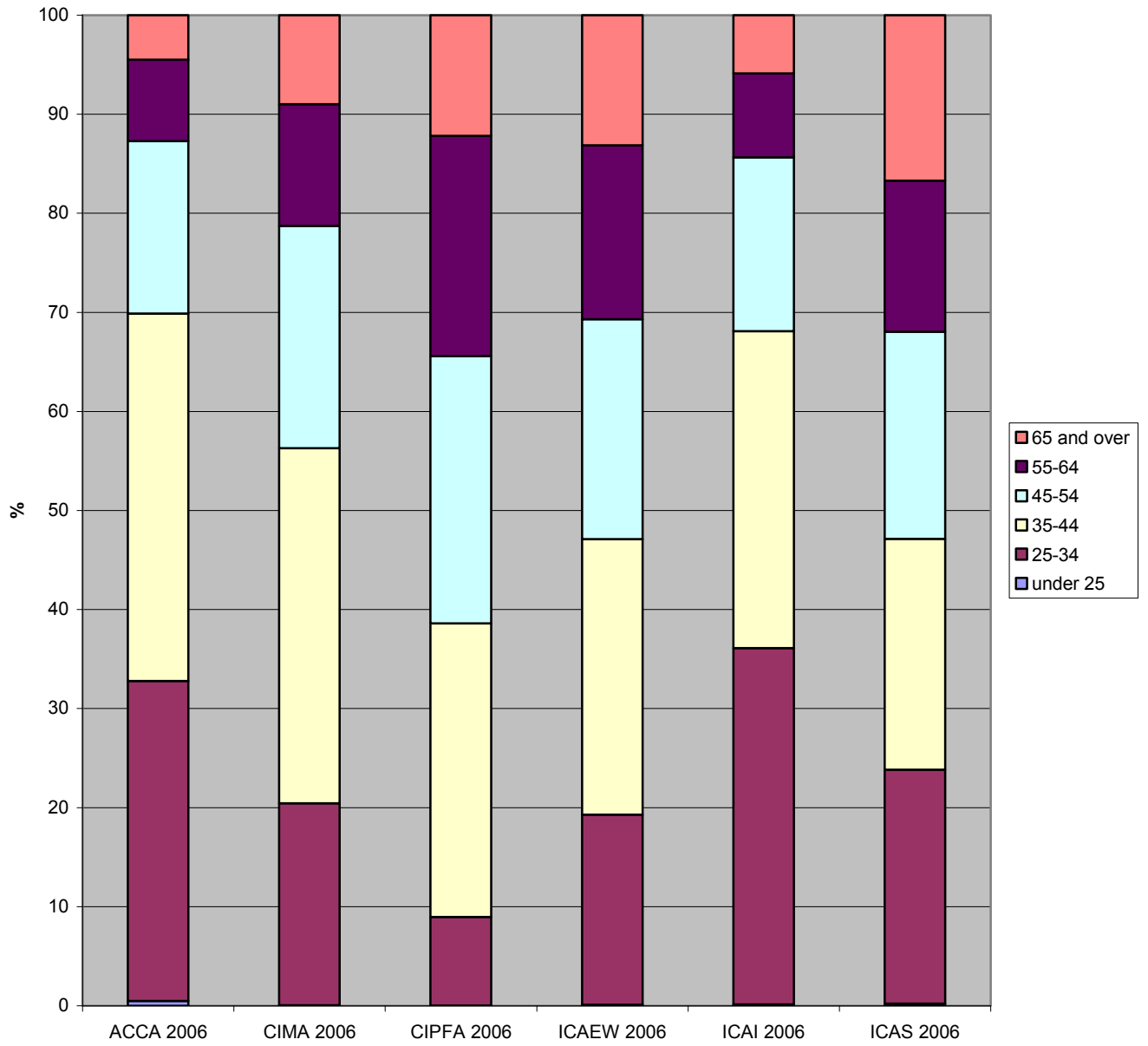


Chart 3

Age of Members of the six Chartered Accountancy Bodies, 2001 and 2006:

The following charts compare the age distribution of members of the bodies for 2001 and 2006.

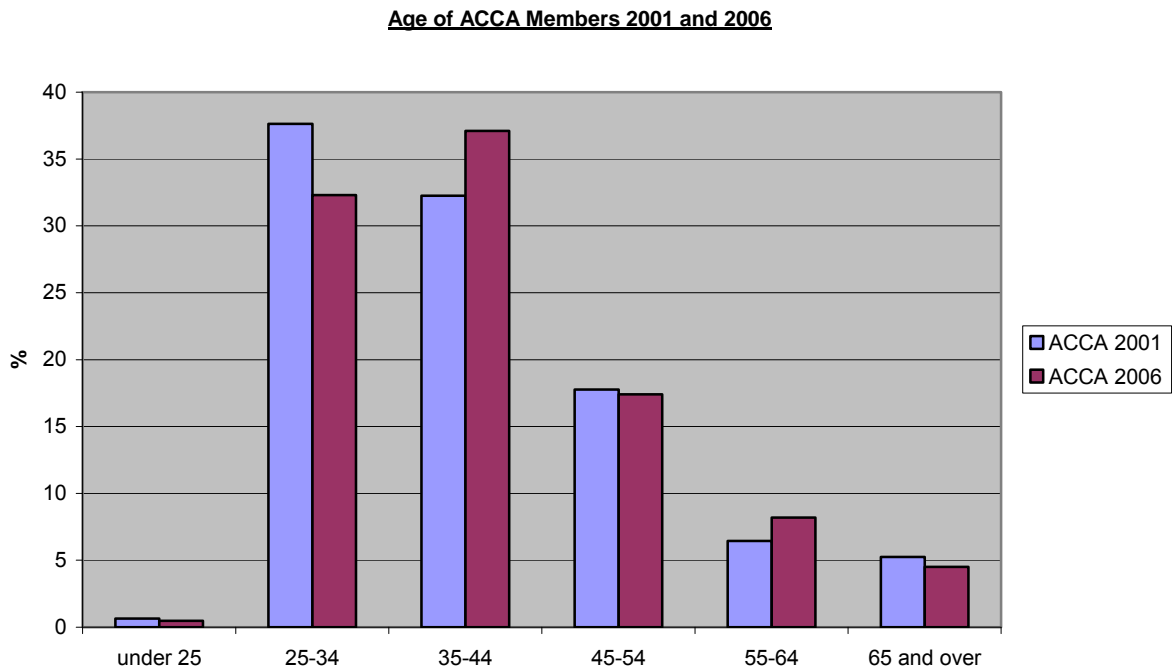


Chart 4

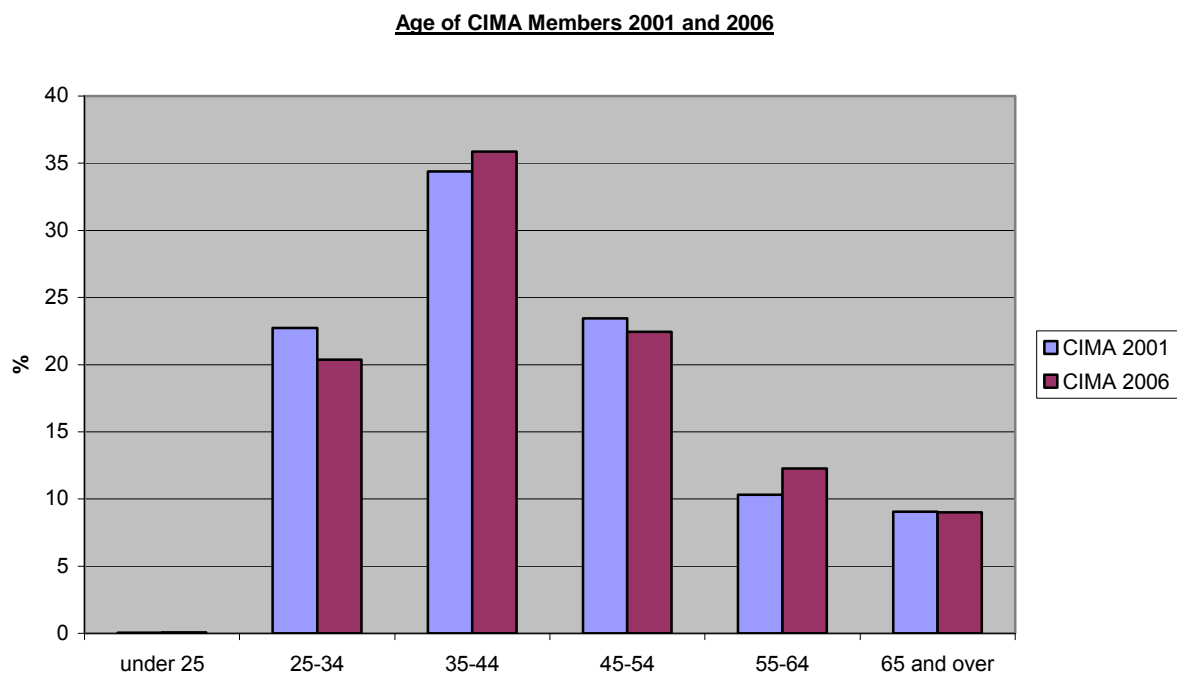


Chart 5

Age of CIPFA Members 2001 and 2006

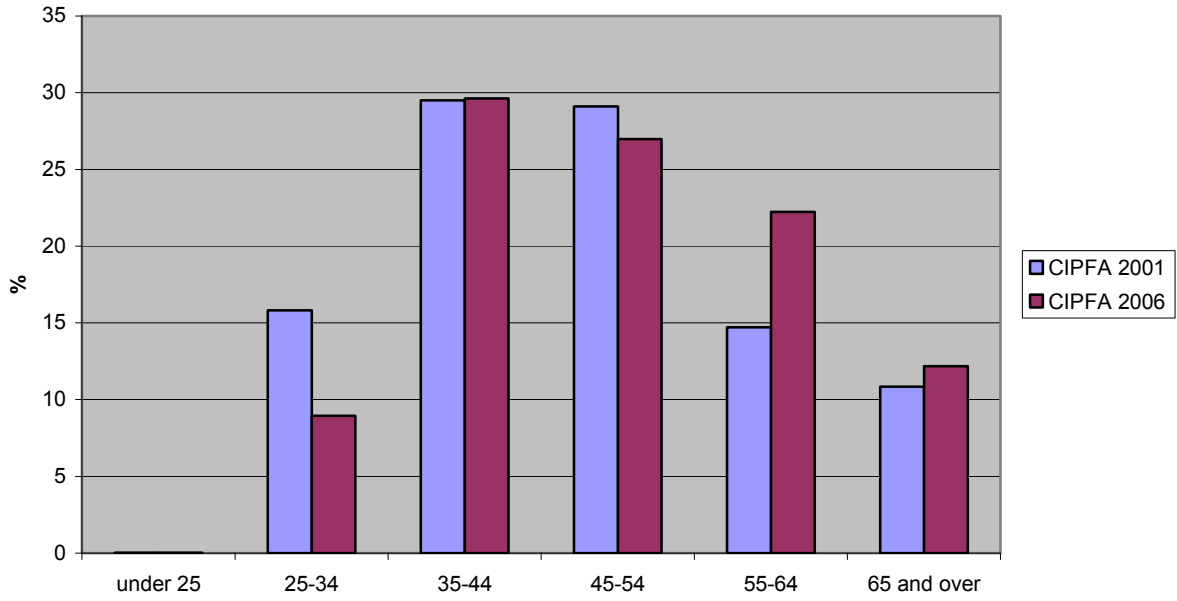


Chart 6

Age of ICAEW members 2001 and 2006

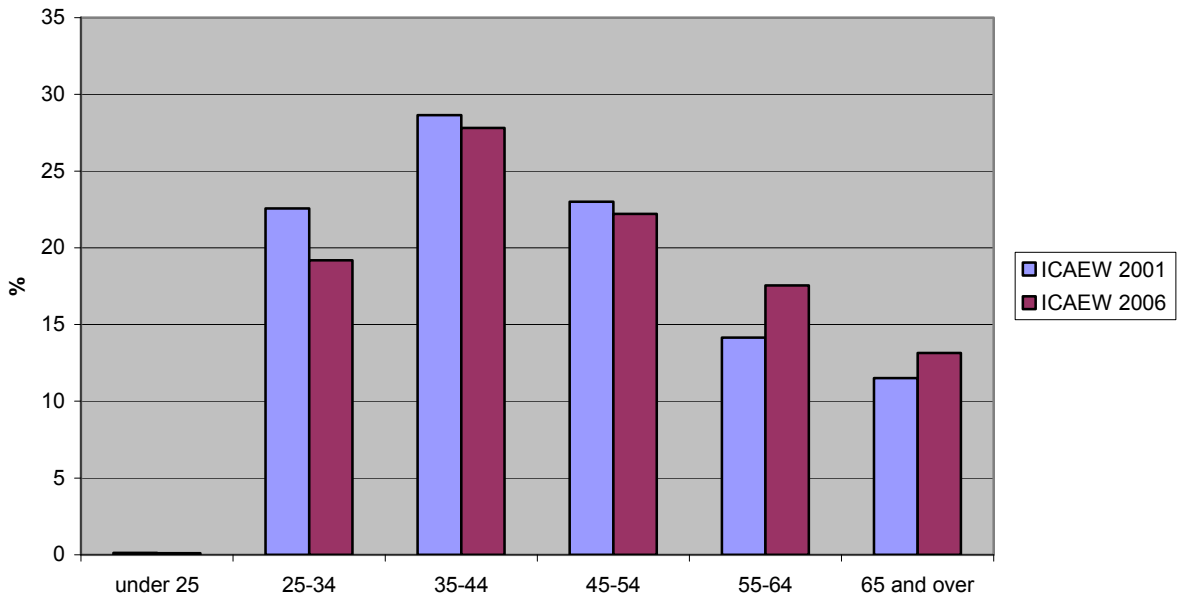


Chart 7

Age of ICAI members 2001 and 2006

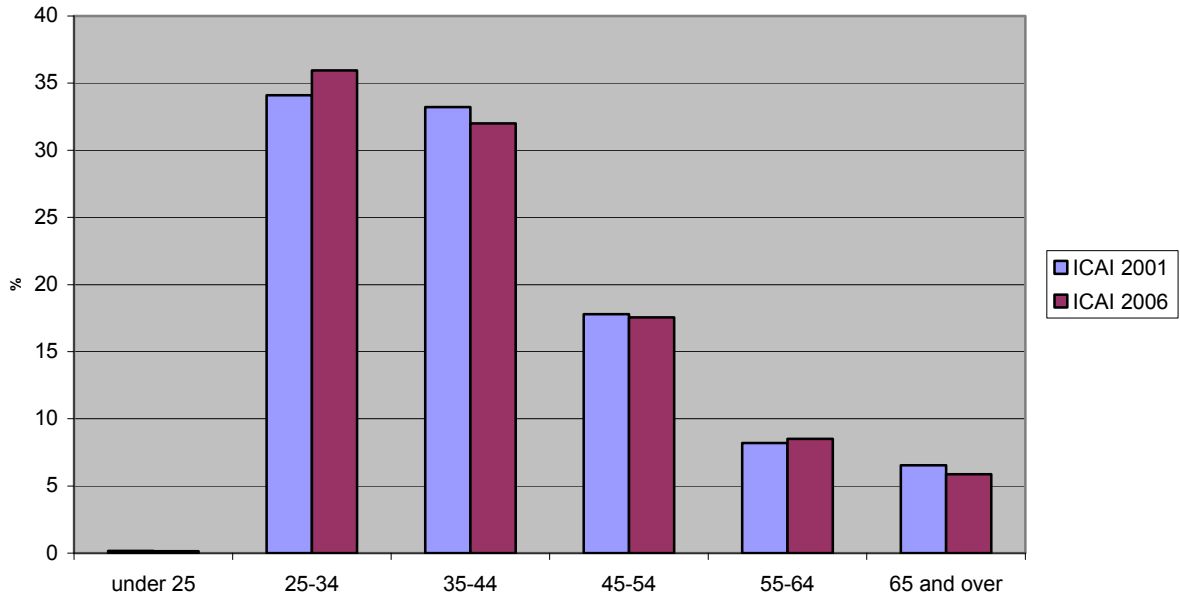


Chart 8

Age of ICAS members 2001 and 2006

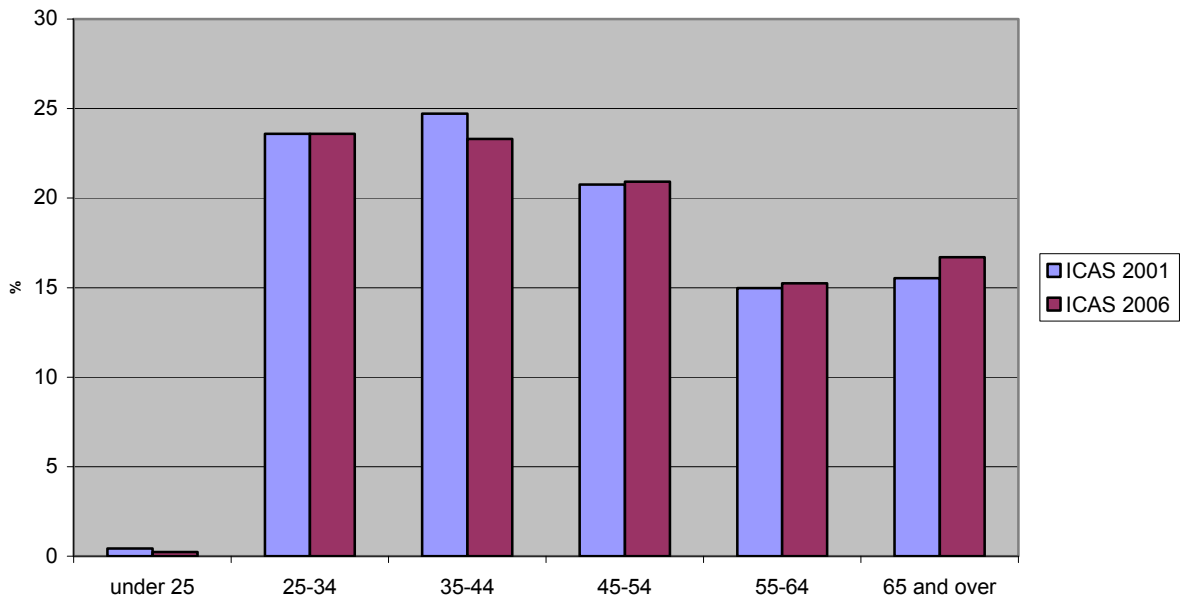


Chart 9

**STUDENTS OF ACCOUNTANCY BODIES
AND BODIES WHO PROVIDE
ACCOUNTANCY AND RELATED
SERVICES**

STUDENTS

Students registered worldwide, 2001-2006:

Table 8 shows the number of students of each of the six chartered accountancy bodies registered worldwide at 31st December for each of the six years to 31st December 2006.

	ACCA ^{1,2}	CIMA ²	CIPFA ²	ICAEW ⁵	ICAI	ICAS ²	TOTAL
2001	173,662	75,263	2,322	10,114	3,008	2,080	278,179
2002	174,158	77,923	2,412	9,648	3,392	2,327	300,801
2003	186,902	81,590	2,707	8,694	3,000	2,431	319,683
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	3,880	2,636	329,325
2006	252,767	88,256	3,071	13,551 ^{2,4}	4,525	3,154	365,324
% growth (01 – 06)	45.6	17.3	32.3	-	50.4	51.6	30.4
% compound annual growth (01 – 06)	7.8	3.2	5.8	-	8.5	8.7	5.5

Table 8

Notes:

1. The ACCA figures for 2001 – 2005 have been restated compared to the 4th edition of Key Facts and Trends to remove Certified Accounting Technicians from the figures.
2. These figures include individuals who have passed their final examination and are entitled to membership but have not yet been admitted.
3. The 2005 figure for the ICAEW includes 596 students who were classed as independent students (ie: do not have a training contract and cannot sit the final case study examination). Prior years do not include independent students.
4. The 2006 figure includes 666 independent students (students studying for the ACA without a training contract, who are not eligible to sit the final case study examination). In addition the figure includes 1,871 individuals who had passed their final examination and completed their training contract. These individuals are entitled to membership but have not yet applied.
5. Percentage growth rates and percentage compound annual growth rates have not been calculated for the ICAEW as the figures in Table 8 are not comparable year on year.
6. Total % compound annual growth rates have been calculated by subtracting the 666 independent students and 1,871 individuals who had passed their final admittance examination and completed their training contract.

Considerable care is needed in comparing the figures for the different bodies in Table 8. Some of the bodies have included individuals who are exam qualified but have not been admitted as yet to membership. With the exception of the ICAEW, which changed the basis of the calculation in 2005 and 2006 the figures for each body are internally consistent.

We have also produced a summary of the 2006 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, in Table 9 below. As these figures are not available for previous years, we will continue to produce both tables in future editions of Key Facts and Trends.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2006	234,528	80,521	2,996	11,680	4,525	2,707	336,957

Table 9

- There are wide differences in the numbers and rates of growth in the student membership worldwide of the accountancy bodies.
- Overall student numbers continue to grow (5.5% in 2006) reflecting the health of the profession. The ICAI and ICAS experienced the highest growth rates during the period 2001-2006 as a whole.

Location of students, 2006:

Table 10 shows the location (UK, Republic of Ireland and the rest of the world) of students of the six chartered accountancy bodies at 31st December 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
UK & Republic of Ireland	78,924	57,436	3,007	12,712	4,525	3,150	159,754
Rest of the world	173,843	30,820	64	839	-	4	205,570
TOTAL	252,767	88,256	3,071	13,551	4,525	3,154	365,324

Table 10

- The overwhelming majority (greater than 93%) of students of four of the bodies – CIPFA, the ICAEW, the ICAI and the ICAS are based in the UK and the ROI.
- In contrast the ACCA and CIMA have a significantly higher proportion of students outside the UK and the ROI (69% and 35% respectively). Both ACCA and CIMA have a greater proportion of students outside of the UK and ROI than members where the percentages are 47% and 21% respectively (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.

Students worldwide and in the UK and the Republic of Ireland, 2006:

Table 11 shows student membership for a number of non-CCAB bodies in the UK and Republic of Ireland whose members provide accountancy or related services. All the bodies have an examination requirement prior to awarding membership and regulate their members. It would be meaningless to make direct comparisons between the bodies listed as their entrance requirements differ and the services which their members provide varies. The figures are included to provide further information on the accountancy profession in the UK. It is important to note that there may be some overlap between members of some of the bodies shown and of the CCAB bodies.

Body	Students worldwide	Students in the UK & ROI
Association of Accounting Technicians	60,091	53,173
Association of International Accountants ¹	9,554	536
Certified Accounting Technicians	43,291	6,372
Institute of Certified Public Accountants in Ireland	1,926	Not available
Institute of Accounting Technicians in Ireland	6,100	6,100
Institute of Financial Accountants	1,053	53
International Association of Bookkeepers	6,995	4,054

Table 11

Notes:

This information has been provided on a voluntary basis and we would like to thank the bodies who responded to our requests.

1. The Association of International Accountants is a Recognised Qualifying Body in the UK. It offers the recognised professional qualification.

Life of Students of the six Chartered Accountancy Bodies worldwide, 2006:

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 ¹	CIPFA ²	ICAEW ³	ICAI ⁴	ICAS
Number of students who have been a student for ≤ 1 year	77,228	32,523	553	4,545	1,566	1,166
Number of students who have been a student ≤ 2 years but > 1 year	49,645	11,959	673	3,659	1,318	883
Number of students who have been a student ≤ 3 years but > 2 years	35,139	9,337	577	3,141	912	757
Number of students who have been a student ≤ 4 years but > 3 years	25,184	6,487	409	1,951	718	284
Number of students who have been a student ≤ 5 years but > 4 years	18,331	4,795	859	223	11	56
Number of students who have been a student for over 5 years	47,240	23,155	0	32	0	8

Table 12

Notes:

1. 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.
2. 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.
3. 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.
4. The ICAI do not keep information on students who have completed their training contracts.

- 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 their examinations using full time study and as such it is common for these students to take a longer period of time to complete the requirements for membership.

Age of Students of the six Chartered Accountancy Bodies worldwide, 2006:

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

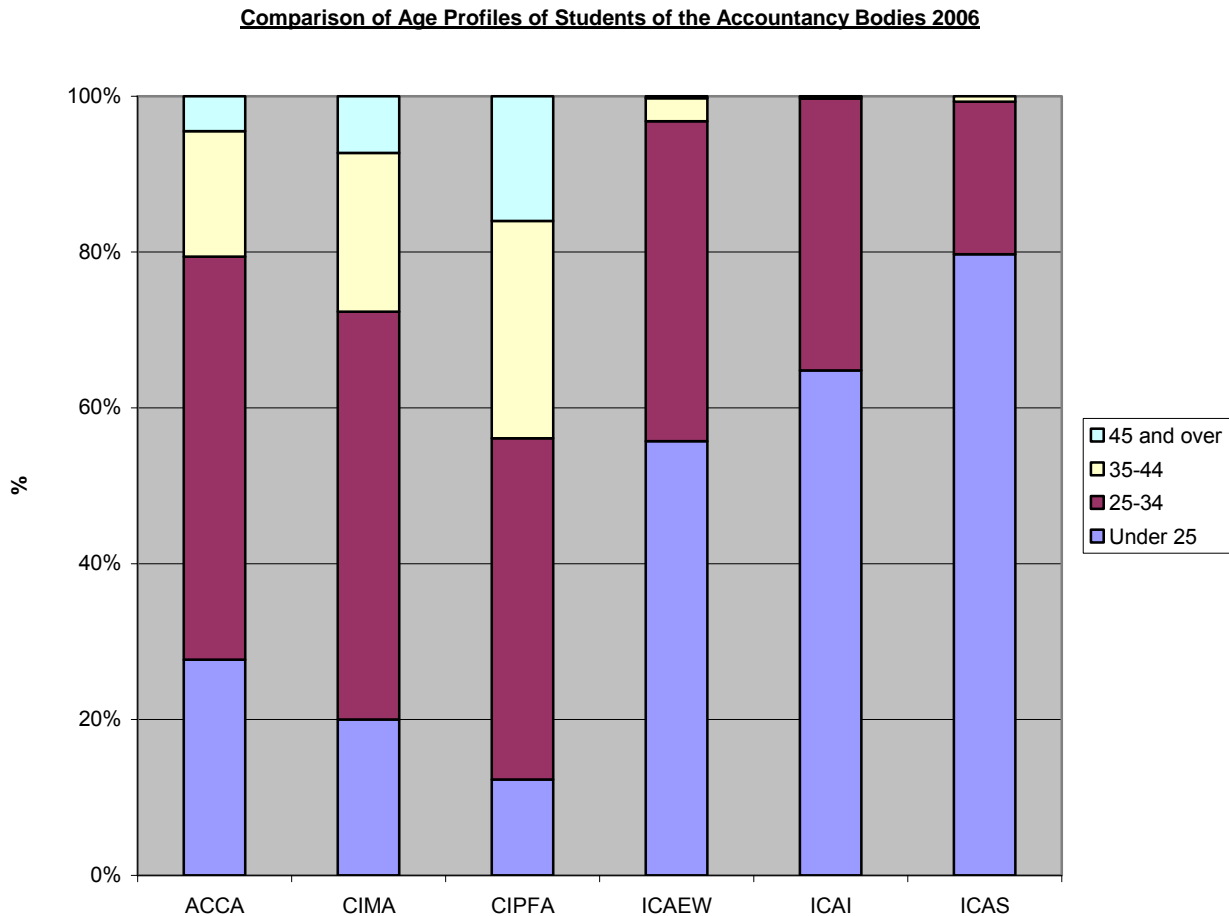


Chart 10

- CIPFA has the oldest student age profile with over 40% of students aged 35 and older.
- CIMA and the ACCA have the next oldest age profiles with 27% and 20% (respectively) of students aged 35 and over.
- In contrast, almost all ICAI and ICAS students are younger than 35.
- Charts 11-16 show that four of the six chartered bodies have an ageing student population. ACCA and CIPFA have seen rises of 8 and 10 percentage points, respectively in students aged 35 and over. The ICAEW and ICAI have seen an increase in the number of students over 24 years old of 14 and 28 percentage points respectively.

Notes

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

Age of Students of the Chartered Accountancy Bodies, 2001 and 2006:

The following charts compare the age distribution of students of the chartered accountancy bodies at 31st December 2001 and 2006.

A Graph to Illustrate the Change in Age Profile for ACCA students 2001 and 2006

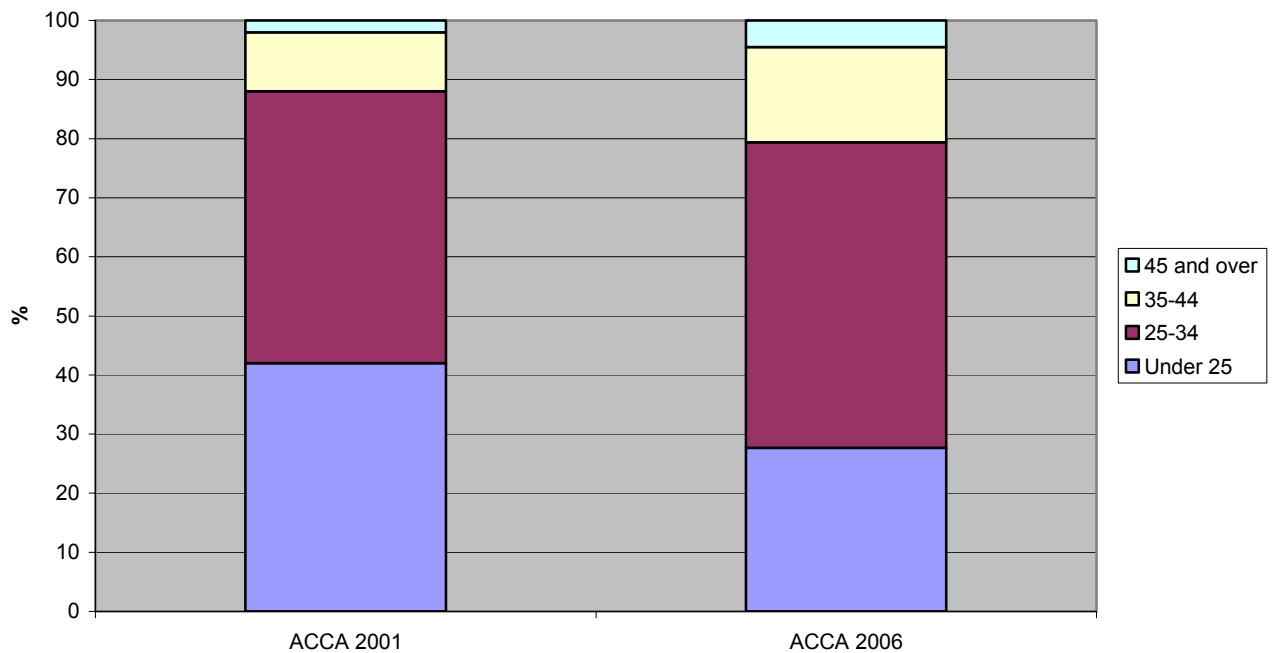


Chart 11

A Graph to Illustrate the Change in Age Profile of CIMA Students for 2001 and 2006

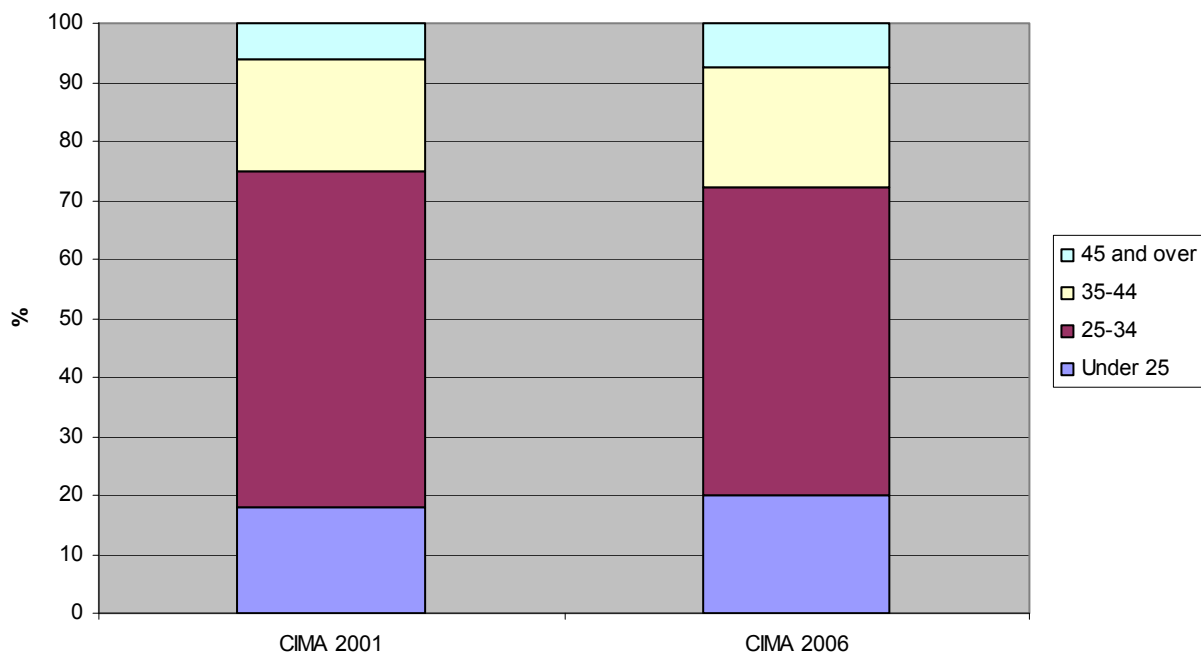


Chart 12

A Graph to Illustrate the Change in Age Profile of CIPFA Students for 2001 and 2006

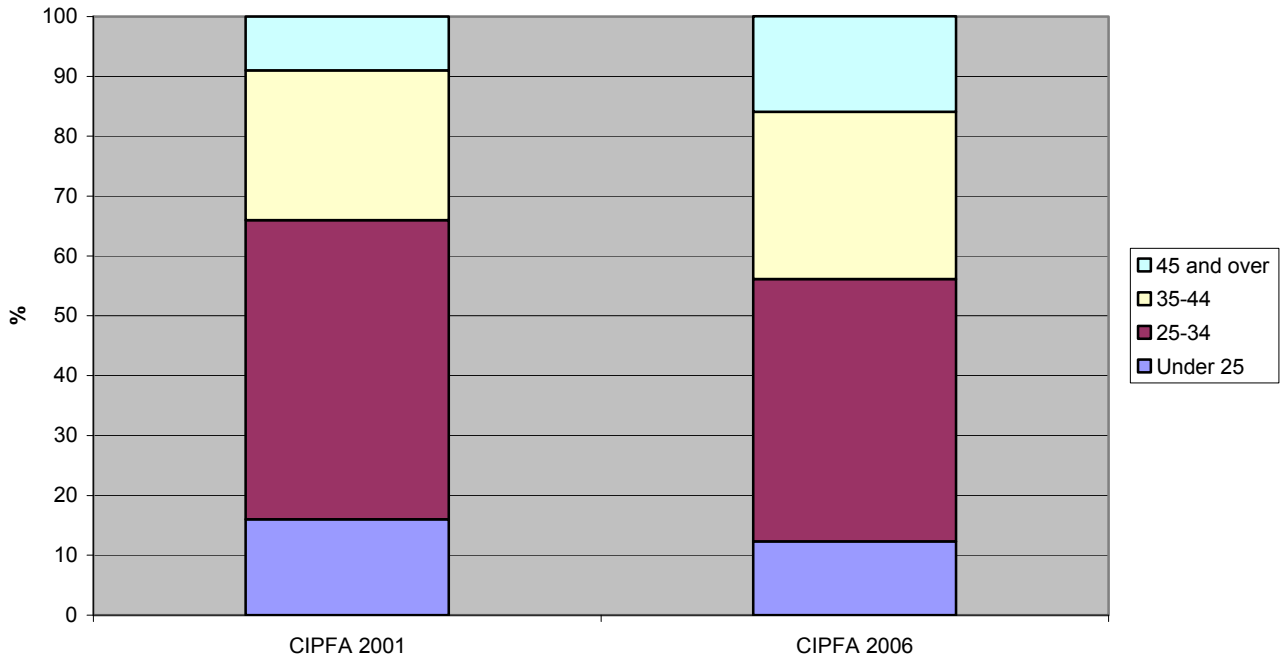


Chart 13

A Graph to Illustrate the Change in Age Profile of ICAEW students for 2001 and 2006

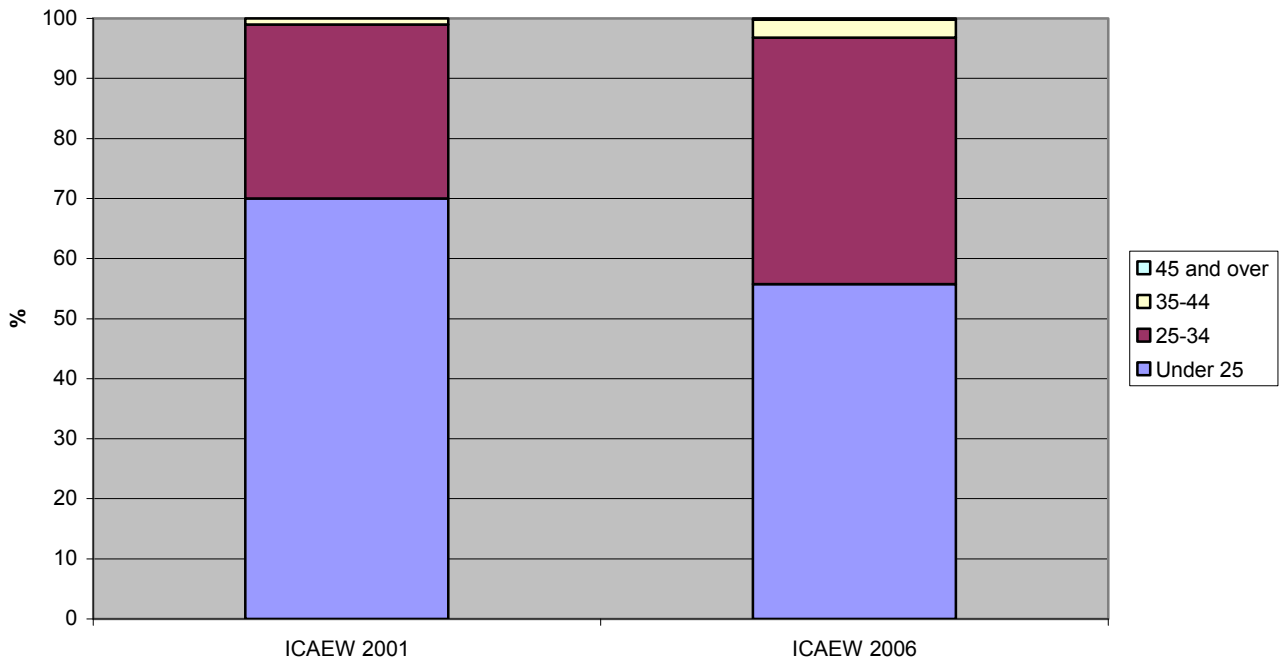


Chart 14

A Graph to Illustrate the Change in Age Profile of ICAI Students for 2001 and 2006

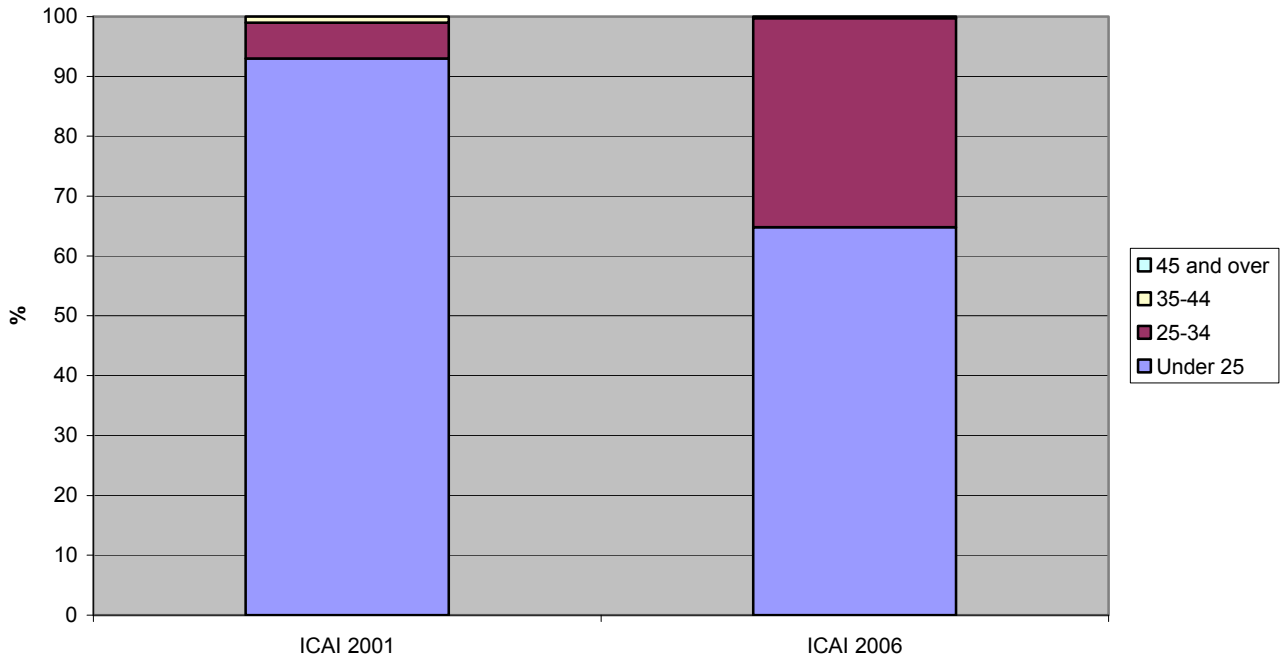


Chart 15

A Graph to Illustrate the change in Age Profile of ICAS students for 2001 and 2006

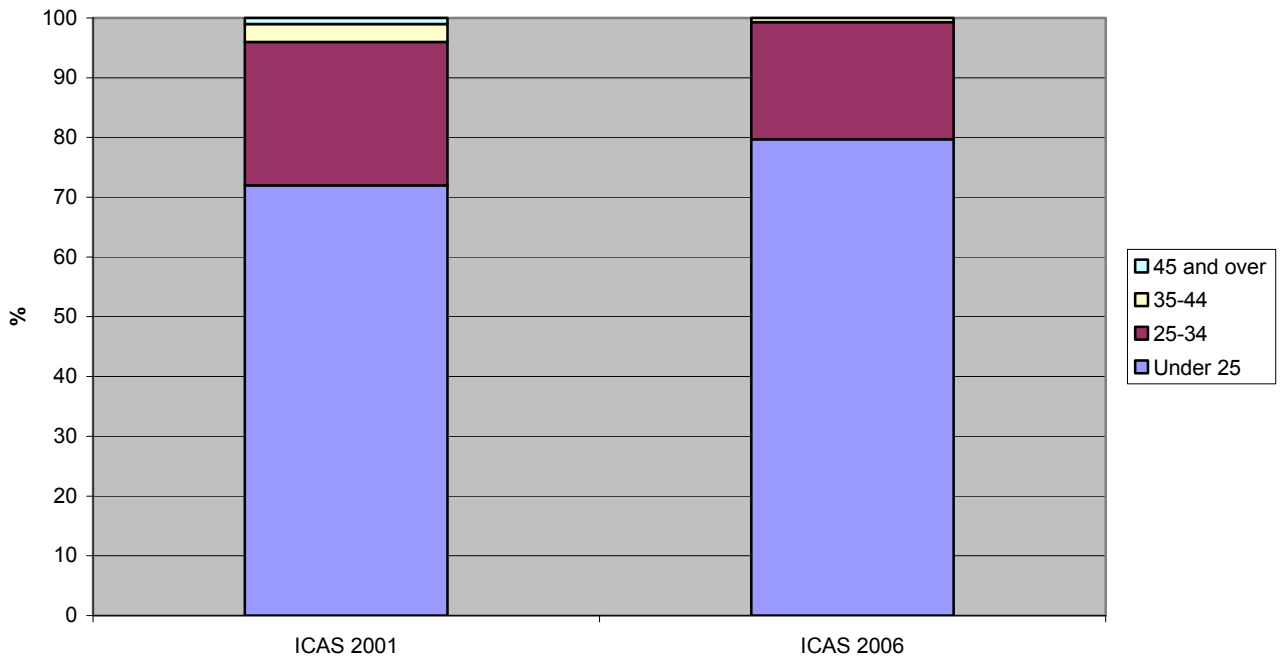


Chart 16

Sectoral employment of students worldwide, 2006:

Table 13 shows the sectoral employment of students of each of the accountancy bodies worldwide at 31st December 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS ¹	TOTAL
Public practice	65,662	-	-	10,628	4,307	3,052	83,649
Industry and commerce	127,908	69,581	85	187	115	102	197,978
Public sector	31,331	14,614	2,986	199	9	-	49,139
Other²	27,866	4,061	0	2,537	94	-	34,558
TOTAL	252,767	88,256	3,071	13,551	4,525	3,154	365,324

Table 13

- Over 75% of the student members of the ICAEW, ICAI and ICAS are employed in public practice. This compares to 26% of the ACCA's student population.
- In contrast 97% of CIPFA students are employed in the public sector.
- ACCA students are the most widely dispersed across the different sectors of the profession.

Notes:

1. The ICAS figure for industry and commerce includes students working within the public sector.
2. '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, 2001-2006:

Table 14 shows the percentage of female students of each of the accountancy bodies worldwide at 31 December for each of the six years to 31st December 2006.

	ACCA %	CIMA %	CIPFA %	ICAEW %	ICAI ^{1,2} %	ICAS ¹ %	TOTAL
2001	51	42	47	45	54	46	46
2002	51	43	50	45	54	46	43
2003	51	43	49	45	53	43	43
2004	50	43	50	44	55	44	48
2005	50	44	49	41	52	44	50
2006	50	44	50	41	54	46	48

Table 14

- The proportion of female students worldwide has remained relatively constant between 2001 and 2006 for all Chartered bodies. The most notable movement is for the ICAEW where the number of female students has shown a downward trend by 4% over the five year period.
- The gap between the proportion of female students and the proportion of female members continues to decrease (comparison of Table 6 and Table 14)

Notes:

1. ICAI and ICAS figures refer to the proportion of females in the student intake, not in the student body as a whole.
2. ICAI percentages of female students have been restated compared to the 4th edition of Key Facts and Trends.

Graduate entrants to training with the Six Chartered Accountancy Bodies:

Chart 17 shows the percentages of worldwide students 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

A Graph to show the Percentage of Students who hold a degree and the percentage of those students who hold a relevant degree

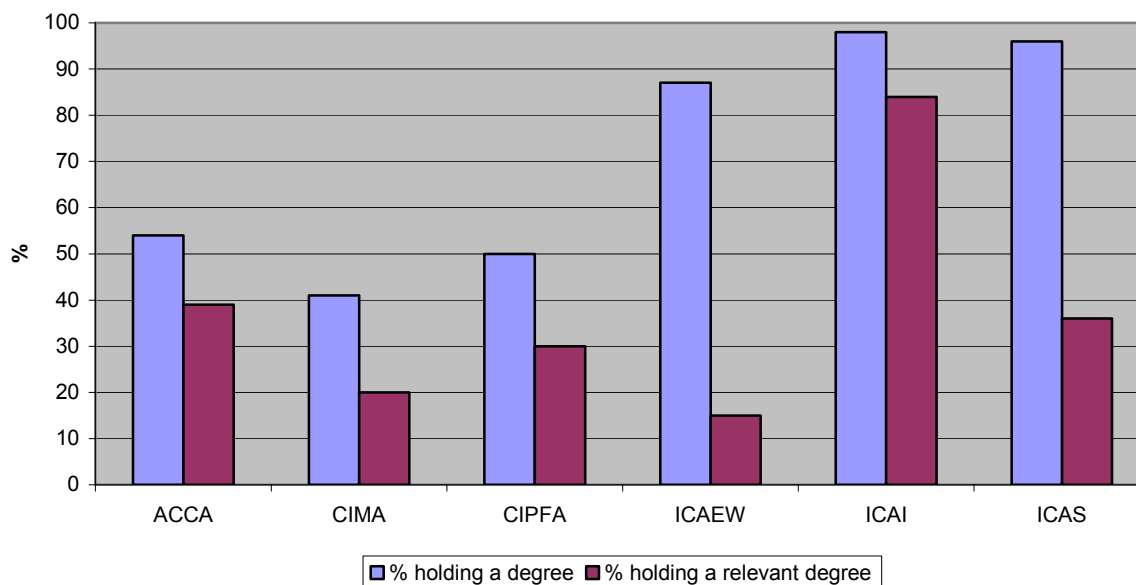


Chart 17

Notes

- 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.

- 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 above)

Pass Rates:

Table 15 shows:

- (1) the percentage of overall passes at the final examination stage for the year 2006
- (2) the percentage of those overall passes at the final examination stage which are first time passes
- (3) of those first time passes the number of students who have been awarded at least one exemption at any stage of the process

	ACCA	CIPFA	CIMA	ICAEW	ICAI	ICAS ¹
Proportion of overall passes at the final examination	45%	Not available	46%	78%	83%	60%
Proportion of those overall passes that were first time passes	51%	53%	58%	75%	83%	Not available
Proportion of students with first time passes who took advantage of one or more exemption	78%	Not available	Not available	26%	76%	Not available

Table 15

Notes

1. ICAS does not produce information on the number of first time passes

- As in previous years, the percentage of overall passes was higher for ICAI, ICAEW and ICAS for 2006 than the other bodies.
- 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 and ICAI, a significant majority had at least one exemption.

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

Income of the Six Chartered Accountancy Bodies, 2001-2006:

Table 16 shows the income of each of the six chartered accountancy bodies in £m over the period 2001 to 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
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	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

Table 16

Notes

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

Income of the six Chartered Bodies between 2001 and 2006

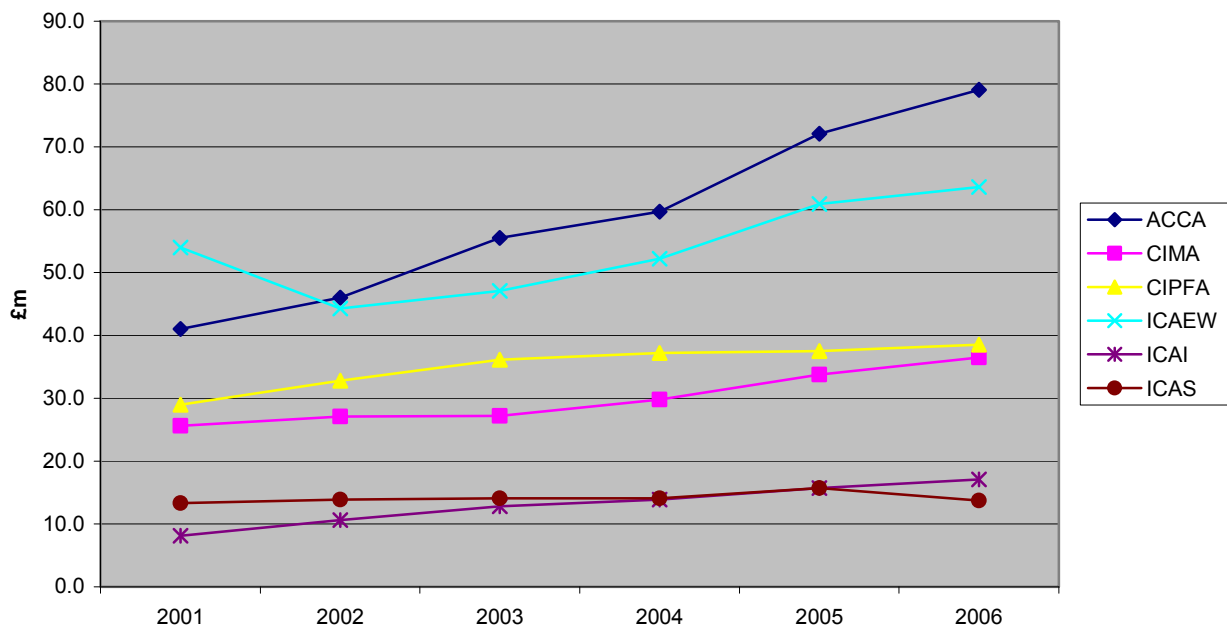


Chart 18

- The fall in the ICAEW's income between 2001 and 2002 was as a result of the sale of ABG Professional information.

Chart 18 and Table 16 show the most significant increase in income is for the ACCA whose income has risen at a compound annual rate of 14%. This is in large part explained by the increase in number of members and students by 5.8% and 7.8% (see Tables 2 and 8).

A Graph to show income & costs for the Bodies for the year ended 31st December 2006

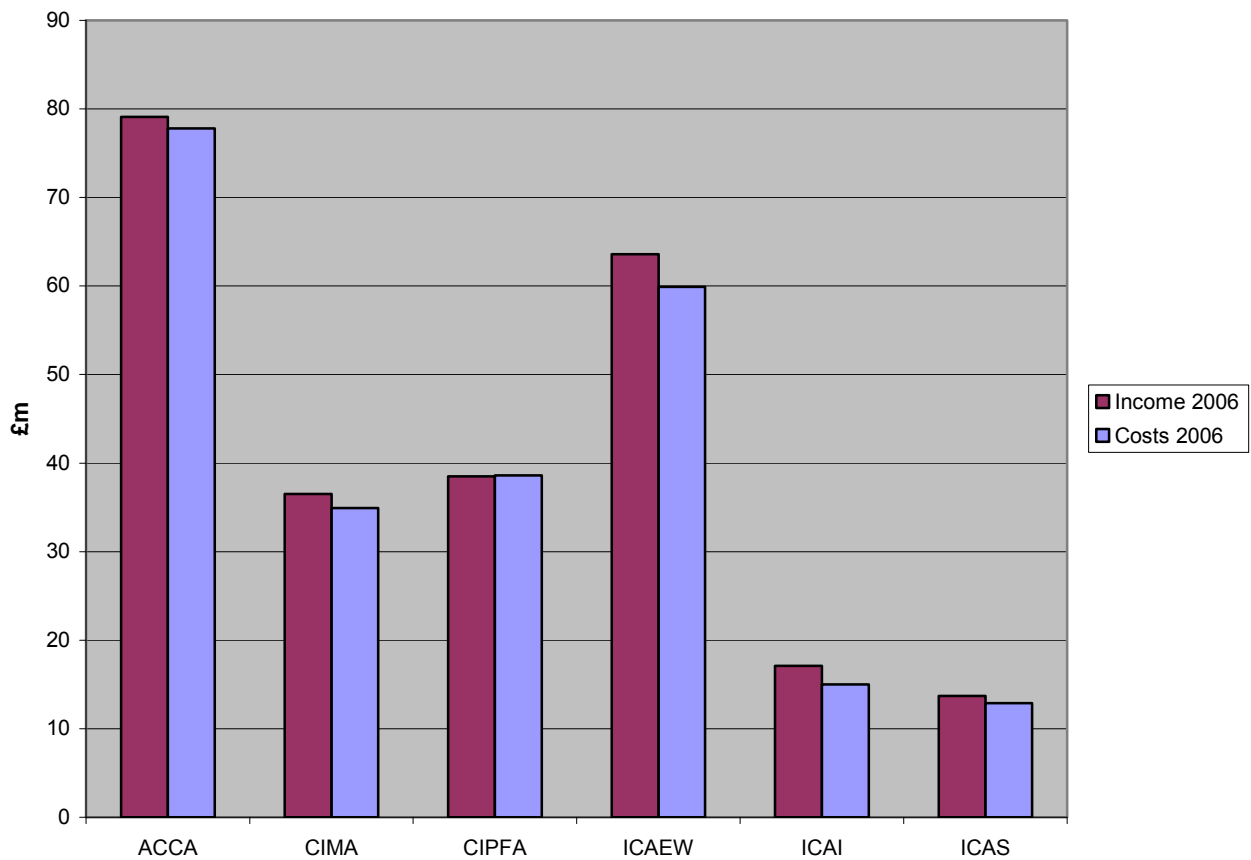


Chart 19

Staffing of the Six Chartered Accountancy Bodies, 2001–2006:

Table 17 shows the number of staff (full time equivalent) employed by the six chartered accountancy bodies over the period 2001 to 2006.

	ACCA	CIMA	CIPFA	ICAEW	ICAI	ICAS	TOTAL
2001	348	240	278	541	87	137	1,631
2002	487	235	302	425	95	137	1,680
2003	571	239	335	428	104	135	1,812
2004	640	238	321	491	104	137	1,931
2005	694	246	313	538	104	135	1,784
2006	727	250	319	541	113	137	2,087

Table 17

- The total number of staff employed by the six accountancy bodies in the UK and ROI has increased by 33% since 2001. Most of that increase is accounted for by ACCA which has more than doubled its headcount in the period.

Notes:

1. 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.
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 18 to 20 show fee income for audit and non-audit services for many of the largest registered audit firms for the years 2004-6. Most of these have clients who are defined as UK public interest entities. That information is analysed in Charts 20 to 25, differentiating the “Big 4” from the other large audit firms. 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.

One issue which led to public debate and consideration following the US accountancy scandals of Enron and WorldCom was the provision of non audit services to audit clients. This led to a new ethical standard on non-audit services produced by the Auditing Practices Board and to new guidance for listed companies in the Combined Code on 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.

It would be wrong, however, to make detailed comparisons between firms using the information in Tables 18 to 20. 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.

Note:

Grant Thornton merged with RSM Robson Rhodes 1st July 2007.

Key Points: Major Audit Firms

- Charts 20-22 show the changes in the split of fee income for Big 4 firms for the three years to 2006, based on the detailed information in the fee income tables (Tables 18-20). Charts 23-25 show the equivalent percentages for the major audit firms outside the Big 4.
- Between 2005 and 2006 there has been an increase in the proportion of total income from the provision of non-audit services to non audit clients for both the Big 4 firms and the major audit firms outside of the Big 4. (Charts 21, 22, 24 and 25).
- During the same period (between 2005 and 2006) the proportions of total fee income related to the provision of non-audit work to audit clients declined (Charts 21, 22, 24 and 25).
- Total fee income has been increasing over time with the most significant growth between 2005 and 2006, this can be explained in part by the work related to the implementation of IFRS and ISA's. (Table 21).
- There has been an increase in the average audit fee income per responsible individual for both Big 4 firms and the largest audit firms outside of the Big 4 between 2004 and 2006. (Table 22).
- Table 23 shows the concentration of listed companies' audits for the year ended 2006. Whilst 99% of the FTSE 100 and 90% of the FTSE 250 were audited by the Big 4 firms. However, of the AIM audits disclosed in Table 23, only 28% of these are audited by the Big 4 firms.

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2006 (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-06	793	268	355	1,980	551	449	980
KPMG ³	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 ⁴	291 ⁴	958 ⁴
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 ⁵	31-Mar-06	264	142	142	175	54	32	89
PKF (UK)	LLP ⁶	31-Mar-06	91	54	54	117	49	31	37
Mazars	LLP	31-Aug-06	85	54	54	72	29	9	34

¹ Principals are partners or members of an LLP

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

³ Includes both KPMG LLP and KPMG Audit Plc

⁴ These figures are best estimates for the split of the firm's total fee income

⁵ Effective from 1st April 2007 Baker Tilly became an LLP

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

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2006
(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)
RSM Robson Rhodes	LLP	30-Apr-06	84	36	42	85	22	11	52
Horwath Clark Whitehill	LLP	31-Mar-06	63	40	40	39	17	11 ⁷	11 ⁷
Nexia Smith & Williamson Audit ⁸	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 ⁹	0
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 ¹⁰	NA

⁷ These figures are estimated.

⁸ Nexia Smith & Williamson changed their name with effect from 1st May 2006. Nexia Smith & Williamson Audit merged with Soloman Hare on 31st May 2005.

⁹ Tenon Audit and HLB Vantis Audit's fee income for non-audit work is nil as these firms only provide audit work.

¹⁰ 'NA' means the information was 'Not Available'

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2006
(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)
CLB Littlejohn Frazer	Partnership	31-May-06 ¹¹	26	17	17	16	8	2	6
HLB Vantis Audit plc	Plc	31-May-06	3	3	58	7	7	0 ¹²	0
Chantrey Vellacott	Partnership	30-Jun-06	50	26	26	23	7	2	14
Kingston Smith	LLP ¹³	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

¹¹ Change in year end therefore, 14 Month period has been prorated to 12 months.

¹² HLB Vantis Audit plc has zero income from non-audit work as the firm only provides audit services

¹³ LLP from 1 May 2006

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2006
(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)
DTE	Limited Company	30-Apr-06	11	5	10	5	2	1	2
James Cowper	Partnership	30-Apr-06	16	10	10	8	1 ¹⁴	1 ¹⁴	6
Jeffreys Henry	LLP	30-Apr-06	8	6	6	5	1	1	3
Armstrong Watson	Partnership	31-Mar-06	34	6	NA	16	1	NA	NA
Begbies Chettle Agar ¹⁵	Partnership	31-Mar-06	5	4	4	1	0	0	1
Johnston Carmichael	Partnership	31-May-06	39	16	19	16	NA	NA	NA

Table 18

¹⁴ Figures estimated

¹⁵ Name changed to Begbies Chettle Agar from 1st April 2006

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2005 (By fee income from audit)

Firm Name	Structure	Year End	No of Principals ¹⁶	No of Audit Principals	No of responsible individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit (£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 ¹⁸	LLP	30-Sept-05	560	256	328	1,280	357	295	628
Ernst & Young	LLP	30-Jun-05	408	147	201	945	299 ¹⁹	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 ²⁰	60 ²⁰	84 ²⁰
Grant Thornton	LLP	30-Jun-05	240	99	106	256	56	36	164
PKF	LLP ²¹	31-Mar-05	98	NA ²²	52	114	48	31	35
Baker Tilly	Partnership	31-Mar-05	258	155	155	165	46	36	83

¹⁶ Principals are partners or members of an LLP

¹⁷ Responsible Individuals are those individuals who are authorised to sign audit reports

¹⁸ Includes both KPMG LLP and KPMG Audit Plc

¹⁹ Included US GAAP/GAAS opinion on dual registered clients and regulatory return work on financial services clients.

²⁰ Re-statement of income analysis following a change in systems in 2006 providing more detailed information

²¹ At 31 March 2005 PKF were a partnership. Subsequent to this PKF became an LLP called PKF(UK)LLP

²² 'NA' means the information was 'Not Available'

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2005
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals ¹⁶	No of Audit Principals	No of responsible individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit (£m)	Fee Income: Non-Audit Work to Audit Clients (£m)	Fee Income: Non-Audit Work to Non-Audit Clients (£m)
Mazars	LLP	31-Aug-05	80	54	54	65	27	10	28
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 ²³	30-Apr-05	59	26	26	37	11	3	22
Tenon Audit ²⁴	Ltd Company	30-Jun-05	4	3	57	11	11	0 ²⁵	0
Bentley Jennison	Partnership	31-Dec-05	64	29	40	44	11	7	26
HLB Vantis Audit plc ²⁶	Plc	31-May-05 ²⁷	11	8	25	9	9	0 ²⁵	0
Smith & Williamson ²⁸	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

²³ All amounts relate to previous partnership (Changed 3 October 2005)

²⁴ Name changed from Blueprint Audit Limited with effect from 28 February 2005

²⁵ Tenon Audit and HLB Vantis Audit's fee income for non-audit work is nil as these firms only provide audit work

²⁶ Name changed from HLB AV Audit plc with effect from 31 May 2005

²⁷ 14 Month period

²⁸ Name changed to Nexia Smith & Williamson Audit Ltd with effect from 1 May 2006

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2005
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals ¹⁶	No of Audit Principals	No of responsible individuals ¹⁷	Total Fee Income (£m)	Fee Income: Audit (£m)	Fee Income: Non-Audit Work to Audit Clients (£m)	Fee Income: Non-Audit Work to Non-Audit Clients (£m)
Chantrey Vellacott	Partnership	30-Jun-05	48	25	25	23	8	3	12
Kingston Smith	Partnership ²⁹	30-Apr-05	41	38	NA	23	7	6	10
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 ³⁰	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

²⁹ LLP from 1 May 2006

³⁰ Including audit principals

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2005
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals¹⁶	No of Audit Principals	No of responsible individuals¹⁷	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)
DTE	Limited Company	30-Apr-05	11	5	9	4	1	1	2
Jeffreys Henry	LLP ³¹	30-Apr-05	8	5	5	4	1	1	2
James Cowper	Partnership	30-Apr-05	16	10	10	7	1 ³²	1 ³²	5
Armstrong Watson	Partnership	31-Mar-05	34	6	0	16	1	NA	NA
Begbies Everett Chettle ³³	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 19

³¹ LLP From 1st May 2004

³² Figure estimated

³³ Name changed to Begbies Chettle Agar from 01 April 2006

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2004 (By fee income from audit)

Firm Name	Structure	Year End	No of Principals ³⁴	No of Audit Principals	No of responsible individuals ³⁵	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 ³⁶	LLP	30-Jun-04	752	269	350	1,583	438	405	740
KPMG ³⁷	LLP	30-Sep-04	549	247	353	1,066	306	270	490
Deloitte & Touche	LLP	31-May-04	589	201	205	1,246	259	177	810
Ernst & Young	LLP	30-Jun-04	391	148	195	825 ³⁸	241	168	416
BDO Stoy Hayward	LLP	30-Jun-04	209	105 ³⁹	115 ³⁹	172 ⁴⁰	57 ⁴¹	42 ⁴¹	73 ⁴¹
Grant Thornton	LLP	30-Jun-04	241	106	108	239 ⁴²	54 ⁴²	35 ⁴²	150 ⁴²

³⁴ Principals are partners or members of an LLP

³⁵ Responsible Individuals are those individuals who are able to sign audit reports

³⁶ Fee income figures re-stated in comparison to the 3rd Edition of Key Facts & Trends in line with the change of accounting policy for revenue recognition and a review of the definitions in the APB Ethical Standards 5.

³⁷ Includes both KPMG LLP and KPMG Audit Plc

³⁸ Fee income figures re-stated in comparison to the 3rd Edition of Key Facts & Trends following a change in accounting policy regarding exclusion of unrealised profit in year end work in progress.

³⁹ As at 30 November 2004

⁴⁰ Fee income figure re-stated in comparison to the 4th Edition of Key Facts and Trends in line with the change of accounting policy for revenue recognition.

⁴¹ Re-statement of analysis of income following a change in systems in 2006 providing more detailed information.

⁴² Re-stated for application of UITF40

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2004 (By fee income from audit)

Firm Name	Structure	Year End	No of Principals ³⁴	No of Audit Principals	No of responsible individuals ³⁵	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)
Baker Tilly	Partnership	31-Mar-04	261	NA ⁴³	NA	160	50	30	80
PKF	LLP ⁴⁴	31-Mar-04	101	NA	NA	110	47	30	33
Mazars	LLP	31-Aug-04	75	54	54	63 ⁴⁵	25	10	28
RSM Robson Rhodes	LLP	30-Apr-04	93	30	33	75	14	7	54
Horwath Clark Whitehill	LLP	31-Mar-04	59	NA	NA	36	14	12	10
Moore Stephens	LLP ⁴⁶	30-Apr-04	60	26	26	37	10	4	23
Tenon Audit ⁴⁷	Ltd Company	30-Jun-04	9	NA	NA	10	10	0 ⁴⁸	0
Bentley Jennison	Partnership	31-Dec-04	56	NA	NA	38	9	7	22
HLB Vantis Audit ⁴⁹	Plc	31-Mar-04	11	8	25	8	8	0 ⁴⁸	0

⁴³ 'NA' means the information was 'Not Available'

⁴⁴ At 31 March 2005 PKF were a partnership. Subsequent to this PKF became an LLP called PKF(UK)LLP

⁴⁵ Re-stated for application of UITF40

⁴⁶ All amounts relate to previous partnership (Changed 3 October 2005)

⁴⁷ Name changed from Blueprint Audit Limited with effect from 28 February 2005

⁴⁸ Tenon Audit and HLB Vantis Audit's fee income is nil as these firms only provide audit work

⁴⁹ Name changed from HLB AV Audit plc with effect from 31 May 2005

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2004
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals <small>34</small>	No of Audit Principals	No of responsible individuals <small>35</small>	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)
Macintyre Hudson	LLP	31-Mar-04	41	30	NA	20	8	NA	NA
Smith & Williamson ⁵⁰	Company	30-Apr-04	77	23	24	46	8	NA	38
Chantrey Vellacott	Partnership	30-Jun-04	50	NA	NA	20	8	2	10
UHY Hacker Young	Group of Partnerships	30-Apr-04	67	NA	NA	24	7	3	14
Kingston Smith	Partnership ⁵¹	30-Apr-04	42	NA	NA	20	6	5	9
Menzies	Partnership	31-Mar-04	31	27	22	21	4	8	9
Scott Moncrieff	Partnership	30-Apr-04	19	11	11	10	4	1	5
CLB Littlejohn Frazer	Partnership	31-Mar-04	18	13	13	10	4	2	4
Cooper Parry	LLP	30-Apr-04	20	7	9	11	4	3	4
Wilkins Kennedy	Partnership	30-Apr-04	33	26	27	14	3	3	8
Saffery Champness	Partnership	31-Mar04	50	28	28	24	3	7	14

⁵⁰ Name changed to Nexia Smith & Williamson Audit Ltd with effect from 1 May 2006

⁵¹ LLP from 1 May 2006

FEE INCOME OF MAJOR AUDIT FIRMS YEAR ENDED 2004
(By fee income from audit)

Firm Name	Structure	Year End	No of Principals ³⁴	No of Audit Principals	No of responsible individuals ³⁵	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)
Chiene & Tait	Scottish Partnership	30-Sept-04	7	4	4	5	2	0	3
DTE	Limited Company	30-Apr-04	10	5	9	4	1	1	2
James Cowper	Partnership	30-Apr-04	14	10	10	7	1 ⁵²	1 ⁵²	5
Armstrong Watson	Partnership	31-Mar-04	34	NA	NA	12	1	1	10
Jeffreys Henry	LLP ⁵³	30-Apr-04	8	5	5	3	1	0	2
Begbies Everett Chettle ⁵⁴	Partnership	31-Mar-04	5	3	3	1	0	NA	1
Johnston Carmichael	Partnership	31-May-04	32	13	18	11	NA	NA	NA

Table 20

⁵² Figures estimated

⁵³ LLP from 1st May 2004

⁵⁴ Name changed to Begbies Chettle Agar from 01 April 2006

BIG FOUR FIRMS

Analysis of Big 4 Income (2004)

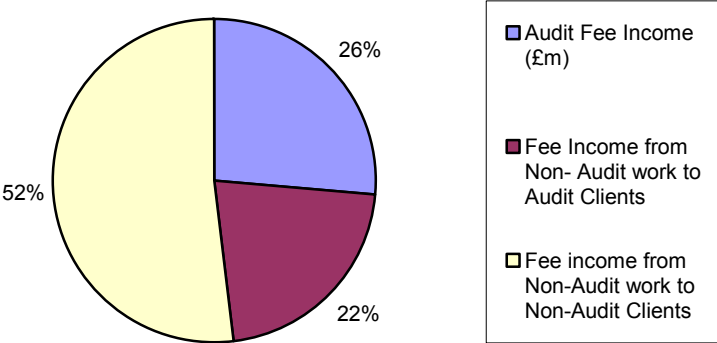


Chart 20

Analysis of Big 4 Income (2005)

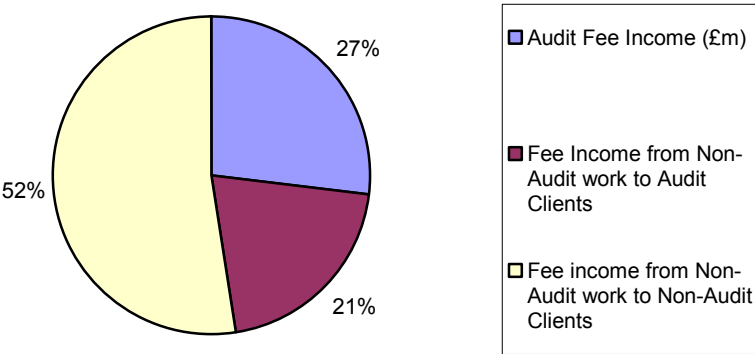


Chart 21

Analysis of Big 4 Income (2006)

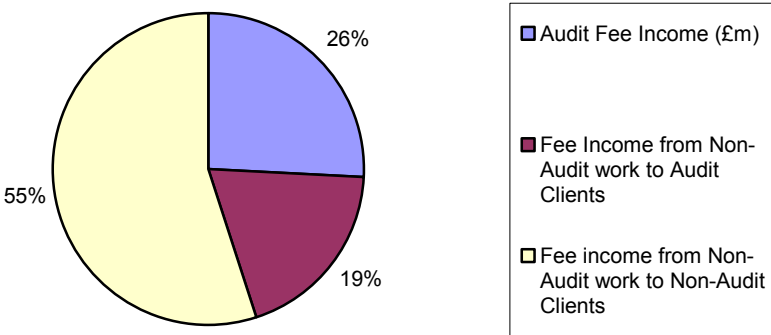


Chart 22

NON BIG FOUR FIRMS WHO AUDIT UK PUBLIC INTEREST ENTITIES

Analysis of Non Big 4 Fee Income (2004)

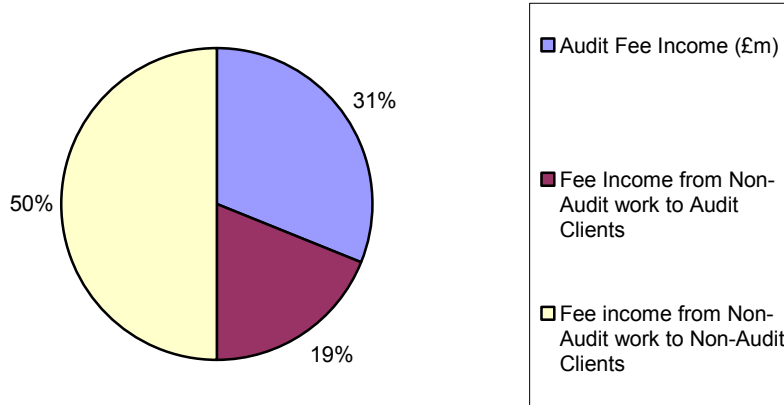


Chart 23

Analysis of Non Big 4 Fee Income (2005)

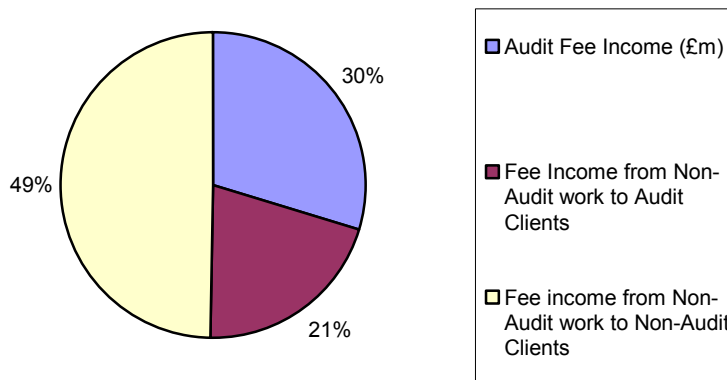


Chart 24

Analysis of Non Big 4 Fee Income (2006)

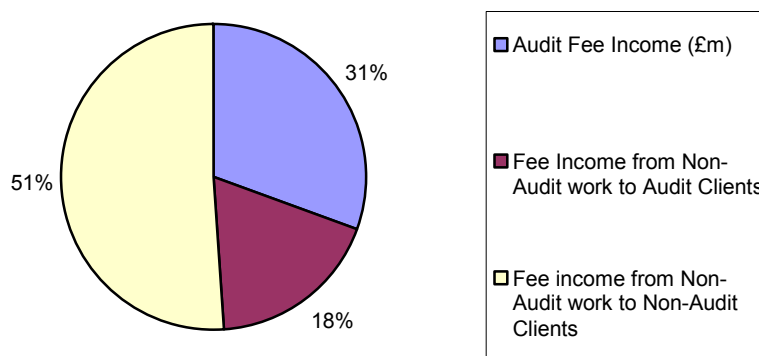


Chart 25

Growth of Total Fee Income:

Table 21 shows the growth rate of total fee income between 2003 and 2006 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 4 audit firms and the largest firms outside the Big 4.

	2005 - 2006	2004 – 2005	2003 - 2004
Percentage growth rate of total fee income for the largest registered audit firms with UK public interest entities as clients ⁵⁵	14.51	12.77	5.79
Percentage growth rate of total fee income for the Big 4 firms	14.23	13.56	4.66
Percentage growth rate of total fee income for the non Big 4 firms	15.72	9.41	10.81

Table 21

- The overall growth rate of total fee income has been increasing over time. The large jump in total fee income between 2004 and 2005 reflects the percentage growth of total fee income of the Big 4.
- The percentage growth rate for the Big 4 firms between 2004 and 2005 is greater than that of the non Big 4. The percentage growth rate for the non Big 4 firms between 2003 and 2004 is more than double that of the Big 4.
- The growth rates for both Big 4 firms and non Big 4 firms were particularly strong for 2006 compared with 2005. During this period audit fee income has increased in part as a result of work related to IFRS and ISAs.

⁵⁵ This is based on the information which firms provided to the Oversight Board, and which is shown in the detailed tables on fee income of major audit firms. A few firms did not provide the information.

Audit Fee Income per Responsible Individual:

Table 22 illustrates audit fee generated per Responsible Individual (RI) for 2004 to 2006. This information is split further between the Big 4 audit firms and the largest firms outside the Big 4.

£M	2006	2005	2004
Audit fee income per RI for largest registered audit firms with UK public interest entities as clients ⁵⁶	0.96	0.89	0.89
Audit fee income per RI for the Big 4 firms	1.47	1.35	1.13
Audit fee income per RI for the non Big 4 firms	0.43	0.40	0.39

Table 22

- Audit fee income generated per responsible individual has grown between 2004 and 2006. The increase in 2006 may be explained in part by the implementation of IFRS and ISA's resulting in higher audit fees.
- The audit fee income generated per responsible individual for the Big 4 firms and non Big 4 firms has been rising steadily.

⁵⁶ This is based on the information which firms provided to the Oversight Board, and which is shown in the detailed tables on fee income of major audit firms. A few firms did not provide the information.

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2006
(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 Market⁵⁷ Audit Clients	No of AIM Audit Clients
PricewaterhouseCoopers	LLP	30-Jun-06	21,000	42	78	87	70
KPMG ⁵⁸	LLP	30-Sep-06	15,887	23	44	173	93
Deloitte & Touche	LLP	31-May-06	16,502 ⁵⁹	19 ⁵⁹	61 ⁵⁹	218 ⁵⁹	85 ⁵⁹
Ernst & Young	LLP	30-Jun-06	5,500	16	43	329	29
BDO Stoy Hayward	LLP	30-Jun-06	6,356	1	4	31	131
RSM Robson Rhodes	LLP	30-Apr-06	3,000 ⁶⁰	0	1	39	33
Begbies Chettle Agar ⁶¹	Partnership	31-Mar-06	94	0	1	1	0
Baker Tilly	Partnership	31-Mar-06	7,346	0	0	33	135

⁵⁷ Main market refers to UK stock exchange

⁵⁸ Includes both KPMG LLP and KPMG Audit Plc

⁵⁹ Figures reported as at 31st October

⁶⁰ Figure estimated

⁶¹ Name changed to Begbies Chettle Agar with effect from 1st April 2006

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2006
(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 Market⁵⁷ Audit Clients	No of AIM Audit Clients
Grant Thornton	LLP	30-Jun-06	9,000 ⁶²	0	0	30	169
PKF (UK) ⁶³	LLP	31-Mar-06	2,734	0	0	23	44
Kingston Smith	LLP	30-Apr-06	1,572	0	0	11	20
Nexia Smith & Williamson Audit ⁶⁴	Company	30-Apr-06	1,442	0	0	4	38
UHY Hacker Young	Group of Partnerships	30-Apr-06	1,790	0	0	4	23
Moore Stephens	LLP	30-Apr-06	1,400	0	0	4	13
Scott Moncrieff	Partnership	30-Apr-06	484	0	0	4	3
Chiene & Tait	Scottish Partnership	30-Sep-06	356	0	0	4	0
Chantrey Vellacott	Partnership	30-Jun-06	779	0	0	3	12

⁶² Figure estimated

⁶³ PKF became PKF (UK) LLP on 1st April 2005

⁶⁴ Name changed to Nexia Smith & Williamson Audit on 1st May 2006. Nexia Smith & Williamson Audit merged with Soloman Hare.

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2006
(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 Market⁵⁷ Audit Clients	No of AIM Audit Clients
Saffery Champness	Partnership	31-Mar-06	820	0	0	3	9
Horwath Clark Whitehill	LLP	31-Mar-06	2,243	0	0	2	26
CLB Littlejohn Frazer	Partnership	31-May-06	1,040	0	0	2	15
Jeffreys Henry	LLP	30-Apr-06	167	0	0	2	13
Tenon Audit	Limited Company	30-Jun-06	1,671	0	0	1	6
Menzies	Partnership	31-Mar-06	700	0	0	1	4
Mazars	LLP	31-Aug-06	1,900	0	0	0	10
Macintyre Hudson	LLP	31-Mar-06	NA ⁶⁵	0	0	0	4
HLB Vantis Audit plc	Plc	31-May-06	1,656	0	0	0	9
Bentley Jennison	Partnership	31-Dec-06	1,440	0	0	0	5
Wilkins Kennedy	Partnership	30-Apr-06	528	0	0	0	2

⁶⁵ Not Available

CONCENTRATION OF LISTED COMPANIES' AUDITS YEAR ENDED 2006
(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 Market⁵⁷ Audit Clients	No of AIM Audit Clients
Cooper Parry	LLP	30-Apr-06	585	0	0	0	1
Johnston Carmichael	Partnership	31-May-06	318	0	0	0	0
James Cowper	Partnership	30-Apr-06	308	0	0	0	0
DTE	Limited Company	30-Apr-06	190	0	0	0	0
Armstrong Watson	Partnership	31-Mar-06	NA ⁶⁶	NA	NA	NA	NA

Table 23

⁶⁶ Not Available

Concentration of Listed Companies' Audits

Table 24 illustrates the percentage of the number of audits undertaken by the Big 4 firms, the next 5 firms (based on fee income from audit) and other audit firms for UK equity listed companies as at 31st March 2005, 31st March 2006 and 28th February 2007.

	BIG 4 %			NEXT 5 %			Others %		
	28/02/07	31/03/06	31/03/05	28/02/07	31/03/06	31/03/05	28/02/07	31/03/06	31/03/05
FTSE 100	100.0	99.0	100.0	0.0	1.0	0.0	0.0	0.0	0.0
FTSE 250	96.7	96.4	96.8	2.8	3.2	2.0	0.5	0.4	1.2
Other Main Market	73.8	77.2	78.7	18.7	15.7	14.5	7.5	7.1	6.7
All Main Market	81.8	83.0	83.5	13.1	11.9	11.2	5.1	5.1	5.3

Table 24

Source: Audit Inspection Unit

Note: Due to changes in market constituents and factors such as share suspension the table above is not entirely comparable year on year but fairly illustrates the underlying levels and trends of auditor concentration.

**NUMBER OF FIRMS REGISTERED WITH RECOGNISED
SUPERVISORY BODIES**

No of Principals ¹ in Firm	ACCA	ICAEW	ICAI	ICAS	TOTAL
1	1,954	2,481	666	127	5,228
2-6	744	2,115	339	148	3,346
7-10	37	146	12	17	212
11-50	6	105	10	7	128
50+	0	12	1	1	14
Total as at 31.12.06	2,741	4,859	1,028	300	8,928
Total as at 31.12.05	2,968	5,193	1,044	343	9,889
Total as at 31.12.04	3,053	5,475	1,048	374	9,950
Total as at 31.12.03	3,083	6,336	1,046	423	10,888
Total as at 31.12.02	3,112	6,478	1,044	453	11,087
Total as at 31.12.01	2,975	6,671	1,044	482	11,172

Table 25

- A large number of sole practitioners and small firms continue to offer audit services in the UK and ROI, despite a 12% decrease across all bodies in 2006
- Overall, the number of firms registered to carry out statutory audit in the UK decreased in 2006 by 10% in 2006. However, between 2001 and 2006 there has been a 20% fall in the number of registered auditors. The overall fall in the number of registered firms reflects the increase in the audit threshold, and the corresponding decrease in the number of firms requiring audit registration, and also mergers between audit firms.

Note

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

Table 26 analyses fee income of audit firms registered with the ICAEW by size. Note this information is solely for firms registered with the ICAEW.

Audit Firms Registered with ICAEW (December 2006)		
Firms ranked by size	Average Total Fee Income (£K)	Fee Income Per Partner (£K)
1 to 4	1,268,802	2,004
5 to 10	113,430	878
11 to 30	12,350	409
31 to 100	6,366	442
101 to 500	2,959	403
501 to 1000	737	222
1001 to 2000	580	281
2001 to 3000	204	185
3000 to 4000	207	207
4001+	143	143

Table 26

Table 26 shows the concentration of the largest firms with regard to total fee income and supports the data included in tables 18-20. Over 90% of the total fee income as at 31st December 2006, of firms registered with the ICAEW is attributable to the Big 4.

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