

June 2015

Key Facts and Trends in the Accountancy Profession

The FRC is responsible for promoting high quality corporate governance and reporting to foster investment. We set the UK Corporate Governance and Stewardship Codes as well as UK standards for accounting, auditing and actuarial work. We represent UK interests in international standard-setting. We also monitor and take action to promote the quality of corporate reporting and auditing. We operate independent disciplinary arrangements for accountants and actuaries, and oversee the regulatory activities of the accountancy and actuarial professional bodies.

The content in this publication is provided for general information purposes only. Although the Financial Reporting Council (FRC) endeavours to ensure the accuracy of the information provided by the accountancy firms and bodies listed in the publication, we undertake no detailed checking of the data and therefore cannot guarantee that the content will be current, consistently provided year on year, accurate or complete. The FRC does not accept any liability to any party for any loss, damage or costs howsoever arising, whether directly or indirectly, whether in contract, tort or otherwise from any action or decision taken (or not taken) as a result of any person relying on or otherwise using this document or arising from any omission from it.

Financial Reporting Council

Key Facts and Trends in the Accountancy Profession

Contents

Foreword		5
One	Main Highlights	7
Two	Members & Students of Accountancy Bodies	9
Three	Resource information on Accountancy Bodies	23
Four	Oversight of Audit Regulation	27
Five	Audit Firms	40
Six	Annex – Data tables of the charts	52
Seven	Annex – Glossary of acronyms and abbreviations	58

Foreword

This is the thirteenth edition of ‘Key Facts and Trends in the Accountancy Profession’.

The FRC is the UK’s independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. It has specific responsibilities for overseeing the regulation of statutory auditors and, more widely, the regulation of the accountancy and actuarial professions in the UK by agreement with their professional bodies.

This document provides statistical information on the accountancy profession as part of the context to the FRC’s work. It collates information provided by the accountancy bodies for which the FRC has oversight responsibilities, being the six chartered accountancy bodies¹ and one other body that offers an audit qualification recognised by the FRC². The information in Sections One to Three relates principally to membership, students, income, costs and staffing of these bodies. Section Four contains information related to the supervision of statutory auditors.

Section Five provides information on thirty-one of the largest registered audit firms which collectively audit the vast majority of UK listed companies and other public interest entities. Firms provide this information on a voluntary basis and there were a few firms that declined to do so.

Where appropriate we highlight significant trends and explain possible limitations on the data. However, we do not comment on the possible reasons for particular trends. We would also stress that it is often difficult to make comparisons between the different accountancy bodies or between audit firms. This can be for a number of reasons, such as differences in the way data is classified or in the differing regulatory arrangements.

The tables on members of the accountancy bodies show data for the UK and the Republic of Ireland, and separately worldwide data. We include the UK and ROI figures together, partly because members and firms are entitled to practise in both jurisdictions and partly because in some cases it is difficult for the bodies to separate the data. However, the Irish Auditing and Accounting Supervisory Authority (IAASA) publishes certain information relating specifically to the ROI, which is available at <http://www.iaasa.ie>.

Overall, the data suggests that the profession continues to remain attractive. The overall number of members continues to increase, both in the UK & ROI and worldwide. Student numbers whilst growing worldwide have fallen slightly in the UK and ROI in 2014. The total fee income of the largest firms has also grown in 2013/14.

We are grateful to those that took the time to complete our questionnaire on how we could improve this publication. We would again welcome your comments on Key Facts and Trends in the Accountancy Profession and should be grateful if you would complete our short questionnaire (see link below):

<https://www.surveymonkey.com/s/KeyFactsandTrends2015>

Further information about the FRC is available at www.frc.org.uk



Chairman of the FRC Conduct Committee

June 2015

¹ Association of Chartered Certified Accountants (ACCA), Chartered Accountants Ireland (CAI), Chartered Institute of Management Accountants (CIMA), Chartered Institute of Public Finance and Accountancy (CIPFA), Institute of Chartered Accountants in England and Wales (ICAEW), and Institute of Chartered Accountants of Scotland (ICAS).

² Association of International Accountants (AIA)

Section One – Main Highlights

The Accountancy Bodies 2010 – 2014

Total membership of the accountancy bodies continues to grow steadily. The seven bodies included in the report have over 335,000 members in the UK and ROI and over 485,000 members worldwide. The compound annual growth rates for 2010-14 are 2.5% in the UK and ROI and 3.4% worldwide. (Figures 1 to 3)

There are over 166,000 students in the UK and ROI and over 545,000 worldwide. There has been a slight decline in student numbers in the UK and ROI falling by 0.8% compound over the period 2010-2014. Student numbers increased in 2014 by 3% worldwide and fell by 0.8% in the UK and ROI. Compound annual growth rates worldwide increased by 2.5% over the same period. (Figures 1 to 3)

There are significant differences between the bodies in terms of geographical distribution of membership and student populations and in size, growth rate and age profile.

The number of registered audit firms continues to decline gradually. The overall number of registered audit firms was 6,622 as at the 31 December 2014, a fall of 4.9% since 31 December 2013. (Figure 18)

The number of audit monitoring visits across all the bodies has remained relatively stable over the last five years, with 1,317 visits being conducted in 2014 compared to 1,242 in 2010. (Figure 21)



The Audit Firms 2010 – 2014

Figure 31 shows the fee income for audit and non-audit services for 31 of the largest registered audit firms for the year ended in 2014. Most of these firms have audit clients which are UK Public Interest Entities¹. Firms are listed in order of fee income from audit, rather than total fee income.

The larger registered firms outside of the Big Four have had significant growth in all areas of fee income in 2014 which can largely be attributed to mergers and acquisitions in 2013 and the transfer of Local Authority audits from the Audit Commission to the private sector.

Total fee income for all firms surveyed increased in 2013-14. The increase for the Big Four firms was 4.3% compared with an increase of 15.1% for the larger registered firms outside the Big Four that are included in our analysis. (Figure 34)

Audit fee income for Big Four firms increased by 0.1% in 2013-14 compared with an increase of 9.5% for the larger registered firms outside the Big Four. (Figure 34)

Audit fee income per Responsible Individual has seen very little change in 2014. (Figure 35)

There has been little change in recent years in the proportion of listed companies audited by many of the larger registered firms outside the Big Four. (Figure 37)

¹ The definition of a Public Interest Entity (PIE) can be found in the 'AQR: Scope of Independent Inspection 2014/15' which can be found at www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review.aspx

Section Two – Members & Students of seven Accountancy Bodies

Members and Students in the UK and the Republic of Ireland and Worldwide 2014

Figure 1 shows the number of members and students of each of seven accountancy bodies in the UK and ROI and worldwide¹ as at 31 December 2014.



Figure 1

¹ The location of members and students is based on the registered address supplied to the accountancy bodies and may be either the place of employment or the place of residence.

Figures 2 and 3 show the number of members and students in the UK and ROI and worldwide² respectively of each of seven accountancy bodies as at 31 December for each of the five years to 31 December 2014.

Growth of Members in UK & ROI	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Total numbers for 2014	83,339	77,551	12,393	122,167	20,990	17,538	1,574	335,552
% growth (13 - 14)	3.6	3.5	-4.1	1.4	4.0	1.9	4.2	2.4
% growth (10 - 14)	14.8	16.9	-6.8	5.3	15.7	7.8	-6.0	10.3
% compound annual growth (10-14)	3.5	4.0	-1.7	1.3	3.7	1.9	-1.5	2.5

Members and Students registered in the UK and the Republic of Ireland 2010 - 2014

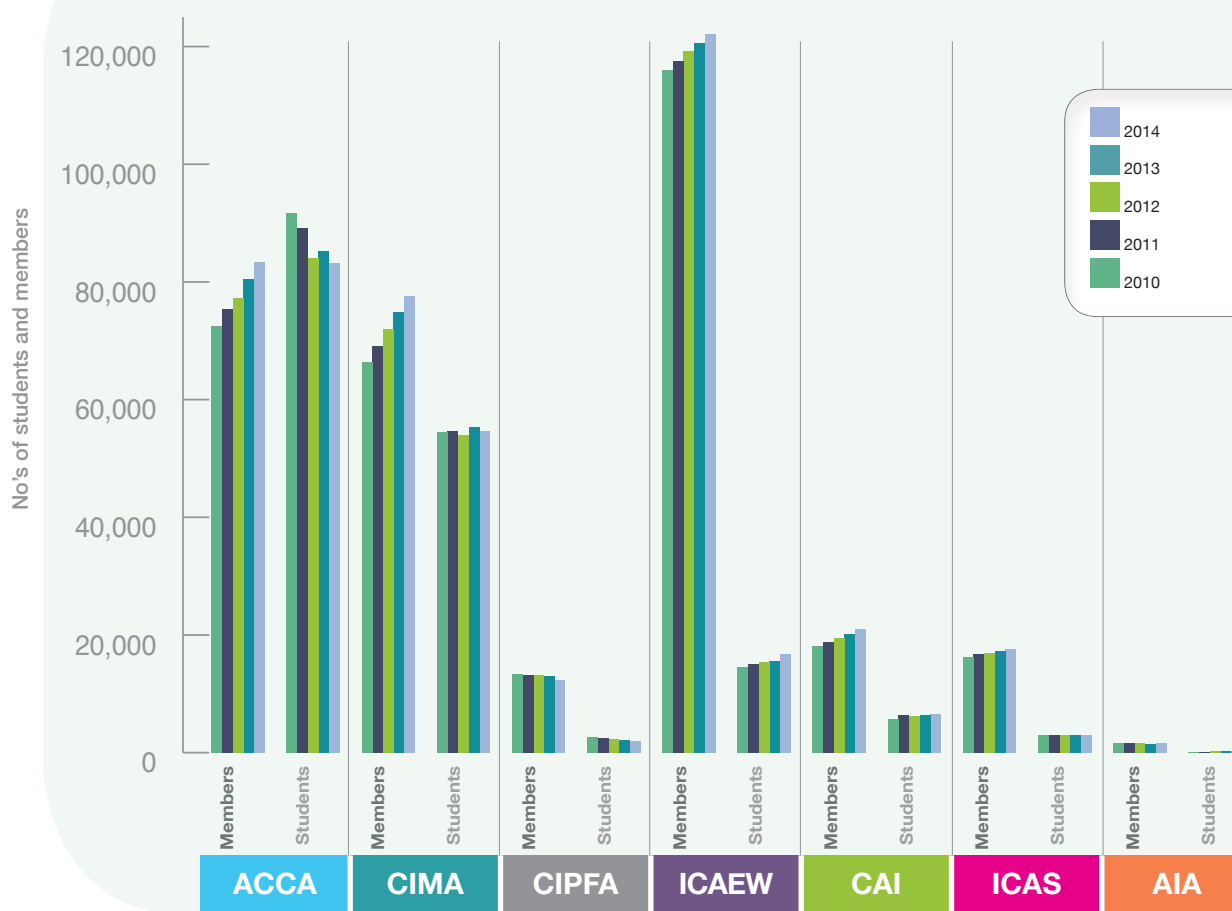


Figure 2

Growth of Students in UK & ROI	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Total numbers for 2014	83,198	54,684	2,015	16,711	6,539	3,058	270	166,475
% growth (13 - 14)	-2.4	-1.1	-2.1	7.4	1.7	2.7	-5.3	-0.8
% growth (10 - 14)	-9.3	0.4	-25.0	15.2	13.3	3.2	78.8	-3.3
% compound annual growth (10-14)	-2.4	0.1	-6.9	3.6	3.2	0.8	15.6	-0.8

² The location of members is based on the registered address supplied to the accountancy bodies and may be either the place of employment or the place of residence.

Growth of Members Worldwide	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Total numbers for 2014	174,227	99,942	13,327	144,167	23,778	20,401	9,250	485,092
% growth (13 - 14)	5.2	4.2	0.0	1.3	4.2	1.5	8.3	3.5
% growth (10 - 14)	20.7	19.7	-2.5	5.5	18.8	8.6	31.3	14.4
% compound annual growth (10-14)	4.8	4.6	-0.6	1.4	4.4	2.1	7.0	3.4

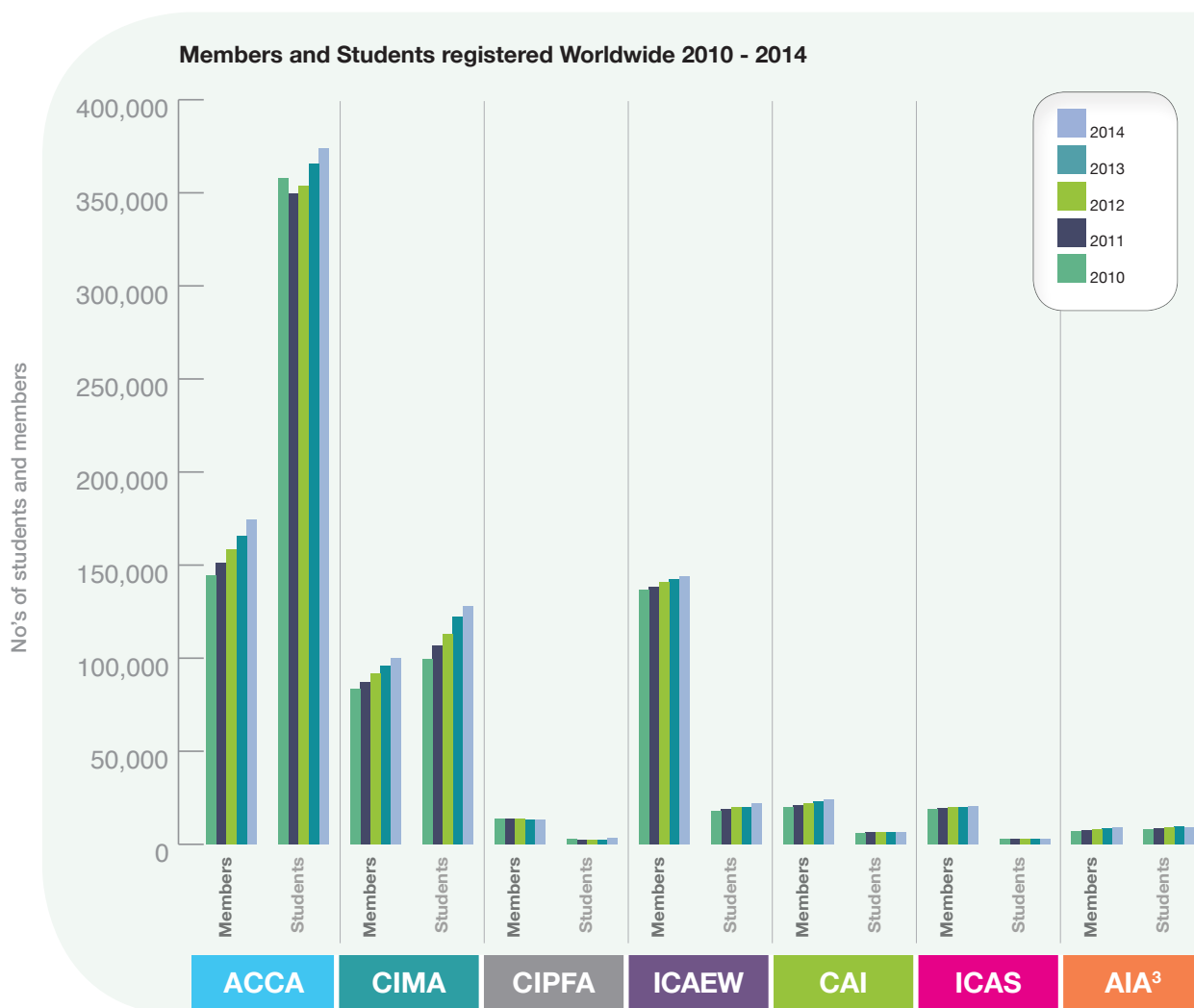


Figure 3

Growth of Students Worldwide	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Total numbers for 2014	373,668	127,813	3,362	22,001	6,548	3,071	9,064	545,527
% growth (13 - 14)	2.2	4.4	31.8	9.3	1.7	2.7	-5.7	3.0
% growth (10 - 14)	4.4	28.8	21.6	24.6	13.5	2.2	16.0	10.4
% compound annual growth (10-14)	1.1	6.5	5.0	5.7	3.2	0.6	3.8	2.5

3 The AIA number includes affiliate members who are not full members of the AIA. Affiliate membership is open to those who have a minimum of five years' experience working in accounting and finance.

The overall total number of members of these seven accountancy bodies in the UK & ROI has continued to grow steadily at a compound annual growth rate of 2.5% for the period 2010 to 2014. Total membership rose 2.4% from 2013 to 2014 compared with 2.5% from 2012 to 2013.

There are significant differences in growth rates of the members of the individual bodies in the UK & ROI. ACCA, CIMA and CAI show the strongest growth at a compound annual rate of 3.5%, 4% and 3.7% respectively between 2010 to 2014. Membership of the AIA and CIPFA has declined during this period.

Student numbers in the UK & ROI have declined by 0.8% in 2014 compared with an increase of 1.6% in 2013.

Although the aggregate number of students across these seven accountancy bodies has declined in the UK & ROI, the ICAEW, CAI and ICAS have all seen an increase in student numbers in the UK & ROI between 2013 and 2014.

The worldwide membership of the seven accountancy bodies continues to grow at a faster rate than the UK and ROI membership (3.4% compared with 2.5% compound annual growth for the period 2010 to 2014).

Overall worldwide student numbers increased by 3% in 2014 with an overall compound annual growth of 2.5% for the period 2010 to 2014.

The majority of the bodies experienced growth in student membership in 2014.

Students who became Members

Figure 4 shows the number of worldwide students who became members of each of seven accountancy bodies as at 31 December for each of the five years to 31 December 2014.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	9,372	4,849	242	3,290	1,332	768	45	19,898
2011	9,156	5,030	244	3,118	1,064	804	22	19,438
2012	10,124	5,736	263	3,475	1,096	765	25	21,484
2013	9,836	5,527	282	3,252	1,100	619	25	20,641
2014	11,541	5,554	221	3,325	1,076	562	34	22,313
% growth (13 - 14)	17.3	0.5	-21.6	2.2	-2.2	-9.2	36.0	8.1

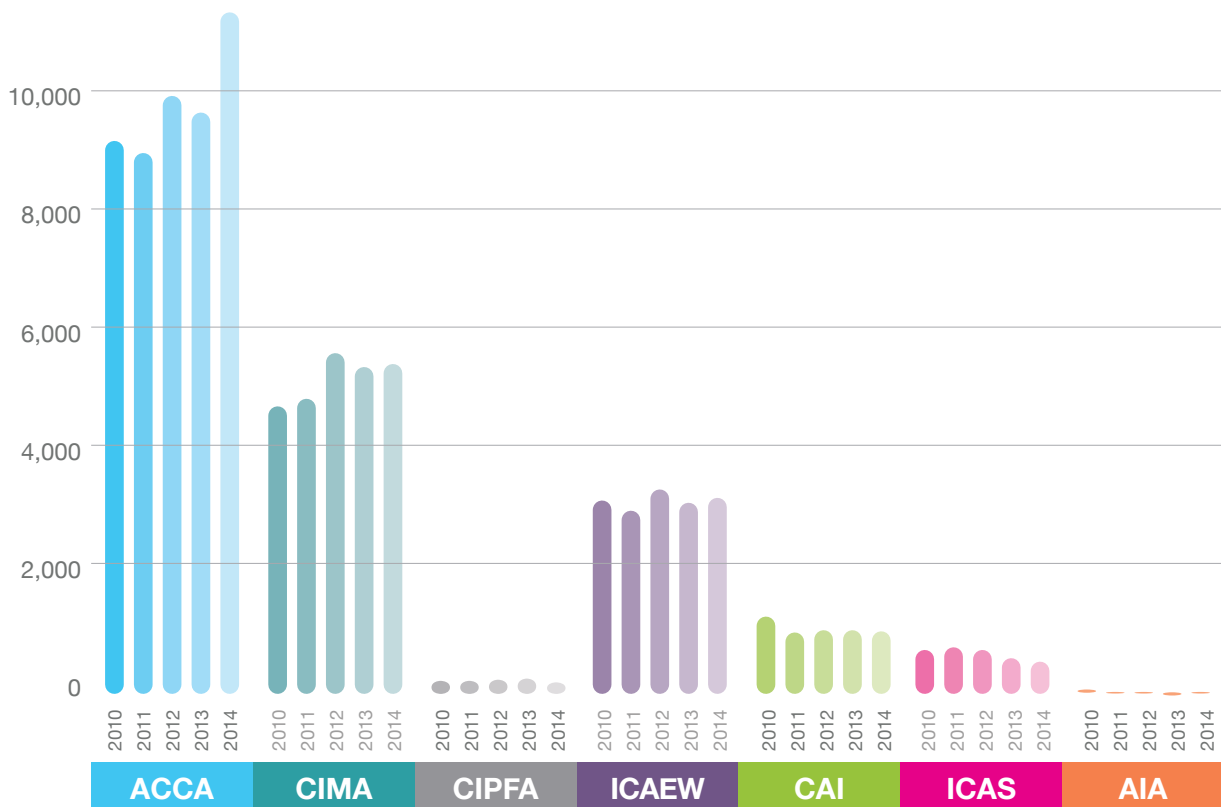


Figure 4

The ACCA, CIMA, ICAEW and the AIA have seen an increase in the number of students who became members for the year ending 2014.

The ACCA has seen a growth of 17.3% compared with CIPFA who has seen a decline (21.6%) of students becoming members in 2014.

Sectoral Employment of Members and Students Worldwide 2014

Figure 5 shows the percentages of members and students worldwide of each of the seven accountancy bodies, according to their sectoral employment⁴ at the end of 2014.

There are few CIMA, CIPFA and AIA members employed in public practice at 2%, 3% and 5% respectively.

CIPFA is the only body with the majority of its members employed in the public sector.

Over 80% of students at ICAEW and ICAS are in public practice. In contrast 17% of ACCA's students, and 1% or less of CIPFA, CIMA and AIA students, are employed in public practice.

CIMA has the highest percentage of students in industry and commerce (76%) and CIPFA has the highest percentage in the public sector (71%).

Overall, 52% of students are employed in industry and commerce, 16% are in public practice and 11% in the public sector.

The ACCA's students are the most evenly dispersed across the different employment sectors.

⁴ The ICAS figure for industry and commerce includes students working within the public sector.

(i) 'Other' for members 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. In the case of CAI, all such members are included in their most recent employment category where available. The ICAEW includes members working within the charity sector under 'Public Sector'.

(ii) 'Other' for students 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 examinations and are entitled to membership but have not yet been admitted.



Sectoral Employment of Members and Students Worldwide 2014

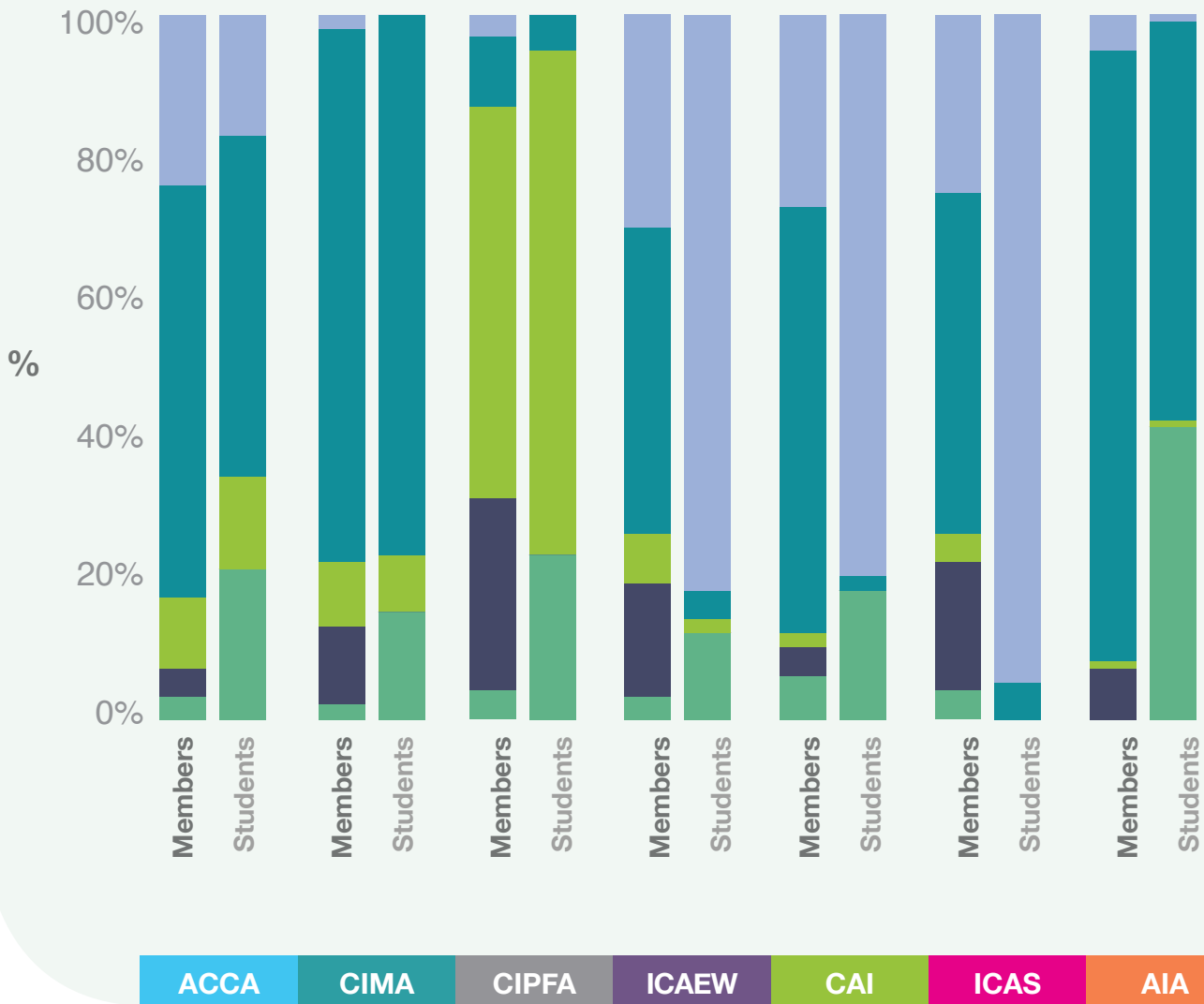


Figure 5

Gender of Members and Students Worldwide 2010 - 2014

Figure 6 shows the percentage of female members and students⁵ worldwide of each of seven accountancy bodies as at 31 December for each of the five years to 31 December 2014.

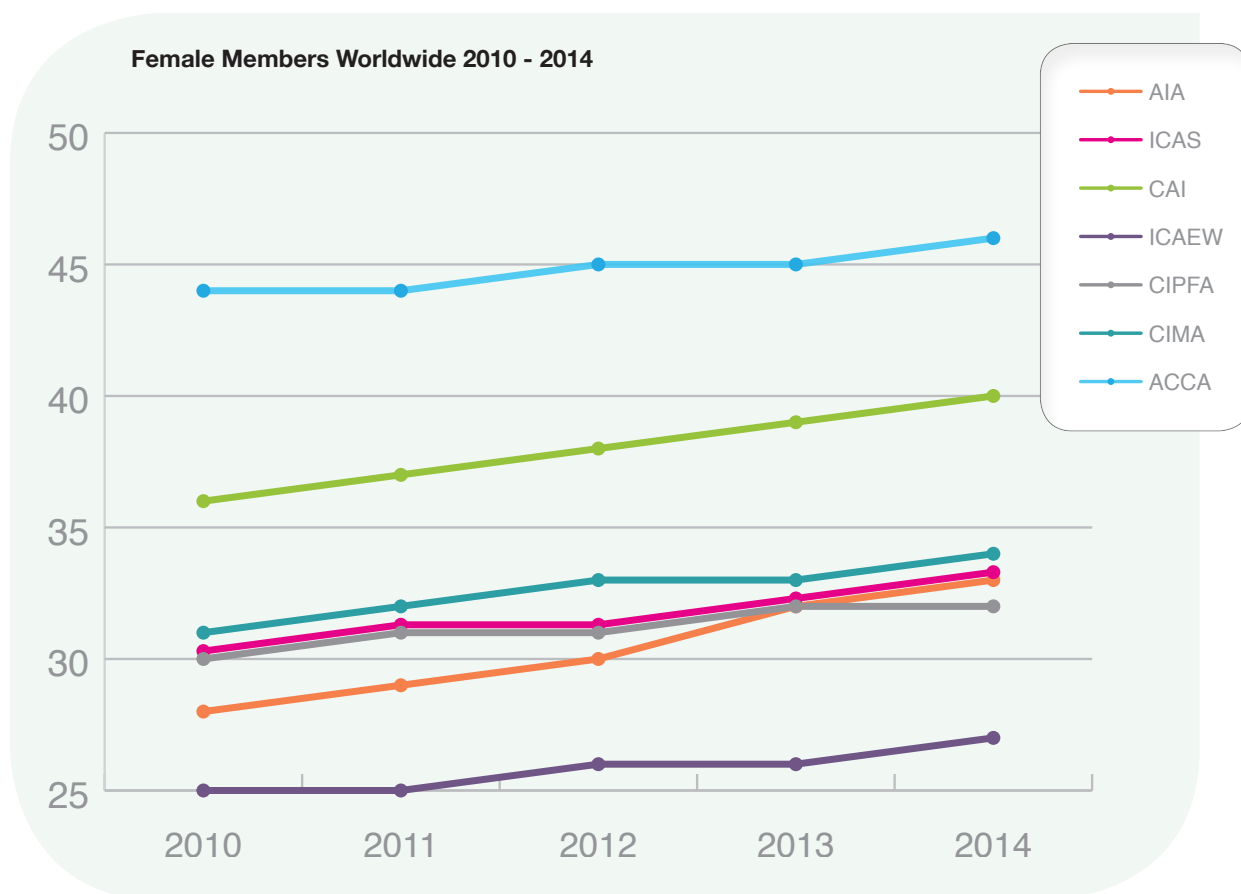


Figure 6

%	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	44	31	30	25	36	30	28	34
2011	44	32	31	25	37	31	29	34
2012	45	33	31	26	38	31	30	35
2013	45	33	32	26	39	32	32	35
2014	46	34	32	27	40	33	33	36

The percentage of female members has increased to 36% in 2014 from 34% in 2010.

ACCA has the largest proportion of female members.

⁵ CAI and ICAS figures refer to the proportion of females in the student intake, not in the student body as a whole.

Female Students Worldwide 2010 - 2014

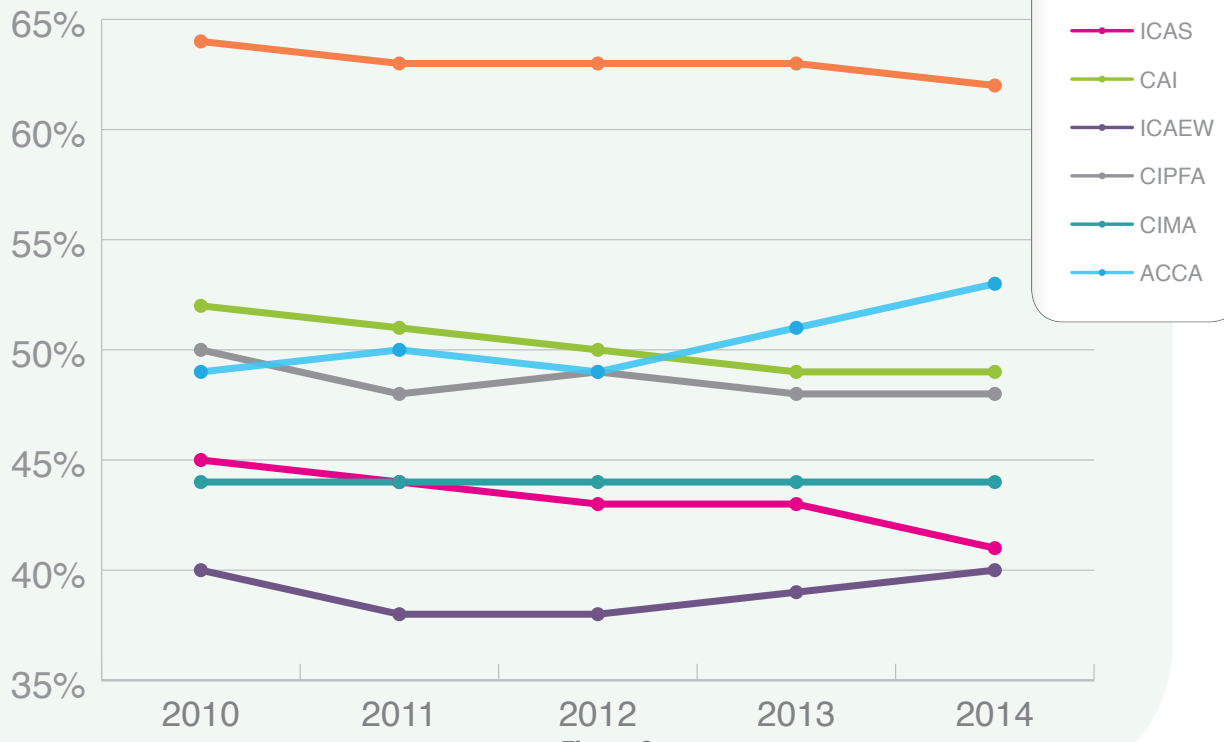


Figure 6

%	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	49	44	50	40	52	45	64	49
2011	50	44	48	38	51	44	63	48
2012	49	44	49	38	50	43	63	48
2013	51	44	48	39	49	43	63	49
2014	53	44	48	40	49	41	62	50

The total proportion of female members and students has remained broadly constant between 2010 and 2014.

The overall percentage of female students (50%) is significantly higher than the percentage of female members (36%) in 2014.

5 CAI and ICAS figures refer to the proportion of females in the student intake, not in the student body as a whole.

Age of Members and Students Worldwide 2014

Figures 7 and 8 compare the age distribution of members and students⁶ of the seven accountancy bodies as at 31 December, for 2010 and 2014.



Figure 7

There are significant differences in the age profiles of worldwide members of the seven accountancy bodies. ACCA, CAI and the AIA have the youngest population of members, with 64%, 66% and 60% respectively younger than 45 years in 2014.

In 2014 50% or more of the members of CIPFA, ICAEW and ICAS are aged 45 or over.

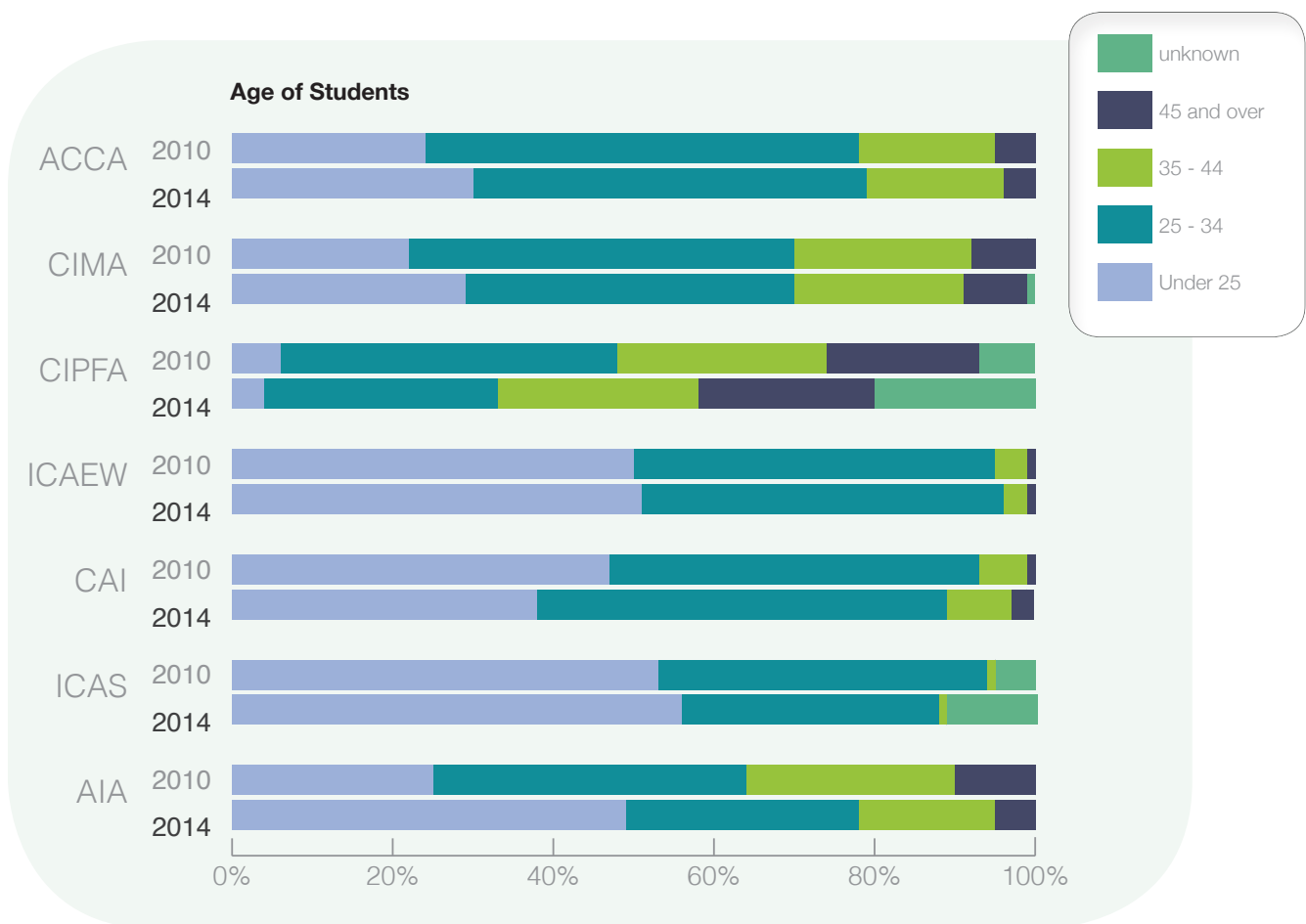


Figure 8

CIPFA has the oldest age profile of members, with 76% aged 45 or over, compared to 71% in 2010, and a higher proportion of mature students than the other bodies, with 67% of students aged 35 or over.

ICAEW, CAI and ICAS have the highest proportion of students aged 34 or under at 96%, 89% and 87% respectively in 2014.

Location of Students 2014

Figure 9 shows the location¹ (UK and ROI, and the rest of the world) of students of seven accountancy bodies as at 31 December 2014.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
UK & Republic of Ireland	83,198	54,684	2,015	16,711	6,539	3,058	270	166,475
Rest of the World	290,470	73,129	1,347	5,290	9	13	8,794	379,052
TOTAL	373,668	127,813	3,362	22,001	6,548	3,071	9,064	545,527

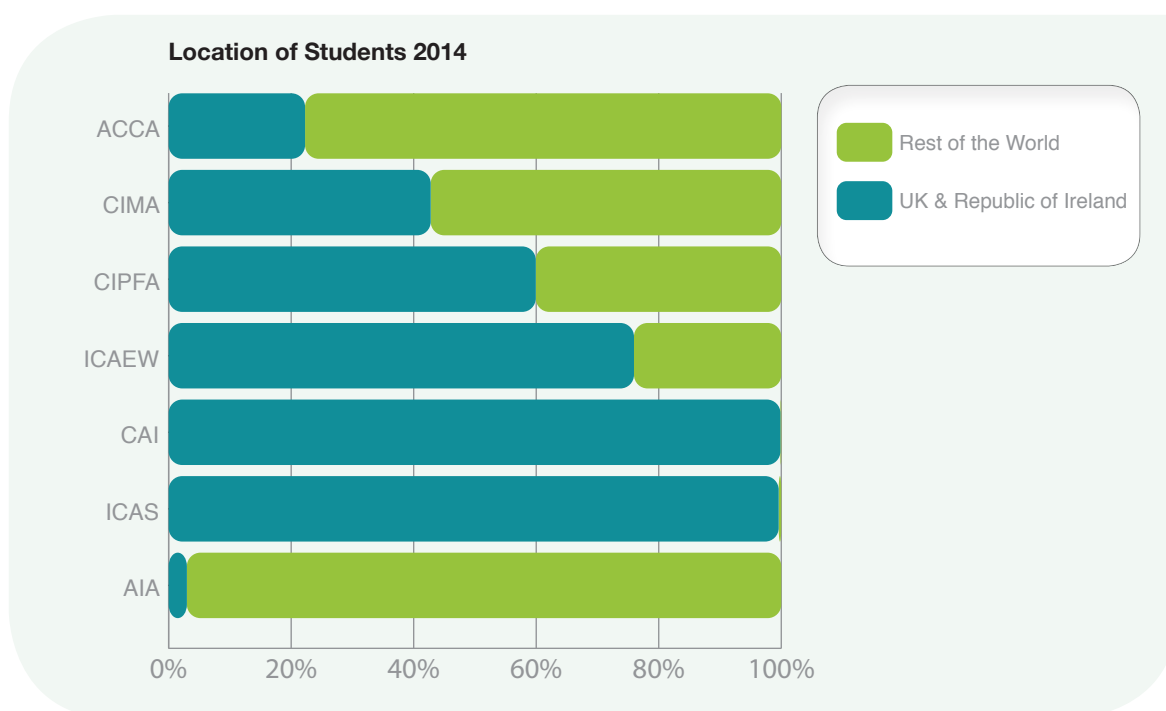


Figure 9

CAI and ICAS have very low proportions of students based outside of the UK and ROI.

In contrast, the ACCA and AIA have 78% and 97% respectively of students based outside the UK and ROI.

CIPFA's developing work overseas has led to a significant increase in new overseas students with 40% based outside the UK and ROI in 2014 compared with 19% in 2013.

¹ The location of students is based on the registered address supplied to the accountancy body and may be either their place of employment or their place of residence.

Profile of Students Worldwide of Seven Accountancy Bodies 2014

Figure 10 sets out on a worldwide basis the length of time that individuals have been registered as students with these accountancy bodies².

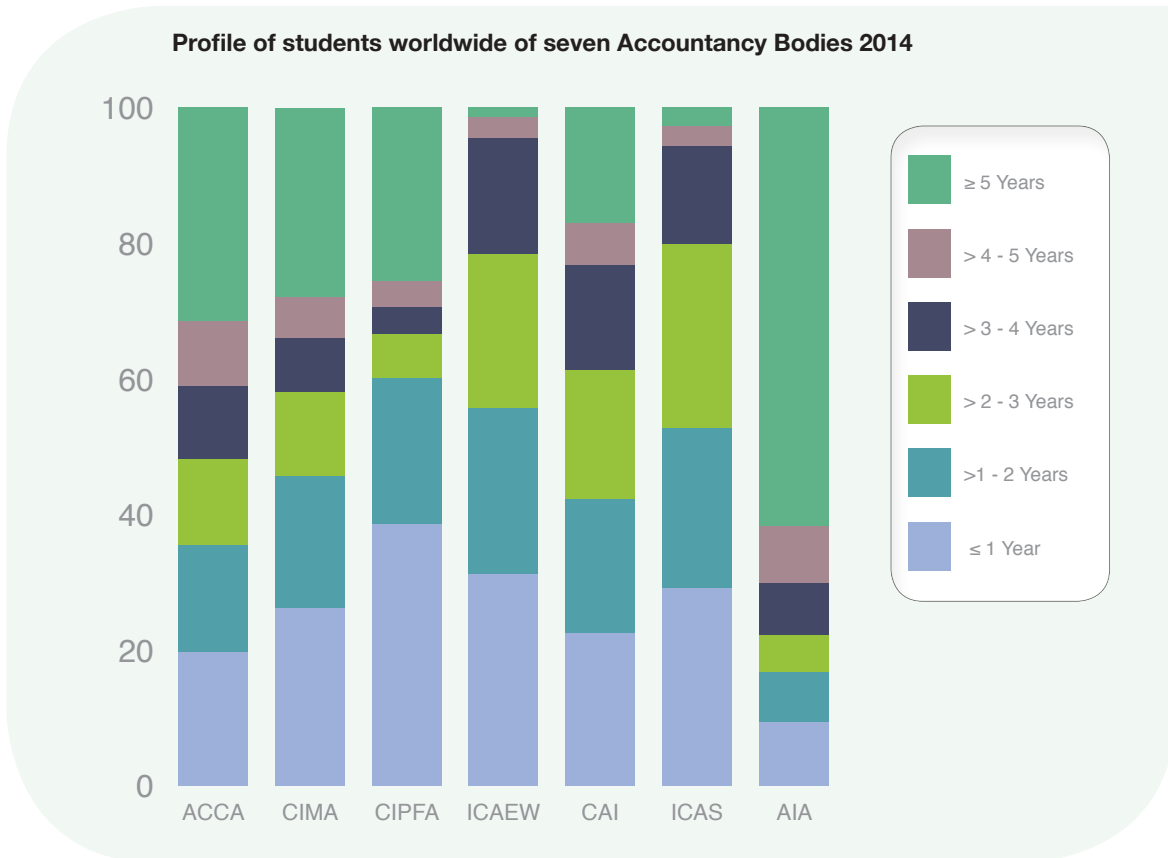


Figure 10

The chart above must be read with caution as there is not a common basis for determining the length of time between registering as a student and achieving the requirements for membership³.

A high percentage of ICAEW and ICAS students complete their training in 4 years or less with only 4% and 6% respectively of students as at 31 December 2014 being registered for more than 4 years.

² The information from CIPFA is only available since their move to a new business system in late 2009. The number of students shown in the > 4 - 5 years category includes information on students transferred from their previous system and data for the > 5 years category is not available.

³ Individuals at CIMA who are entitled to membership but have not yet been admitted (passed finalists) are included in the figures according to the length of time they have been either a student or a passed finalist.

Graduate Entrants to Training with Seven Accountancy Bodies

Figure 11 shows the percentages of students worldwide of each body who, at the time of registration as students, were (i) graduates of any discipline and, of those, (ii) graduates who held a “relevant degree”⁴.

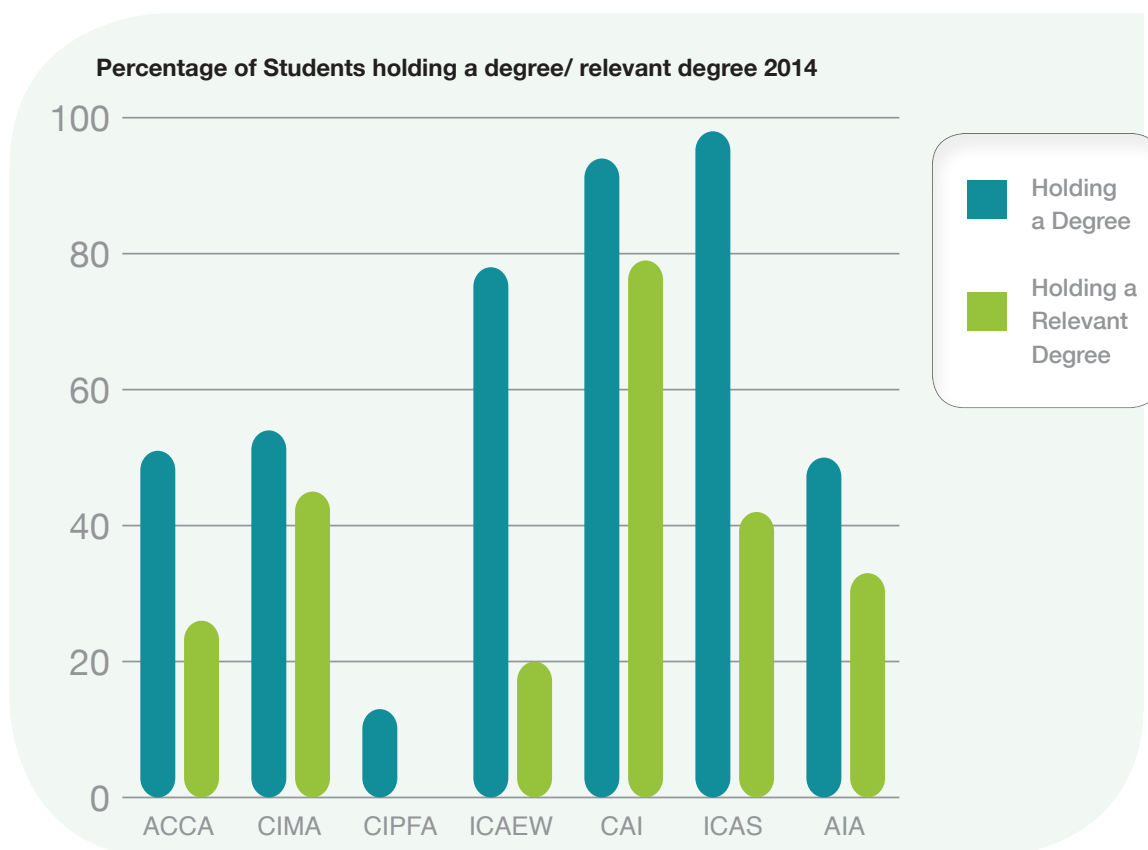


Figure 11

Comparisons of the percentage of students holding “relevant degrees” are difficult to draw, because the accountancy bodies use different definitions of a “relevant degree”.

CIPFA has seen a fall in the percentage of students holding both a degree and a relevant degree. This is due to an increase in the proportion of entrants with other professional qualifications and AAT⁵ rather than holding degrees. They also now have higher overseas student numbers who fulfil minimum entry requirements only.

4 The accountancy bodies’ definitions of a “relevant degree” are as follows:

ACCA - Accountancy, Business

CIMA - Business Studies, Business Administration, Finance, Accountancy

CIPFA - Accountancy

ICAEW - Accountancy, Finance, Accounting & Finance

CAI - Accountancy, Business & Commerce, Finance

ICAS - Accountancy

AIA - Accountancy, Business, Finance, Accounting & Finance

5 The Association of Accounting Technicians

Section Three – Resource Information on Accountancy Bodies

Analysis of Income of Seven Accountancy Bodies 2010 – 2014

Figures 12 to 14 show the income¹, average income per member/student and analysis of income of seven accountancy bodies² worldwide over the period 2010 to 2014.

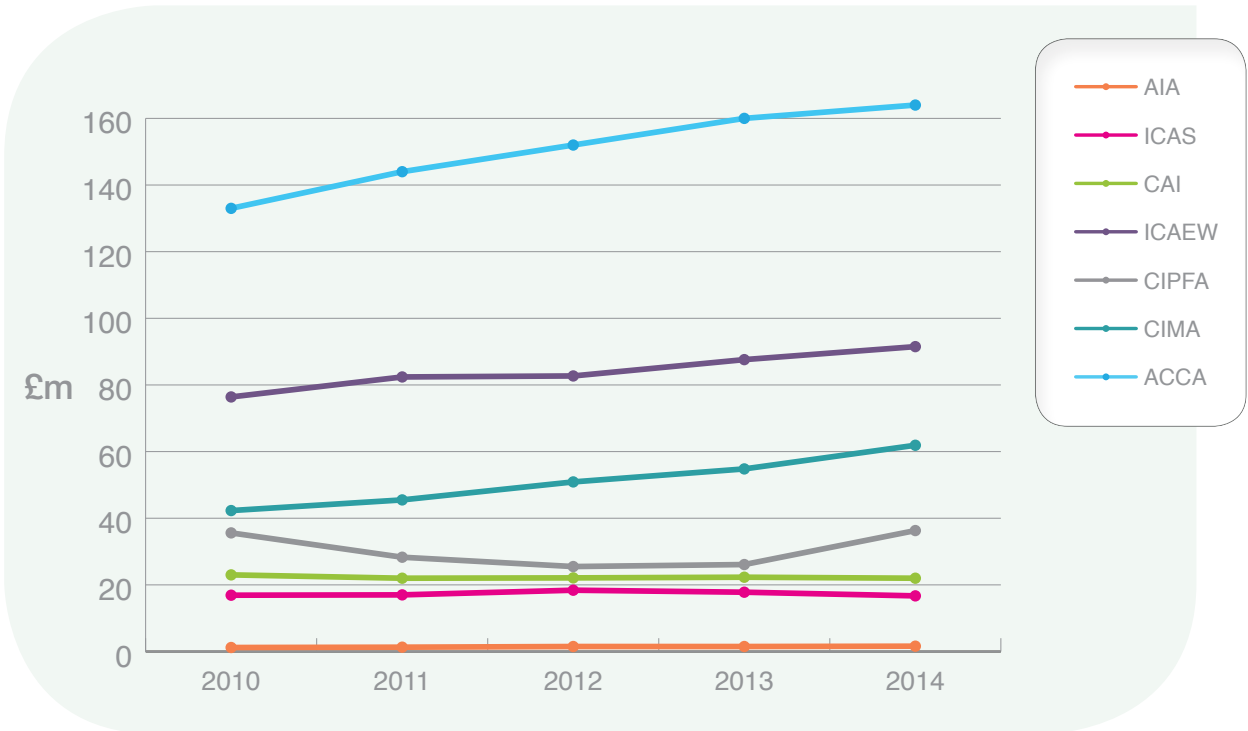


Figure 12

CIMA has the fastest rate of growth of income, with a compound annual growth rate of 10% over the period 2010 to 2014. This is due to a joint venture with the AICPA and growth in international markets.

CIPFA has seen a 5% increase in income between 2013 and 2014, excluding the one-off profit from the sale of CIPFA's three London properties.

The compound annual growth rate of the income of all the bodies was 4.7% in the period from 2010 to 2014.

¹ The ACCA's figures to 31 March 2015 are provisional. They have also restated their income for 2010 to 2012 due to consolidating CAET income.
² CAI income has been converted from Euros at the year-end rate. As at 31 December 2013 the rate was £1.00 = €1.3

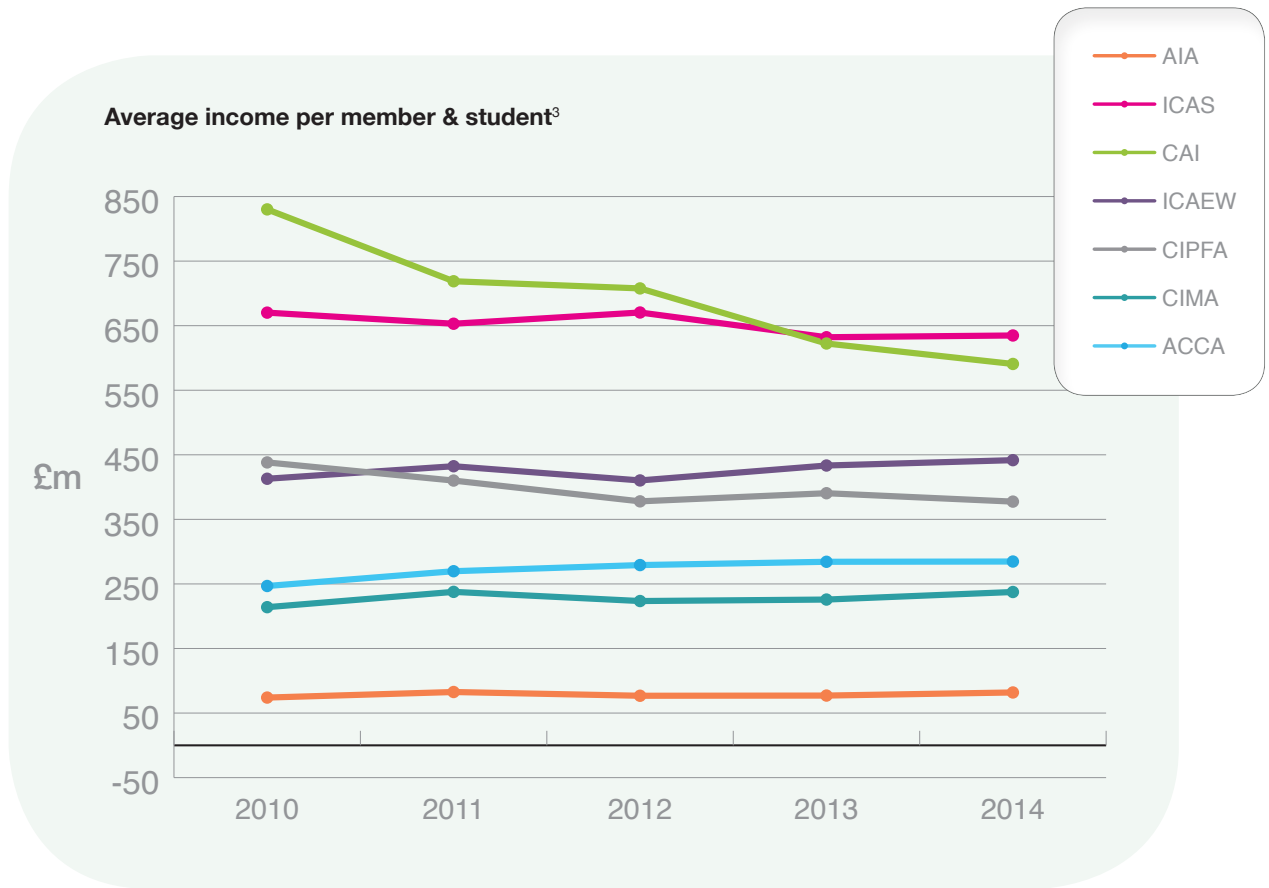


Figure 13

CIPFA⁴, CAI and ICAS have seen a drop in the average income per member and student between 2010 and 2014 of 13.8%, 28.8% and 5.3% respectively.

³ The average income per Member and Student is calculated from the income of the body excluding Commercial Activities and Other, from figure 16.

⁴ Income from commercial activities includes income from activities such as conferences, training courses and publications. The ACCA's income and costs are for the year to 31 March 2015.

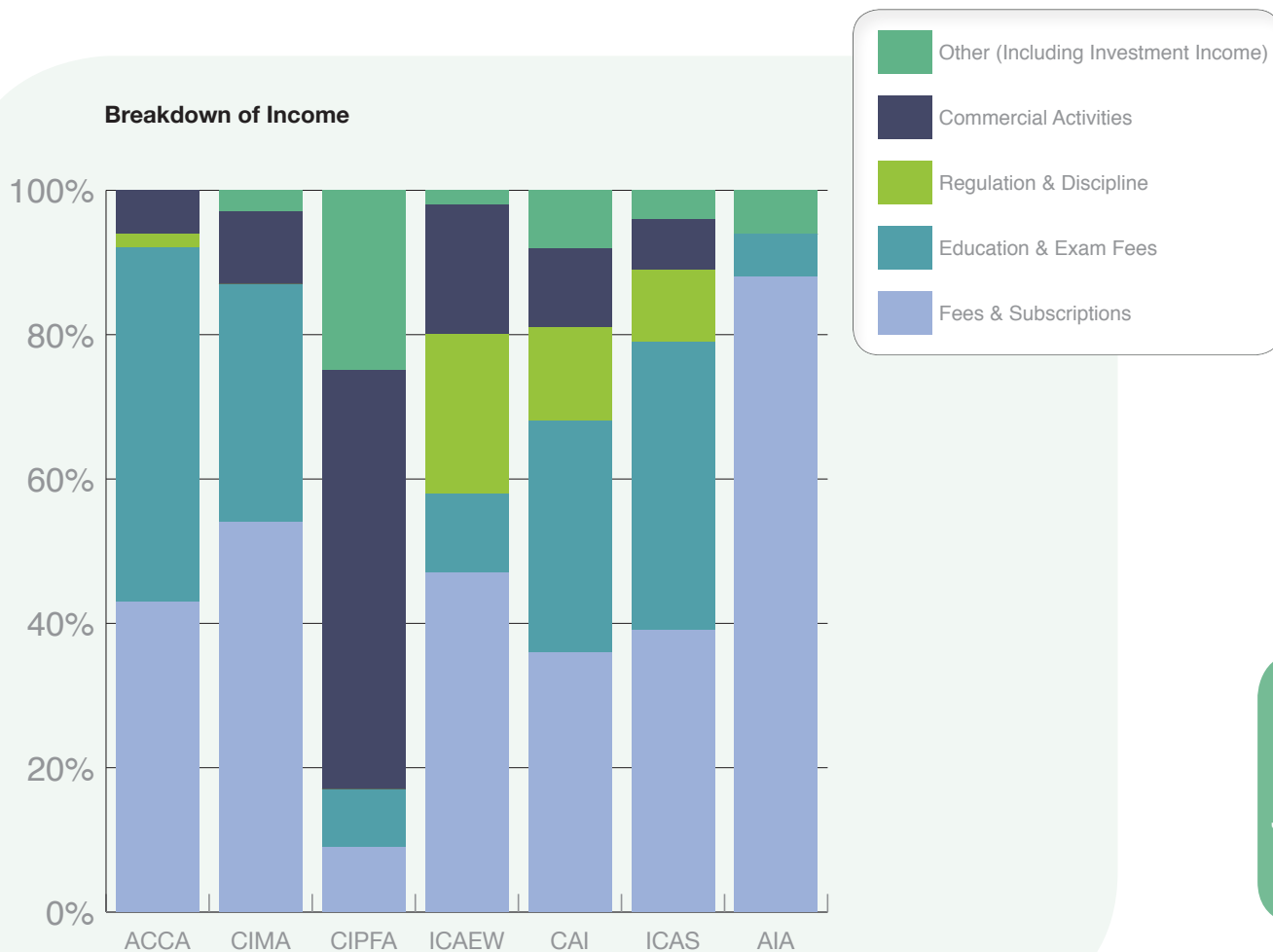


Figure 14

Fees and subscriptions taken together with education and exam fees from members and students are the main sources of income for each of the bodies other than CIPFA⁵.

⁵ CIPFA derives significant income from its trading subsidiary which has been included within the commercial activities category in Figure 16. The activities of the trading subsidiary include consultancy, events, publications and training.

Staffing of Seven Accountancy Bodies 2010 – 2014

Figure 15 shows the number of staff⁶ (full time equivalent) employed worldwide by seven accountancy bodies over the period 2010 to 2014.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	981	371	304	619	138	141	25	2,579
2011	1,032	378	272	657	135	135	25	2,634
2012	1,061	415	228	652	134	140	25	2,655
2013	1,098	420	237	646	134	137	26	2,698
2014	1,137	454	256	667	140	138	26	2,818
% growth (13-14)	3.6	8.1	8.0	3.3	4.5	0.7	0.0	4.4
% growth (10-14)	15.9	22.4	-15.8	7.8	1.4	-2.1	4.0	9.3
% compound annual growth (10-14)	3.8	5.2	-4.2	1.9	0.4	-0.5	1.0	2.2

Figure 15

The total number of staff employed by the bodies has increased by 9.3% in the period 2010 to 2014.

The total number of staff employed by the bodies increased by 4.4% in 2014. All bodies have seen either consistent or increased staffing levels between 2013 and 2014.

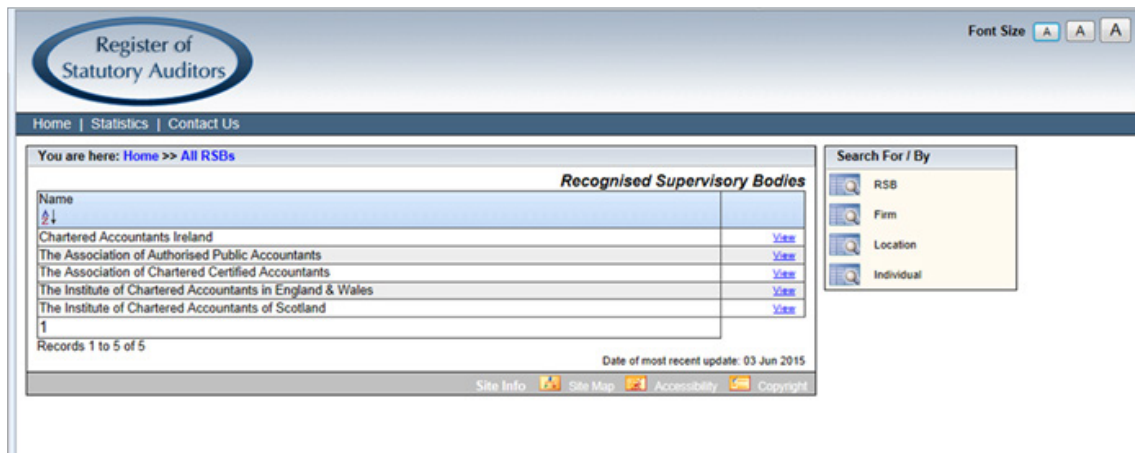
⁶ The staffing number for CIPFA for 2014 is not comparable with previous years or with the other bodies as they have provided an average number of staff for 2014.

Section Four – Oversight of Audit Regulation

Recognised Supervisory Bodies (RSBs)

The FRC recognises five bodies, known as RSBs¹, to register and supervise audit firms, in accordance with the requirements of Schedule 10 to the Companies Act 2006 (the Act). The RSBs meet 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 a statutory auditor continue to maintain an appropriate level of competence.

These five bodies have a 'Register of Statutory Auditors' (maintained by ICAS) which can be found at: <http://www.auditregister.org.uk/Forms/Default.aspx>.



This Register contains information on Statutory Auditors² and Audit Firms³ in the UK. Within the register you can search for the following information by RSB, Firm, Location or Individual:

- **RSB** – holds contact details for all RSBs and details of firms registered by them;
- **Firm** – shows details of Audit Registered Firms, who registers them and the individuals linked to them;
- **Location** – shows the full address of the registered firm, the RSBs and the individual details; and
- **Individual** – shows the names of those individuals eligible for appointment as a statutory auditor.

Figure 18 details the number of registered audit firms for the five RSBs split by number of principals at each firm as at 31 December for each of the five years to 31 December 2014.

1 AAPA (subsidiary of the ACCA), ACCA, ICAEW, CAI and ICAS

2 A Statutory Auditor is a person approved to carry out the audit of annual accounts or consolidated accounts.

3 An Audit Firm is a firm that is approved to carry out Statutory Audits.

Number of Firms Registered with the RSBs

Number of Principals in Firm	ACCA	AAPA ⁴	ICAEW	CAI	ICAS	TOTAL
1	1,417	22	1,409	503	70	3,421
2-6	601	8	1,762	404	118	2,893
7-10	8	0	161	11	12	192
11-50	6	0	94	10	6	116
50+	0	0	9	2	2	13
Total as at 31.12.14	2,032	30	3,435	930	208	6,635
Total as at 31.12.13	2,139	39	3,592	972	220	6,962
Total as at 31.12.12	2,255	49	3,728	986	221	7,239
Total as at 31.12.11	2,224	57	3,864	995	235	7,375
Total as at 31.12.10	2,217	61	3,958	986	235	7,457

Figure 16

The number of firms registered to carry out statutory audit work in the UK continues to fall. The number of registered audit firms fell by 4.7% in 2014 compared with 3.8% during 2013.

More than 50% of registered firms are sole practitioners; however, the number of sole practitioners fell by 5.6% in 2014. The number of sole practitioners has declined each year since 2003⁵.

The decrease in the number of registered audit firms has coincided with an increase in the proportion of companies filing annual accounts at Companies House that are audit exempt, from 70.2% in 2009/10 to 73.5% in 2012/13⁶. This follows increases in the audit exemption threshold in 2004 and 2008.

⁴ Includes the figures for the AAPA, a subsidiary of the ACCA.

⁵ This information has been derived from previous editions of Key Facts and Trends in the Accountancy Profession.

⁶ See 'Statistical Tables on Companies Registration Activities 2013-14' which can be found on the Companies House website.

RSB Statutory Audit Firms 2012 – 2014

Figure 17 details the number of applications by firms split by; New, Refused, Voluntarily Surrendered or Withdrawn for the four RSBs as at 31 December for each of the three years to 31 December 2014.

Applications		New	Refused	Voluntarily Surrendered	Withdrawn by the RSB
2012	ACCA	138	0	N/A	N/A
	ICAEW	186	1	N/A	N/A
	CAI	66	1	N/A	N/A
	ICAS	30	0	N/A	N/A
TOTAL		420	2	–	–
2013	ACCA	94	0	N/A	N/A
	ICAEW	211	0	N/A	N/A
	CAI	45	1	N/A	N/A
	ICAS	12	0	N/A	N/A
TOTAL		362	1	–	–
2014	ACCA	76	0	183	9
	ICAEW	172	2	315	19
	CAI	55	2	95	2
	ICAS	1	0	13	0
TOTAL		304	4	606	30

Figure 17

Monitoring of Registered Audit Firms

The FRC's AQR team⁷ monitors the quality of the audits of listed and other major public interest entities and the policies and procedures supporting audit quality at the major audit firms in the UK. The remainder of audit monitoring is conducted by the RSBs.

Figure 18 below gives details of the number of reviews of audits conducted by the AQR during the years ended 31 March 2013 to 31 March 2015.

INSPECTION CATEGORY	AUDIT REVIEWS 2014/15	AUDIT REVIEWS 2013/14	AUDIT REVIEWS 2012/13
Major firms			
Deloitte LLP	20	17	16
Ernst & Young LLP	16	16	14
KPMG LLP/ KPMG Audit Plc	20	17	15
PricewaterhouseCoopers LLP	22	19	16
Big Four firms	78	69	61
Baker Tilly UK Audit LLP	-	6	-
BDO LLP	8	-	7
Crowe Clark Whitehill LLP	5		-
Grant Thornton UK LLP	8	-	10
Mazars LLP	5	-	-
Joint audit adjustment	(1)	-	-
	103	75	78
Firms auditing ten or fewer entities within scope	-	-	11
Crown Dependency audit firms⁸	2	7	8
	105	82	97
Third Country Auditors	4	3	-
Private sector audits	109	85	97
Public Sector			
National Audit Office	6	6	6
Audit Commission	-	-	4
Audit Commission appointed firms	11	10	4
	17	16	14
Total audits inspected	126	101	111

Figure 18

⁷ For more information see 'Audit Quality Inspections: Annual Report 2014/15' at <https://www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review/Audit-Quality-Review-annual-reports.aspx>

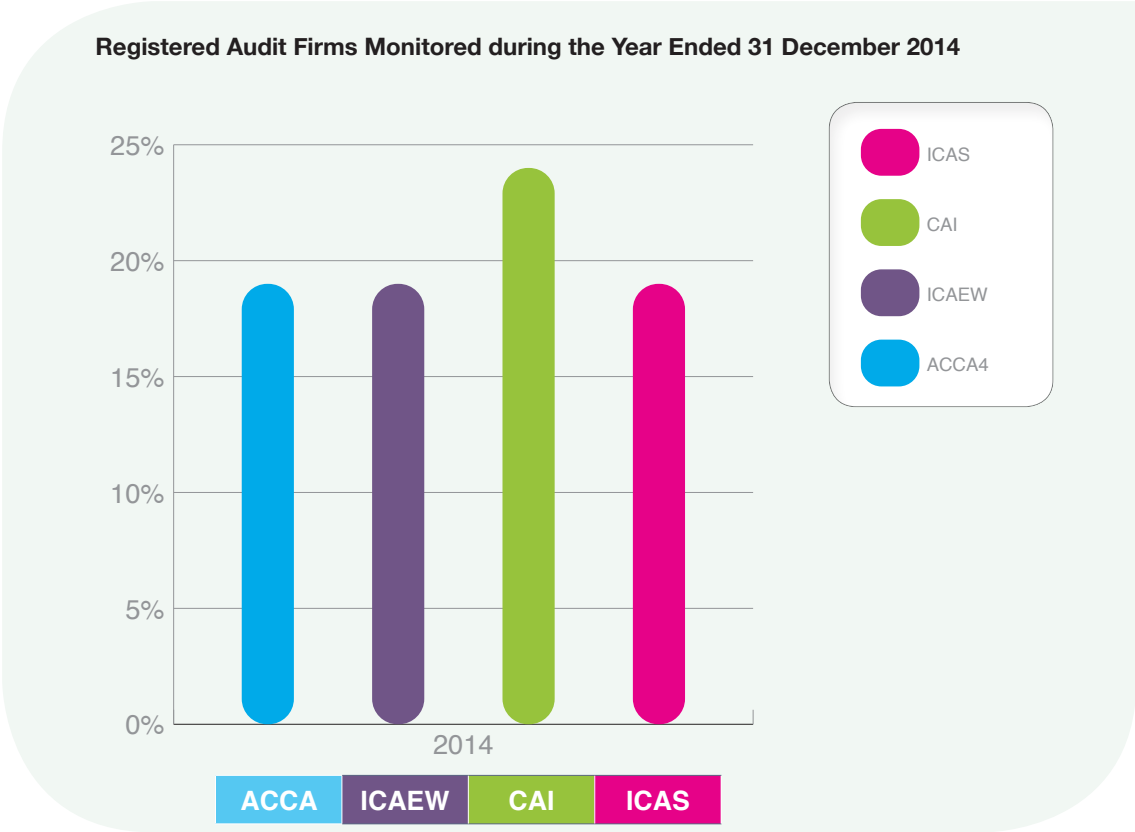
⁸ This total relates to Crown Dependency companies audited by stand-alone Crown Dependency firms. A further 7, 11 and 10 Crown Dependency audits were inspected at the major audit firms in 2014/15, 2013/14 and 2012/13 respectively.

Figure 19 below gives details of the number of monitoring visits conducted by the RSBs during the years ended 31 December 2010 to 31 December 2014, and the proportion of registered audit firms that were visited during these years. There is a statutory requirement that the RSBs should monitor the activities undertaken by each registered audit firm at least once every six years.

Registered Audit Firms Monitored during the Years Ending 31 December 2010 to 2014

		ACCA ⁹	ICAEW	CAI	ICAS	TOTAL
2010	No	357	751	84	50	1,242
	%	15.7	19.0	8.5	21.3	16.7
2011	No	373	716	22	56	1,167
	%	16.4	18.5	2.2	23.8	15.8
2012	No	579	691	126	40	1,436
	%	25.1	18.5	12.8	18.1	19.8
2013	No	471	670	169	41	1,351
	%	21.6	18.7	17.4	18.6	19.4
2014	No	398	656	224	39	1,317
	%	19.3	19.1	24.1	18.8	17.9

Figure 19



9 Includes the figures for the AAPA, a subsidiary of the ACCA.

Reasons for Monitoring Visits to Firms During the Years Ending 31 December 2012 to 2014

Numbers		ACCA	ICAEW	CAI	ICAS	TOTAL
Requested by the registration/licensing committee	2012	47	8	2	14	71
	2013	53	33	1	18	105
	2014	39	17	1	19	76
Specifically selected due to heightened risk	2012	27	39	67	24	157
	2013	46	21	12	19	98
	2014	54	24	9	17	104
Randomly selected	2012	505	596	57	0	1,158
	2013	372	566	152	0	1,090
	2014	305	565	211	0	1,081
Firms with Public Interest Entities visited without AQR ¹⁰ involvement ¹¹	2012	0	48	0	1	49
	2013	0	37	4	3	44
	2014	0	39	3	3	45
Firms with Public Interest Entities visited with AQR involvement ¹²	2012	0	0	0	1	1
	2013	0	13	0	1	14
	2014	0	11	0	0	11

Figure 20

The majority of Public Interest Entities are audited by firms registered with the ICAEW. These firms are subject to monitoring, independent of the RSBs, by the AQR team.

CAI deployed additional resources to increase the number of visits undertaken in order to meet the Statutory Audit Directive requirement to visit all firms in a 6 year period.

10 Audit Quality Review (AQR), is a part of the Financial Reporting Council.

11 The bodies visit firms which have public interest entities. These inspections are either delegated to them by the AQR or are outside of the scope of the AQR.

12 This excludes direct inspections by the FRC.

Gradings 2012 - 2014

Figures 21 to 24 show the grades for the audit monitoring visits conducted by ACCA, ICAEW, CAI and ICAS during the years ended 31 December 2012 to 2014, together with explanatory comments about the gradings from the bodies.

The RSBs are undertaking a joint project with the aim of achieving more consistent data on the quality of audit files reviewed. This has been largely achieved, although there continues to be some differences in the name of the overall grades used by each body for the visit as a whole and in the monitoring process itself.

The monitoring results for any one year cannot usually be directly compared with the results of previous years. This is because the mix of firms selected each year is likely to vary between firms deemed as higher risk, those randomly selected and those firms selected to meet the six year monitoring cycle.

Particular care is needed in interpreting the percentage of “D” outcomes at each body, especially given that the sample of firms inspected in any year will often include a disproportionate number of weaker firms selected due to higher risk.

It should also be noted that outcomes reported below include a number of visits to audit-registered firms that had no audit clients.

Association of Chartered Certified Accountants (ACCA)

ACCA		2012	2013	2014
A & B Outcomes	No	417	323	284
	%	72	69	71
C+ Outcomes	No	48	35	32
	%	8	7	8
C- Outcomes	No	18	13	8
	%	3	3	2
D Outcomes	No	96	100	74
	%	17	21	19

Figure 21

Those firms graded ‘A’ are judged to comply with Auditing Standards, ACCA’s Global Practising Regulations (GPRs) and the Code of Ethics and Conduct (CEC) and the Ethical Standards for Auditors (ESA) issued by the FRC. Those firms graded ‘B’ are judged as complying with the GPRs, CEC and the ESA and 50% or more of its audit files inspected complying substantially with relevant Auditing Standards. Those firms graded ‘C+’ are judged as complying with the GPRs, CEC and ESA but its quality controls over audit work are not effective and the majority of the firm’s audit files inspected do not comply with relevant Auditing Standards. Those firms graded ‘C-’ are judged as not complying with the GPRs, CEC and ESA and/ or its audit work does not comply with relevant auditing standards. Firms that are graded A to C- continue to be eligible for audit registration.

When a firm’s work is considered very poor or if a firm has a second or subsequent unsatisfactory visit and there are no mitigating factors the visit is graded ‘D’, which indicates that regulatory action is required and will usually result in a referral to a regulatory assessor or the Admissions and Licensing Committee (ALC). Regulatory action in this context includes ACCA referring the findings of a monitoring visit to the Investigations Department to consider whether disciplinary action is appropriate. A ‘D’ outcome does not always result from an inadequate standard of audit work, as it could be for failure to meet the eligibility requirements for holding a firm’s auditing certificate; it may also indicate a referral to the Investigations Department for other regulation breaches such as non-compliance with client money rules or with the terms of a regulatory order.

Institute of Chartered Accountants in England & Wales (ICAEW)

ICAEW		2012	2013	2014
A & B Outcomes	No	422	399	416
	%	61	60	63
C Outcomes	No	137	136	115
	%	20	20	18
D Outcomes	No	62	64	69
	%	9	9	11
N Outcomes	No	70	71	56
	%	10	11	9

Figure 22

Those firms graded 'A' are those where there are no instances of non-compliance with the Institute's audit regulations and no follow-up action is required. Those firms graded 'B' are those with evidence of non-compliance with the Audit Regulations, but where the QAD is confident that the firm's responses, as set out in the closing meeting notes, adequately address all the issues and no follow-up action is required. Those firms graded 'C' are those where there are instances of non-compliance with the Audit Regulations and where the QAD considers that there is some doubt about the actions proposed or the firm's competence, resources or commitment, but have concluded that there is no need for the ARC to impose further conditions or restrictions. Those firms graded 'D' are those where there are instances of non-compliance with the Audit Regulations that need to be referred to the ARC for possible further action. An 'N' grade is used for any circumstances that cannot be graded in accordance with the criteria set out above; for example, when a firm wishes to continue with registration but has no audit clients and no audit work has been reviewed; or the firm has applied to withdraw from registration and QAD proposes acceptance. This rating is also applied to 'Year 2' visits to large firms where no audit files are reviewed.

The percentage of visit outcomes requiring no follow up action (A, B and N) and the percentage of outcomes requiring follow up action (C and D) are consistent with previous years. Although audit quality in individual firms may be improving, the lack of significant change in the overall picture reflects the fact that, apart from the Big Four firms, a different population of audit firms is visited each year.

Chartered Accountants Ireland (CAI)

Chartered Accountants Ireland		2012	2013	2014
A & B Outcomes	No	31	61	130
	%	41	39	53
C Outcomes	No	24	27	35
	%	32	17	14
D Outcomes	No	21	70	81
	%	28	44	33

Figure 23

Those firms graded 'A' are those where no instances of non-compliance have been recorded. Those firms graded 'B' are those where the firm has the ability and commitment to address the issues identified during the visit. Those firms graded 'C' are those where the firm is required to give undertakings in writing to cover the actions they must take; some further follow-up action may be required. Those firms graded 'D' are those where significant issues have been identified, which will always require follow-up action and be considered. In addition, the most serious 'D' reports are subject to a further level of review by the Head of Quality Assurance, prior to being considered by the QAC.

The number of firms achieving a good or satisfactory result has increased to 67% in 2014 compared to 56% in 2013. In relation to visit numbers for 2014 the increase is mainly due to the overall increase in the number of visits carried out, in line with plan. The population of firms visited year on year is not directly comparable.

Institute of Chartered Accountants of Scotland (ICAS)

ICAS		2012	2013	2014
A & B Outcomes	No	18	24	21
	%	45	58	54
C2 Outcomes	No	9	6	11
	%	22	15	28
C1 Outcomes	No	8	6	5
	%	20	15	13
D Outcomes	No	5	5	2
	%	13	12	5

Figure 24

Those firms graded 'A' are those where no issues have been identified and no follow-up action is needed. Those firms graded 'B' are those where some regulatory issues were identified, however these issues have been addressed adequately by the firm's closing meeting responses and no further action is required. Those firms graded 'C' are those where there are regulatory issues and there is a need for the firm to submit evidence of action taken in a restricted area. The 'C' grading is split into a 'C1' or 'C2' grading with 'C1' being more serious and where one or more of the issues identified are considered to be pervasive; whereas 'C2' is where findings are specific to particular individuals or files and do not indicate systemic problems. Those firms graded 'D' are those when the standard of compliance is such that the ARC needs to consider appropriate follow-up action, such as imposition of conditions and restrictions or withdrawal of registration.

In general, the monitoring results of 2014 are not directly comparable with those of previous years, as the nature of the monitoring process is such that, in order to visit every firm in a six year cycle, the individual firms visited in one year will be completely different from the firms visited in another year and the outcomes will vary accordingly.

Complaints about Auditors

Figure 25 shows the number of audit related complaints received by the RSBs between 2012 to 2014 to show (i) number of new cases, (ii) number of cases passed to the FRC Professional Discipline Team, (iii) number of cases passed to the committee¹³, (iv) number of cases closed in the year and (v) average time taken to close a case.

		ACCA	ICAEW	CAI ¹³	ICAS	TOTAL
Number of New Cases	2012	32	84	21	3	140
	2013	48	87	44	3	182
	2014	32	64	22	3	121
Number of Cases directly passed to the FRC Professional Discipline team	2012	0	0	0	0	0
	2013	0	0	0	0	0
	2014	0	0	0	0	0
Number of Cases passed to the Committee ¹⁴	2012	3	54	5	0	62
	2013	8	49	11	2	70
	2014	27	56	21	1	105
Number of Complaints closed in the year	2012	22	82	3	3	110
	2013	16	61	4	1	82
	2014	32	86	25	2	145
Average time taken to close a Complaint (in months)	2012	12.1	11	5.3	3.4	
	2013	11.2	13	4.0	3.2	
	2014	5.0	13	3.6	2.9	

Figure 25

¹³ CAI figures for 2013 include all types of complaints.

¹⁴ Cases passed to the committee relate to: A) the Disciplinary Committee for the ACCA; B) Cases considered by the Investigations Committee and referred to the Disciplinary Committee for the ICAEW; C) the Complaints Committee, Disciplinary Committee and Appeal Committee for the CAI; and D) the Investigation Committee at ICAS.

Recognised Qualifying Bodies (RQBs)

There are six bodies¹⁵ in the UK recognised to offer the audit qualification in line with the requirements of Schedule 11 to the Companies Act 2006. RQBs must have rules and arrangements in place to register students and track their progress, administer examinations and ensure that appropriate training is given to students in an approved environment.

Figure 26 below shows the number of students registered with each RQB¹⁶ as at 31 December 2012 to 2014, and shows the number of members who were awarded the audit qualification and the number of students following the audit route or eligible for the audit qualification.

		ACCA	ICAEW	CAI	ICAS	AIA
Number of students in the UK and ROI	2012	84,058	15,321	6,265	3,056	185
	2013	85,259	15,553	6,431	2,978	285
	2014	83,198	16,711	6,539	3,058	270
Number of students following the audit route or eligible for the audit qualification	2012	N/A ¹⁷	13,332	4,332	N/A	9
	2013	N/A	13,304	4,306	N/A	9
	2014	N/A	13,972	4,964	N/A	6
The number of members who were awarded the audit qualification	2012	147	484	671	1,209	0
	2013	135	519	616	370	0
	2014	90	247	546	315	0
The number of members who hold the audit qualification	2012	2,166	119,307	N/A	N/A	10
	2013	3,609	119,213	5,878	10,965	10
	2014	3,494	118,940	6,424	11,265	12

Figure 26

Many members do not apply for the audit qualification until they wish to be able to sign audit reports. In addition, due to the rise in the audit threshold and the reduction in the availability of audit work, fewer students are able to meet the practical training requirements to be awarded this qualification.

The audit qualifications of some members may be counted twice; firstly by the body awarding the qualification and then again if they become a member of another body.

¹⁵ ACCA, AIA, CIPFA, ICAEW, CAI and ICAS

¹⁶ Due to CIPFA's RQB status being in abeyance for statutory audit purposes they have not provided the figures and we have therefore removed them from this table since 2013.

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

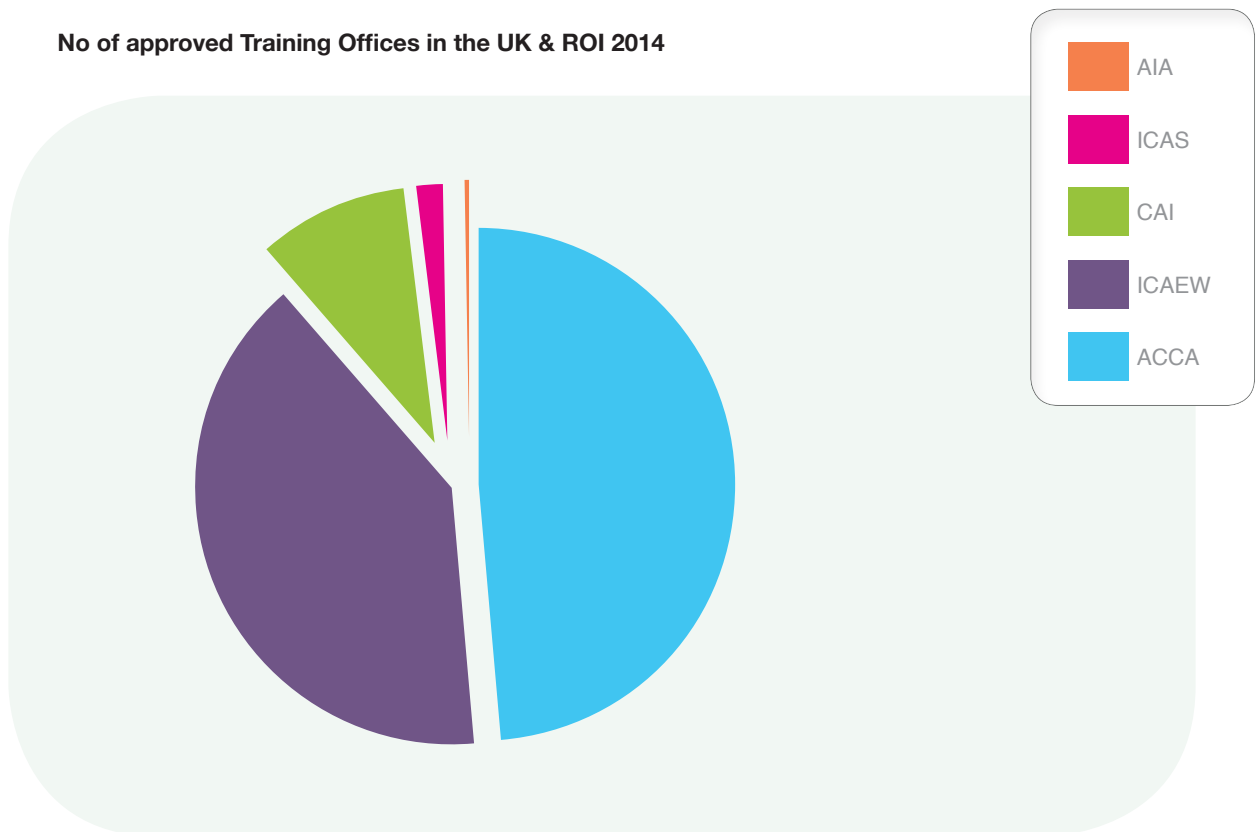
Approved Training Offices

Figures 27 and 28 below show the total number of approved training offices¹⁸ and those training offices approved¹⁹ for training audit students in the UK and ROI over the period 2010 to 2014.

		ACCA	ICAEW	CAI	ICAS	AIA
No of approved Training Offices in the UK & ROI	2010	5,207	2,744	837	167	0
	2011	4,872	2,906	834	175	0
	2012	4,426	3,022	814	145	0
	2013	4,322	3,167	793	172	17
	2014	4,131	3,363	800	149	11

Figure 27

No of approved Training Offices in the UK & ROI 2014



¹⁸ ICAS figures include a number of group authorisations. ICAS treats group authorisations as one office.

¹⁹ ICAS and the AIA do not record the data for approved training offices for audit students so they are excluded from the chart.

		ACCA	ICAEW	CAI	ICAS	AIA
No of approved Training Offices for training audit students in the UK & ROI	2010	3,812	2,031	460	N/A	N/A
	2011	3,656	1,529	449	N/A	N/A
	2012	3,527	2,058	453	N/A	N/A
	2013	3,413	2,064	444	N/A	N/A
	2014	3,244	2,042	450	N/A	N/A

Figure 28

No of approved Training Offices for training audit students in the UK & ROI 2014



Section Five – Audit Firms

Introductory Note: Major Audit Firms

This 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 are LLPs must file accounts at Companies House which meet the statutory requirements.

Figure 29 shows the fee income for audit and non-audit services for 31 of the largest registered audit firms for the year ended 2014. Most of these have clients which are UK public interest entities. Firms are listed in order of fee income from audit, rather than total fee income. This table also shows that the average percentage of female partners in 2014 is 14%.

Figure 34 shows those firms with audit clients whose securities are traded on a UK regulated market¹ and must therefore publish a transparency report each year, in accordance with the requirements of the Statutory Auditors (Transparency) Instrument. Of the 24 audit firms within the table, 20 of them are required to, and have, published a transparency report², in respect of their 2014 year ends.

Figure 29 should not be seen as a league table. Not all the firms we approached were willing to disclose information on fee income or considered that they could provide sufficiently reliable information in the desired form. It is likely therefore that there are firms not included in the tables that have a higher audit fee income than some of those that are shown. Also, we have not included accountancy firms that are not registered as statutory auditors.

Care is needed in making detailed comparisons between firms using the information in Figure 29. Some firms do not analyse their fee income in this manner and have made an informed estimate of the figures. In addition, firms may classify their audit and non-audit income in slightly different ways.

Figures 30 and 31 analyse the detailed fee income from Figure 31 for the Big Four firms and for many of the larger firms outside of the Big Four respectively³.

The percentage of fee income derived from non-audit clients has been rising steadily between 2010 to 2014 for both the Big Four and for many of the larger firms outside of the Big Four by 5% and 7% respectively. This is mirrored by a slow decrease in the proportion of fee income from non-audit work for audit clients.

The percentage of total fee income derived from audit work has declined by 3% for the Big Four firms and by 5% for many of the larger firms outside of the Big Four over the last five years. (Figures 30 and 31)

¹ In most cases the LSE Main Market

² Available on each firm's website

³ Information on fee income by audit for earlier years can be found in previous editions of Key Facts and Trends in the Accountancy Profession, available at www.frc.org.uk - Key Facts and Trends

UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2014 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals ¹	% of Female Principals	No of Audit Principals	No of Responsible Individuals ²	Fee Income: Audit ³ (£m)	Fee Income: Non-Audit Work ³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
PricewaterhouseCoopers	LLP	30-Jun-14	854	17%	212	360	571	332	1,636	2,539
Deloitte ⁴	LLP	31-May-14	718	15%	155	206	486	176	1,653	2,315
KPMG	LLP	30-Sep-14	599	13%	142	243	438	257	1,178	1,874
Ernst & Young	LLP	30-Jun-14	576	15%	108	168	341	264	1,263	1,868
BDO	LLP	30-Jun-14	277	12%	102	124	128	50	206	384
Grant Thornton UK	LLP	30-Jun-14	195	12%	61	106	125	49	338	512
Baker Tilly ⁵	LLP	31-Mar-14	330	15%	114	147	66	36	143	245
Mazars	LLP	31-Aug-14	126	14%	53	56	41	16	74	131
Crowe Clark Whitehill	LLP	31-Mar-14	70	16%	40	41	24	8	23	55
MHA MacIntyre Hudson	LLP	31-Mar-14	72	14%	44	44	23	7	12	42

Figure 29

1 Principals are partners or members of an LLP

2 RIs are those individuals who are able to sign audit reports and includes Audit Principals and Employees

3 The definition used of 'audit-services' and 'non-audit services' is set out in paragraph 12 of the Auditing Practices Board's 'Ethical Standard 5' - December 2011

4 Deloitte LLP figures for 2014 relate to practising activities in the UK, Channel Islands and Isle of Man only.

5 Includes both Baker Tilly and Baker Tilly UK Holdings Ltd.

UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2014 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals ¹	% of Female Principals	No of Audit Principals	No of Responsible Individuals ²	Fee Income: Audit ³ (£m)	Fee Income: Non-Audit Work ³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Moore Stephens	LLP	30-Apr-14	55	18%	24	25	12	4	48	64
Kingston Smith	LLP	30-Apr-14	56	25%	44	44	12	8	13	33
Nexia Smith & Williamson Audit	Company	30-Apr-14	161	16%	26	25	12	N/A	51	63
Haysmacintyre	Partnership	31-Mar-14	27	26%	21	21	10	6	4	20
Haines Watts Group	Group of Partnerships	31-Mar-14	145	10%	76	84	10	7	46	63
Saffery Champness	Partnership	31-Mar-14	63	19%	36	36	10	8	29	47
Chantrey Vellacott DFK	LLP	31-Dec-14	38	8%	17	17	10	3	18	31
UHY Hacker Young	Group of Partnerships	30-Apr-14	102	12%	61	63	9	6	35	50
Buzzacott	LLP	30-Sep-14	33	21%	15	15	9	2	19	30
PKF Littlejohn	LLP	31-May-14	29	17%	22	22	7	3	7	17
Menzies	LLP	31-Mar-14	38	5%	18	22	6	6	16	28

Figure 29

UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2014 (By fee income from audit)

UK Firm Name	UK Structure	Year End	No of Principals ¹	% of Female Principals	No of Audit Principals	No of Responsible Individuals ²	Fee Income: Audit ³ (£m)	Fee Income: Non-Audit Work ³ to Audit Clients (£m)	Fee Income: Non-Audit Clients (£m)	Total Fee Income (£m)
Johnston Carmichael	LLP	31-May-14	53	9%	14	22	6	N/A	N/A	34
Scott Moncrieff	Partnership	30-Apr-14	14	14%	7	9	5	2	4	11
PKF Cooper Parry Group ⁶	Limited Company	30-Apr-14	6	0%	4	11	4	5	6	15
Francis Clark	LLP	31-Mar-14	49	12%	16	17	4	N/A	N/A	31
Kreston Reeves ⁷	LLP	31-May-14	41	15%	20	20	4	2	14	20
Bishop Fleming	LLP ⁸	31-May-14	24	8%	15	16	4	1	11	16
James Cowper	LLP	30-Apr-14	13	23%	7	8	3	2	8	13
Armstrong Watson	Partnership	31-Mar-14	31	10%	8	9	1	1	15	17
Chiene & Tait	Scottish Partnership	30-Sep-14	8	25%	3	3	1	0	5	6
Lovewell Blake	LLP	30-Sep-14	25	8%	11	11	1	1	12	14

Figure 29

⁶ Name changed from Cooper Parry Group as at 7 January 2014

⁷ Name changed from Reeves & Co as at 23 January 2015

⁸ Bishop Fleming converted from a Partnership to an LLP as at 1 June 2014

Analysis of Big Four Fee Income (2010-2014)

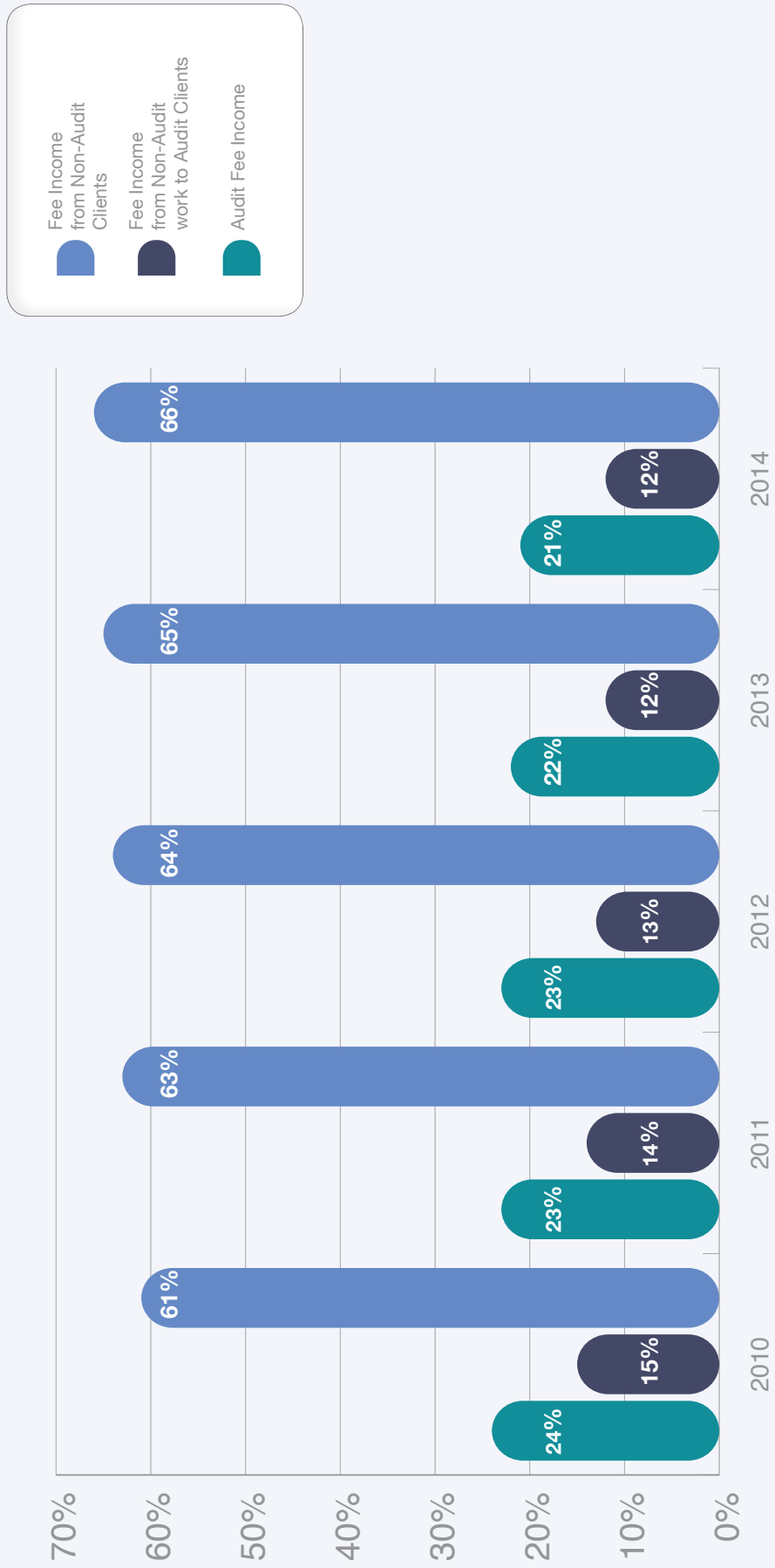


Figure 30

Analysis of the Fee Income (2010-2014) of many of the larger registered audit firms outside of the Big Four

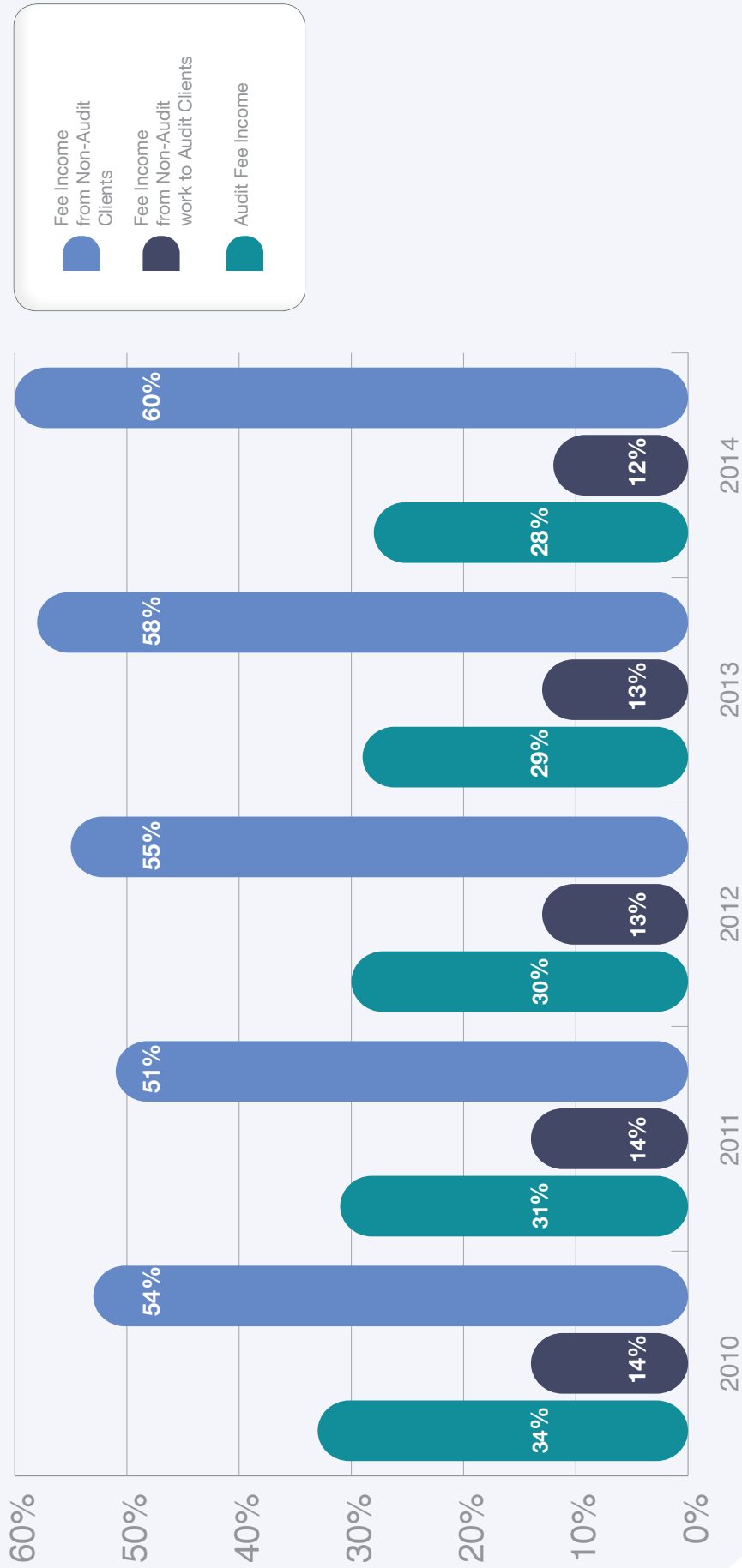


Figure 31

Audit Firms

Growth of Fee Income

Figure 32¹ shows the percentage growth rate of fee income for each of the years from 2009/10 to 2013/14 for many of the largest registered audit firms, split between the Big Four audit firms, the larger firms outside of the Big Four and between audit and non-audit income.

To ensure consistency in the table below, we have only included income figures for firms that have submitted data for all five years for both audit and non-audit income².

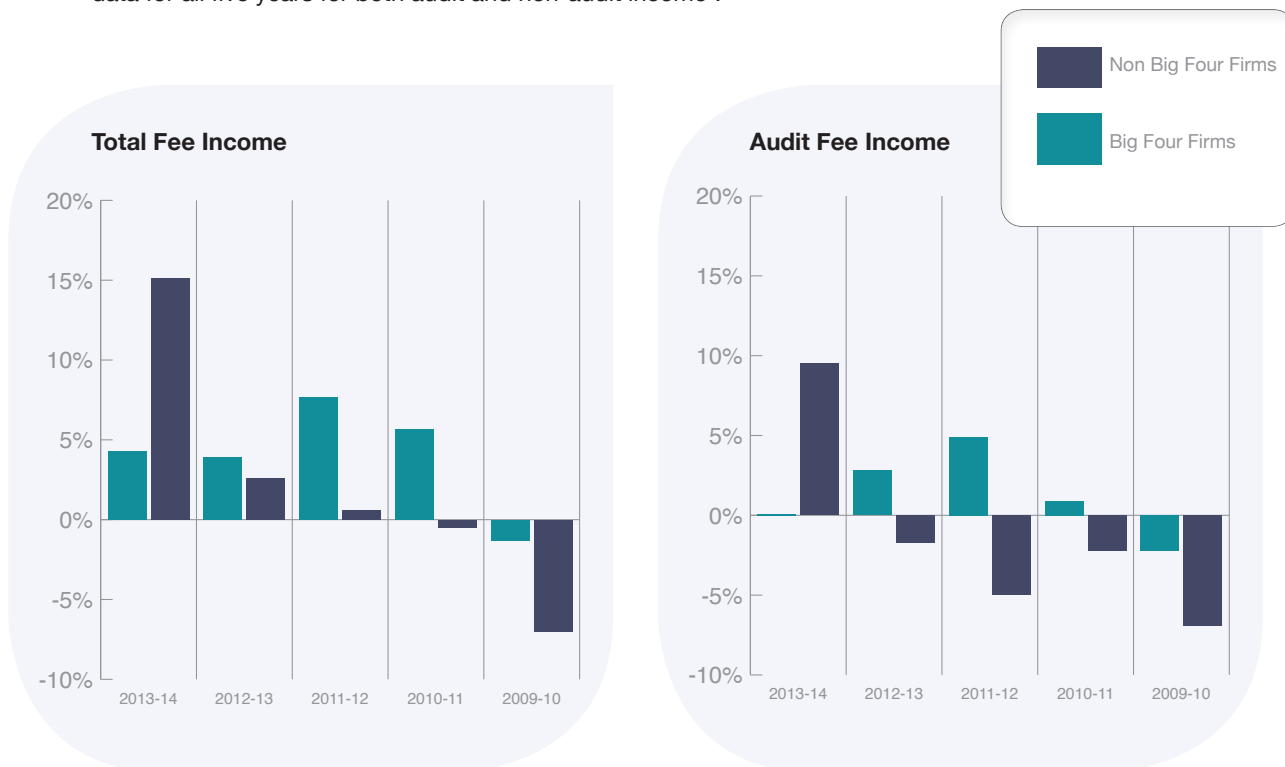


Figure 32

Growth Rate %		2013-14	2012-13	2011-12	2010-11	2009-10
Total fee income	Big Four Firms	4.3	3.9	7.7	5.7	-1.3
	Non Big Four Firms	15.1	2.6	0.6	-0.5	-7.0
Audit fee income	Big Four Firms	0.1	2.8	4.9	0.9	-2.2
	Non Big Four Firms	9.5	-1.7	-5.0	-2.2	-6.9
Non-audit work to Audit Clients Fee Income	Big Four Firms	0.8	-3.2	1.9	-1.8	-5.7
	Non Big Four Firms	11.7	-0.5	-7.5	-0.5	-11.7
Non-audit work to Non-Audit Clients fee income	Big Four Firms	6.3	5.8	10.0	9.4	0.2
	Non Big Four Firms	18.7	5.7	5.9	0.6	-5.6

1 This information is based on the information provided to the FRC and which is shown in the detailed tables on fee income of major audit firms.

2 The data will be different in some cases from that published in earlier versions of Key Facts and Trends in the Accountancy Profession, due to figures being restated for previous years by the firms.

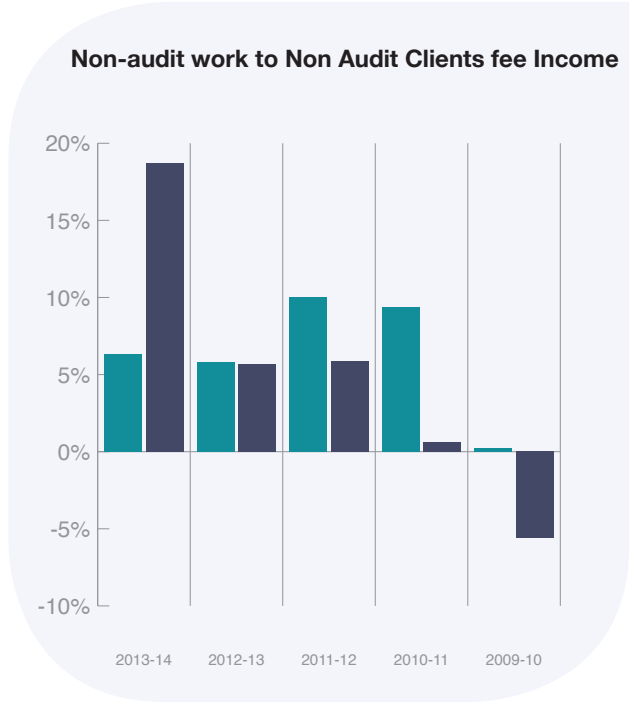
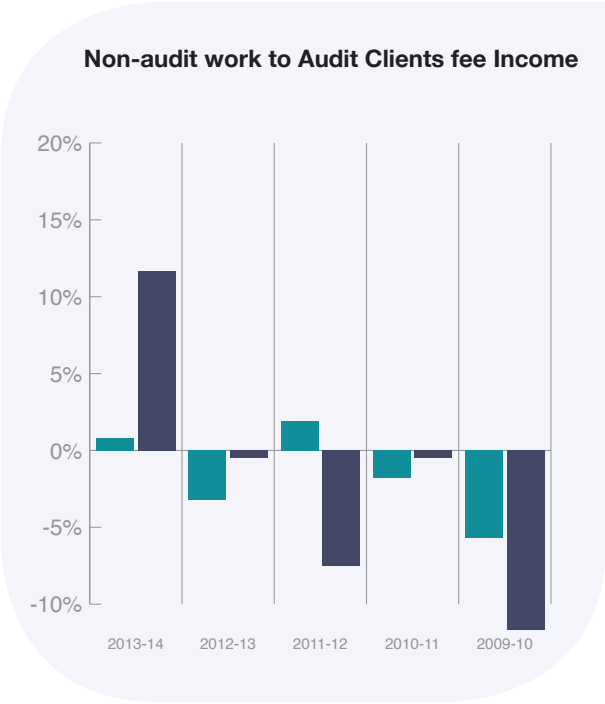


Figure 32

The larger registered firms outside of the Big Four have had significant growth in all areas of fee income in 2014 which can largely be attributed to mergers and acquisitions in 2013 and the transfer of local authority audits from the Audit Commission to the private sector.

The percentage of total fee income for the Big Four has increased by 4.3% in 2013-14. There has also been an increase of 15.1% for the larger registered firms outside of the Big Four included within our analysis.

Audit fee income for the Big Four firms continues to grow, albeit at a slower rate of 0.1%. Audit fee income has grown in 2013-14 for the larger registered firms outside of the Big Four by 9.5%.

Audit Fee Income per Responsible Individual (RI)

Figure 33³ illustrates audit fee generated per RI⁴ for 2010 to 2014 (inclusive). This information is split further between the Big Four firms and the largest firms outside of the Big Four.

Audit Fee Income Per RI (£m)	2014	2013	2012	2011	2010
Largest registered audit firms	1.19	1.19	1.11	1.07	1.06
Big Four firms	1.88	1.89	1.78	1.67	1.65
Non Big Four firms	0.54	0.51	0.48	0.50	0.50

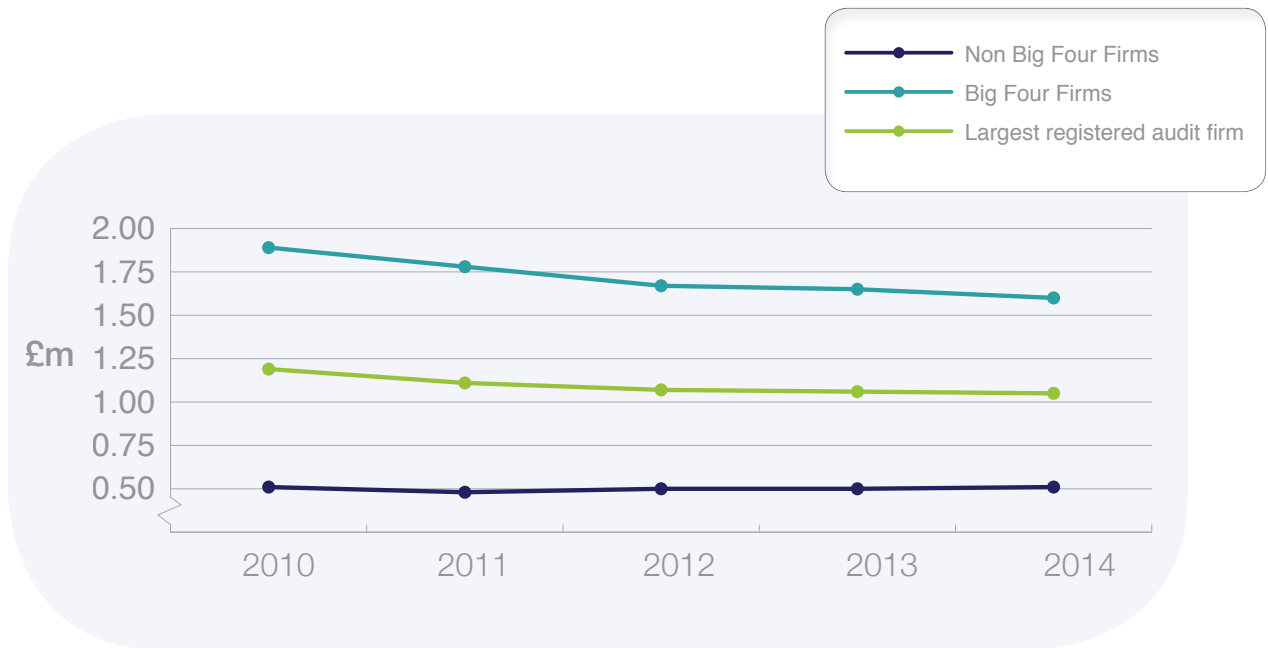


Figure 33

There has been very little change in the audit fee income per RI for the Big Four Firms and many of the larger registered firms outside of the Big Four in 2014.

³ The historic information in this table has been updated as a result of changes in a number of submissions made by some of the larger registered audit firms outside of the Big Four.

⁴ RIs have been awarded the recognised professional qualification in audit and hold a practising certificate. An RI can sign an audit report on behalf of his/her firm.

CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2014
 (By Number of Listed Clients – FTSE 100, FTSE 250, UK Equity Listed on Regulated Markets and AIM)

UK Firm Name	UK Structure	Year End	No of FTSE 100 Audit Clients ¹	No of FTSE 250 Audit Clients ¹	Total No of Other Clients listed on Regulated Markets ¹	No of AIM Audit Clients ¹
PricewaterhouseCoopers	LLP	30-Jun-14	40	60	101	113
KPMG ²	LLP	30-Sep-14	22	59	121	75
Deloitte	LLP	31-May-14	18	71	91	60
Ernst & Young	LLP	30-Jun-14	14	44	94	51
Grant Thornton UK	LLP	30-Jun-14	1	3	58	125
BDO	LLP	30-Jun-14	1	5	50	166
James Cowper	LLP	30-Apr-14	0	0	13	3
Baker Tilly ³	LLP	31-Mar-14	0	0	9	48
Scott Moncrieff	Partnership	30-Apr-14	0	0	4	3
Nexia Smith & Williamson Audit	Company	30-Apr-14	0	0	4	27
UHY Hacker Young	Group of Partnerships	30-Apr-14	0	0	4	31
Chantrey Vellacott DFK	LLP	31-Dec-14	0	0	3	15

Figure 34

¹ The number of clients reported relates to entities whether incorporated in the UK or elsewhere that are audit clients of the UK firm. The figures for 'Other clients listed on Regulated Markets' include clients which have equity listed on one or more regulated markets.

² Includes both KPMG LLP and KPMG Audit Plc

³ Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2014**(By Number of Listed Clients – FTSE 100, FTSE 250, UK Equity Listed on Regulated Markets and AIM)**

UK Firm Name	UK Structure	Year End	No of FTSE 100 Audit Clients ¹	No of FTSE 250 Audit Clients ¹	Total No of Other Clients listed on Regulated Markets ¹	No of AIM Audit Clients ¹
Haysmacintyre	Partnership	31-Mar-14	0	0	3	11
Moore Stephens	LLP	30-Apr-14	0	0	2	5
Crowe Clark Whitehill	LLP	31-Mar-14	0	0	2	37
Kingston Smith	LLP	30-Apr-14	0	0	1	7
Mazars	LLP	31-Aug-14	0	0	1	13
Menzies	LLP	31-Mar-14	0	0	1	0
Saffery Champness	Partnership	31-Mar-14	0	0	1	4
PKF Littlejohn	LLP	31-May-14	0	0	0	16
Kreston Reeves ⁴	LLP	31-May-14	0	0	0	4
Francis Clark	LLP	31-Mar-14	0	0	0	2
Haines Watts Group	Group of Partnerships	31-Mar-14	0	0	0	2
MHA MacIntyre Hudson	LLP	31-Mar-14	0	0	0	1

Figure 34

4 Name changed from Reeves & Co as at 23 January 2015

Concentration of Listed Companies' Audits¹

Figure 35 illustrates the percentage of the number of audits undertaken by the Big Four firms², the next six firms³ (based on the number of listed audit clients) and other audit firms, with UK equity listed companies as audit clients.

For the purposes of Figure 35, where a listed company is audited by a firm from the Crown Dependencies it has been given the same classification as its UK counterparts.

	Big Four Firms (%)				Next Six Firms (%)				Other Firms (%)			
	31/12/14	31/12/13	31/12/12	31/12/11	31/12/14	31/12/13	31/12/12	31/12/11	31/12/14	31/12/13	31/12/12	31/12/11
FTSE 100	98.0	98.0	99.0	99.0	2.0	2.0	1.0	1.0	0.0	0.0	0.0	0.0
FTSE 250	96.8	96.0	94.4	95.2	3.2	4.0	5.6	4.8	0.0	0.0	0.0	0.0
Other UK Main Market	69.7	68.1	66.3	68.7	21.4	23.7	24.8	23.9	8.9	8.2	8.9	7.4
All Main Market	79.9	78.8	78.3	78.4	14.5	16.0	16.5	16.8	5.6	5.2	5.2	4.8

Figure 35

Source: Audit Quality Review team

There has been little change in the proportion of listed companies audited by the larger registered firms outside of the Big Four firms in recent years.



1 Includes International Main Market Companies.

2 Includes Big Four network firm offices whether located in the UK or elsewhere

3 The data for 2011 and 2012 is for the next six firms. All other years are for the next five firms. The data for previous years in this section has not been restated so is not entirely comparable.

Section Six – Annex – Data tables of the charts

Members and Students in the UK and the Republic of Ireland and Worldwide 2014

Figure 2

Number of Members in the UK and ROI								
	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	72,565	66,342	13,297	115,990	18,145	16,270	1,674	304,283
2011	75,305	69,038	13,159	117,475	18,814	16,666	1,647	312,104
2012	77,269	72,053	13,140	119,179	19,414	16,933	1,607	319,595
2013	80,442	74,926	12,929	120,513	20,173	17,217	1,510	327,710
2014	83,339	77,551	12,393	122,167	20,990	17,538	1,574	335,552
% growth (13 - 14)	3.6	3.5	-4.1	1.4	4.0	1.9	4.2	2.4
% growth (10 - 14)	14.8	16.9	-6.8	5.3	15.7	7.8	-6.0	10.3
% compound annual growth (10-14)	3.5	4.0	-1.7	1.3	3.7	1.9	-1.5	2.5

Students registered in the UK and ROI								
	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	91,690	54,470	2,687	14,510	5,771	2,962	151	172,241
2011	89,220	54,645	2,437	15,014	6,348	2,994	155	170,813
2012	84,058	54,010	2,244	15,321	6,265	3,056	185	165,139
2013	85,259	55,295	2,058	15,553	6,431	2,978	285	167,859
2014	83,198	54,684	2,015	16,711	6,539	3,058	270	166,475
% growth (13 - 14)	-2.4	-1.1	-2.1	7.4	1.7	2.7	-5.3	-0.8
% growth (10 - 14)	-9.3	0.4	-25.0	15.2	13.3	3.2	78.8	-3.3
% compound annual growth (10-14)	-2.4	0.1	-6.9	3.6	3.2	0.8	15.6	-0.8

Members and Students in the UK and the Republic of Ireland and Worldwide 2014

Figure 3

Members Worldwide								
	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	144,397	83,487	13,668	136,615	20,010	18,780	7,046	424,003
2011	151,283	87,316	13,544	138,464	20,905	19,334	7,300	438,146
2012	158,574	91,744	13,541	140,573	21,844	19,739	7,983	453,998
2013	165,625	95,925	13,328	142,334	22,828	20,109	8,545	468,694
2014	174,227	99,942	13,327	144,167	23,778	20,401	9,250	485,092
% growth (13-14)	5.2	4.2	0.0	1.3	4.2	1.5	8.3	3.5
% growth (10-14)	20.7	19.7	-2.5	5.5	18.8	8.6	31.3	14.4
% compound annual growth (10-14)	4.8	4.6	-0.6	1.4	4.4	2.1	7.0	3.4

Students Registered Worldwide								
	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	357,952	99,264	2,764	17,653	5,771	3,004	7,813	494,221
2011	349,325	106,612	2,550	19,073	6,361	3,024	8,431	495,376
2012	353,589	112,727	2,336	20,037	6,276	3,083	8,952	507,000
2013	365,488	122,394	2,550	20,121	6,440	2,989	9,607	529,589
2014	373,668	127,813	3,362	22,001	6,548	3,071	9,064	545,527
% growth (13 - 14)	2.2	4.4	31.8	9.3	1.7	2.7	-5.7	3.0
% growth (10 - 14)	4.4	28.8	21.6	24.6	13.5	2.2	16.0	10.4
% compound annual growth (10-14)	1.1	6.5	5.0	5.7	3.2	0.6	3.8	2.5

Sectoral Employment of Members and Students Worldwide 2014

Figure 5

No. of Members	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Public Practice	42,157	2,301	412	43,290	6,414	5,119	478	100,171
Industry & Commerce	100,475	75,429	1,314	61,415	14,314	9,730	7,994	270,671
Public Sector	16,984	9,057	7,293	9,427	502	825	51	44,139
Retired	7,616	10,712	3,540	22,564	865	3,645	704	49,646
Other	6,995	2,443	768	7,471	1,683	1,082	23	20,465
TOTAL	174,227	99,942	13,327	144,167	23,778	20,401	9,250	485,092

No. of Students	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Public Practice	63,227	151	0	17,723	5,166	2,890	51	89,208
Industry & Commerce	178,925	97,501	154	917	159	181	5,048	282,885
Public Sector	48,227	10,286	2,398	359	11	0	57	61,338
Other	83,289	19,875	810	3,002	1,212	0	3,908	112,096
TOTAL	373,668	127,813	3,362	22,001	6,548	3,071	9,064	545,527

Age of Members and Students Worldwide 2014

Figure 7

MEMBERS 2010	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Under 25	693	87	2	209	34	28	13	1,066
25 - 34	44,258	16,275	1,095	24,159	7,490	5,589	618	99,484
35 - 44	54,250	29,647	2,879	33,824	5,985	3,796	2,503	132,884
45 - 54	26,973	19,372	3,948	33,041	3,515	3,493	1,640	91,982
55 - 64	11,913	10,392	3,272	24,927	1,810	2,764	1,205	56,283
65 and over	6,310	7,714	2,350	20,455	1,176	3,110	1,067	42,182
TOTAL	144,397	83,487	13,546	136,615	20,010	18,780	7,046	423,881

MEMBERS 2014	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Under 25	940	117	0	175	42	38	198	1,510
25 - 34	45,924	17,743	959	24,851	8,461	5,852	1,845	105,635
35 - 44	65,468	34,589	2,194	31,481	7,102	4,284	3,550	148,668
45 - 54	37,729	24,739	4,111	35,734	4,439	3,613	1,779	112,144
55 - 64	14,915	12,571	2,930	25,528	2,221	3,030	1,064	62,259
65 and over	9,251	10,156	2,986	26,398	1,513	3,584	814	54,702
TOTAL	174,227	99,915	13,180	144,167	23,778	20,401	9,250	484,918

Figure 8

STUDENTS 2010	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Under 25	86,190	21,912	171	8,850	2,693	1,591	1,966	123,373
25 - 34	192,296	47,562	1,141	7,968	2,683	1,233	2,999	255,882
35 - 44	61,981	21,693	713	733	328	16	2,050	87,514
45 and over	17,485	8,097	534	102	67	3	798	27,086
Unknown	0	0	205	0	0	161	0	366
TOTAL	357,952	99,264	2,764	17,653	5,771	3,004	7,813	494,221

STUDENTS 2014	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Under 25	111,708	37,212	133	11,160	2,471	1,717	4,399	168,800
25 - 34	181,573	51,983	966	9,964	3,343	968	2,629	251,426
35 - 44	62,266	26,464	849	702	548	22	1,516	92,367
45 and over	18,121	10,952	754	175	184	1	520	30,707
Unknown	0	1,202	660	0	2	363	0	2,227
TOTAL	373,668	127,813	3,362	22,001	6,548	3,071	9,064	545,527

Profile of Students Worldwide of Seven Accountancy Bodies 2014

Figure 10

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
≤ 1 Year	73,814	33,378	1,296	6,850	1,473	894	844	118,549
>1 - 2 Years	58,470	25,004	725	5,386	1,294	722	665	92,266
> 2 - 3 Years	47,402	15,716	214	5,028	1,241	837	505	70,943
> 3 - 4 Years	40,221	10,294	134	3,756	1,019	440	689	56,553
> 4 - 5 Years	35,949	7,621	130	676	398	91	769	45,634
≥ 5 Years	117,812	35,800	863	305	1,123	87	5,592	161,582
TOTAL	373,668	127,813	3,362	22,001	6,548	3,071	9,064	545,527

Percentage of Students holding a degree/ relevant degree 2014

Figure 11

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA
Holding a Degree	51%	54%	13%	78%	94%	98%	50%
Holding a Relevant Degree	26%	45%	0%	20%	79%	42%	33%

Analysis of Income of Seven Accountancy Bodies 2010 – 2014

Income of the Six Chartered Accountancy Bodies

Figure 12

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	133.0	42.3	35.6	76.4	23.0	16.9	1.2	328.3
2011	144.0	45.5	28.3	82.4	22.0	17.0	1.3	340.5
2012	152.0	50.9	25.5	82.7	22.1	18.4	1.5	353.1
2013	160.0	54.8	26.1	87.6	22.3	17.8	1.5	370.1
2014	164.0	61.9	36.3	91.5	22.0	16.7	1.6	394.0

Average income per member & student

Figure 13

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2010	246.8	214.0	438.2	412.9	830.1	670.2	74.0	295.2
2011	269.7	237.7	410.1	432.3	718.8	653.0	82.6	312.0
2012	279.2	223.5	377.9	410.3	707.7	670.4	76.8	309.2
2013	284.3	225.8	390.5	433.4	622.4	632.1	77.1	311.7
2014	284.7	237.5	377.5	441.7	590.7	634.8	81.9	314.5
% growth (10 - 14)	15.3	11.0	-13.8	7.0	-28.8	-5.3	10.6	6.5

Breakdown of Income

Figure 14

Breakdown of Income	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
Fees & Subscriptions	71.0	33.4	3.3	43.3	7.9	6.5	1.4	166.8
Education & Exam Fees	81.0	20.7	3.0	10.4	7.0	6.7	0.1	128.9
Regulation & Discipline	4.0	0.0	0.0	19.7	3.0	1.7	0.0	28.4
Commercial Activities	8.0	5.9	21.1	16.1	2.5	1.2	0.0	54.8
Other (Including Investment Income)	0.0	1.9	8.9	2.0	1.6	0.6	0.1	15.1
TOTAL	164.0	61.9	36.3	91.5	22.0	16.7	1.6	394.0

Section Seven – Glossary of acronyms and abbreviations

This glossary provides definitions of many of the acronyms, abbreviations and some key terms used within the Key Facts and Trends publication:

AAPA	Association of Authorised Public Accountants – still recognised as an RSB but for all practical purposes part of ACCA
AAT	The Association of Accounting Technicians
ACCA	Association of Chartered Certified Accountants
AIA	Association of International Accountants
AIM	The Alternative Investment Market is the London Stock Exchange’s global market for smaller and growing companies
ALC	Admissions and Licensing Committee (ACCA term)
AQR	Audit Quality Review – part of the FRC
ARC	Audit Registration Committee (ICAEW & ICAS term)
Audit Qualification	Is the qualification that is provided by an RQB to its members
Audit Services	<p>Audit related services are:</p> <ul style="list-style-type: none"> • Reporting required by law or regulation to be provided by the auditor; • Reviews of interim financial information; • Reporting on regulatory returns; • Reporting to a regulator on client assets; • Reporting on government grants; • Reporting on internal financial controls when required by law or regulation; • Extended audit work that is authorised by those charged with governance performed on financial information and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions.
Big Four	The four largest audit firms in the UK (PwC, Deloitte, KPMG & EY)
CAET	Certified Accountants Educational Trust (ACCA term)
CAI	Chartered Accountants Ireland
CARB	Chartered Accountants Regulatory Board. Regulatory arm of CAI, operates largely independently of that body
CCAB	Consultative Committee of Accountancy Bodies
CEC	Code of Ethics and Conduct (ACCA term)
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CPD	Continuing Professional Development
Crown Dependencies	A territory that is under the sovereignty of the British Crown but does not form part of the UK.
FRC	Financial Reporting Council
FTSE 100	An index composed of the 100 largest companies listed on the London Stock Exchange (LSE)
FTSE 250	An index containing the 101st to the 350th largest companies by market capitalisation on the London Stock Exchange (LSE)
GPRs	Global Practising Regulations (ACCA term)

IAASA	Irish Auditing and Accounting Supervisory Authority
Larger registered firms outside the Big Four	These are the 31 firms listed in Section Five which make up the majority of the largest firms in the UK by audit fee income outside of the Big Four which have agreed to provide information to us.
ICAEW	Institute of Chartered Accountants in England and Wales
ICAS	Institute of Chartered Accountants of Scotland
LSE	London Stock Exchange
LSE Main Market	International market for the admission and trading of equity, debt and other securities.
Non-audit services	<p>‘Non-audit services’ comprise any engagement in which an audit firm provides professional services to:</p> <ul style="list-style-type: none"> • An audited entity; • An audited entity’s affiliates; or • Another entity in respect of the audited entity; <p>Other than the audit of financial statements of the audited entity.</p>
Non Big Four	The largest audit firms excluding the ‘Big Four’.
PD	Professional Discipline team – part of the FRC
Principals	Partners or members of an LLP
Public Interest Entity	The audits of all UK incorporated entities with listed securities (both equity and debt) and other UK entities whose financial condition is considered to be of major public interest are within the scope of the AQR work under the Companies Act 2006. The full definition can be found at www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review.aspx
QAC	Quality Assurance Committee (CAI term)
QAD	Quality Assurance Directorate (ICAEW term)
RI	Responsible Individuals have been awarded the recognised professional qualification in audit and hold a practising certificate. An RI can sign an audit report on behalf of his/her firm
ROI	Republic of Ireland
RQB	Recognised Qualifying Bodies – there are six bodies in the UK recognised to offer the audit qualification in line with the requirements of Schedule 11 to the Companies Act 2006
RSB	Recognised Supervisory Bodies – these bodies can register and supervise audit firms in accordance with the requirements of Schedule 10 to the Companies Act 2006
SAD	Statutory Audit Directive of 17 May 2006. Amending Directive agreed in early 2014
TCA	Third Country Auditor
Transparency Report	The FRC brought into force legal requirements on the auditors of certain public interest entities to publish annual Transparency Reports in 2008, in accordance with the Statutory Audit Directive. The requirement came into force for financial years ending on or after 31 March 2010.
UK	United Kingdom
UK GAAP	Generally Accepted Accounting Practice in the UK
UK Regulated Market	An organised trading venue that operates under Title III of MiFID
Year End	An accounting procedure undertaken at the end of the year to close out business from the previous year and carry forward balances from the previous year

Financial Reporting Council

8th Floor

125 London Wall

London EC2Y 5AS

+44 (0)20 7492 2300

www.frc.org.uk