

June 2013

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 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.

© The Financial Reporting Council Limited 2013

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



June 2013

Key Facts and Trends in the Accountancy Profession

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 accepts no responsibility for any reliance others may place upon the information provided herein. We shall not be liable for any loss or damage arising from the use of the information contained within this publication nor from any action or decision taken as a result of using such information.

Contents

	<i>Page</i>
Foreword	1
<hr/>	
One Main Highlights	3
<hr/>	
Two Members of Accountancy Bodies	7
<hr/>	
Three Students of Accountancy Bodies	17
<hr/>	
Four Resource Information on Accountancy Bodies	31
<hr/>	
Five Oversight of Audit Regulation	37
<hr/>	
Six Audit Firms	49

Foreword

This is the eleventh edition of 'Key Facts and Trends in the Accountancy Profession' and the first produced by the Conduct Division of the Financial Reporting Council (FRC), following the FRC reform in 2012.

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 Four relates principally to membership, students, income, costs and staffing of these bodies. Section Five contains information related to the supervision of statutory auditors that in previous years was included in the report from the Professional Oversight Board to the Secretary of State.

Section Six provides information on thirty six 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 Republic of Ireland 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 Republic of Ireland, which is available at <http://www.iaasa.ie>.

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)
Institute of Chartered Accountants of Scotland (ICAS)

² Association of International Accountants (AIA)

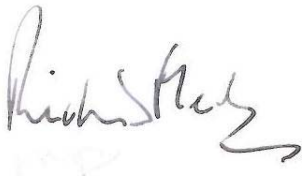
Overall, the data suggests that the profession continues to attract and remains attractive. The total number of members continues to increase, both in the UK and worldwide. It is notable, however, that although student numbers have also increased worldwide, they fell in the UK in 2012. The total fee income of the largest firms has also grown in 2011/12, much more markedly for the 'Big Four' than for other firms.

We are grateful to those that took the time to complete our questionnaire on how we could improve this publication. We have changed a number of the tables and charts this year in response to those comments.

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/KeyFactsandTrends2013>

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

A handwritten signature in black ink, appearing to read 'Richard Fleck', with a stylized flourish at the end.

Richard Fleck

Chairman of the FRC Conduct Committee

June 2013

Section One – Main Highlights

The Accountancy Bodies 2008 – 2012

- Total membership of the accountancy bodies continues to grow steadily. The seven bodies included in the report have over 319,000 members in the UK and Republic of Ireland and over 450,000 members worldwide. The compound annual growth rates for 2008-12 are 2.6% in the UK and Republic of Ireland and 3.5% worldwide. (Tables 1 and 2)
- The number of students has also continued to rise overall with 165,000 students in the UK and Republic of Ireland and just over 500,000 worldwide. There has been a decline in student numbers in the UK and Republic of Ireland, falling on average by 0.7% (2008-12). Average annual growth rates worldwide increased by 4% over the same period. Whilst student numbers increased in 2012 by 2.3% worldwide, there was a fall in UK numbers by 3.3%. (Tables 4 and 5)
- 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, albeit at a slower rate than previously. The overall number of registered audit firms was 7,239 as at the 31 December 2012, 10.6% below the 31 December 2008 figure. However, the rate of decline was 1.8% in 2012 as compared to 3.2% in 2008. (Table 8)
- The number of audit monitoring visits across all the bodies has remained relatively stable over the last five years ranging between 1,167 and 1,543 annual visits.

The Audit Firms 2008 – 2012

- Table 18 shows the fee income for audit and non-audit services for 36 of the largest registered audit firms for the year ended 2012. Most of these have audit clients which are UK public interest entities. Firms are listed in order of fee income from audit, rather than total fee income.
- This is the first year we have included in Table 18 information on the percentage of female principals whether partners or members.
- Over the past five years, the 'Big Four' firms (PricewaterhouseCoopers, KPMG, Deloitte and Ernst & Young) have experienced a steady increase in the proportion of fee income from non-audit work for non-audit clients. In contrast their fee income from non-audit work to audit clients has been falling. (Chart 16)
- Total fee income increased in 2011-12. The increase for the Big Four firms was 7.7% compared with an average increase of 0.6% for the larger registered firms outside the Big Four. This is the first year since 2009 that firms outside of the Big Four have seen an increase rather than a decline in total fee income. (Table 19)
- Audit fee income for Big Four firms increased by 4.9% in 2011-12 compared with a decrease of 5% for the larger registered firms outside the Big Four that are included in our analysis.
- Audit fee income per Responsible Individual in the Big Four firms has grown in 2012 by 7%. (Table 20)
- 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. (Table 22)

Section Two – Members of Accountancy Bodies

Two – Members of Accountancy Bodies

Members in the UK and the Republic of Ireland 2008 – 2012

Table 1 shows the number of members of each of seven accountancy bodies in the UK and Republic of Ireland¹ as at 31 December for each of the five years to 31 December 2012.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	67,593	60,870	13,374	112,738	16,237	15,322	1,758	287,892
2009	68,907	63,513	13,440	114,468	17,076	15,858	1,734	294,996
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
% growth (11 - 12)	2.6	4.4	-0.1	1.5	3.2	1.6	-2.4	2.4
% growth (08 - 12)	14.3	18.4	-1.7	5.7	19.6	10.5	-8.6	11.0
% compound annual growth (08-12)	3.4	4.3	-0.4	1.4	4.6	2.5	-2.2	2.6

Table 1

- The overall total number of members of these seven accountancy bodies in the UK and Republic of Ireland has continued to grow steadily at a compound annual growth rate of 2.6% for the period 2008 to 2012. Total membership rose 2.4% from 2011 to 2012 compared with 2.6% from 2010 to 2011.
- There are significant differences in growth rates of the individual bodies. CAI and CIMA show the strongest growth at a compound annual rate of 4.6% and 4.3% respectively between 2008 to 2012. Membership of the AIA and CIPFA has declined during this period.
- The ICAEW continues to be the largest of these bodies in the terms of UK and ROI membership.

¹ 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.

Members Worldwide 2008 – 2012

Table 2 shows the number of members worldwide² of each of seven accountancy bodies as at 31 December for each of the five years to 31 December 2012.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA ³	TOTAL
2008	131,398	76,368	13,697	132,411	17,843	17,671	6,064	395,452
2009	137,233	79,757	13,790	134,698	18,802	18,278	6,566	409,124
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
% growth (11 - 12)	4.8	5.1	0.0	1.5	4.5	2.1	9.4	3.6
% growth (08 - 12)	20.7	20.1	-1.1	6.2	22.4	11.7	31.6	14.8
% compound annual growth (08-12)	4.8	4.7	-0.3	1.5	5.2	2.8	7.1	3.5

Table 2

- The worldwide membership of the seven accountancy bodies continues to grow at a faster rate than the UK and ROI membership (3.5% compared to 2.6% (Table 1) compound annual growth for the period 2008 to 2012).
- ACCA continues to be the largest of these bodies in terms of worldwide membership.

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.

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.

Students who became Members

Chart 1 shows the number of students who became members worldwide of each of seven accountancy bodies as at 31 December for each of the four years to 31 December 2012.

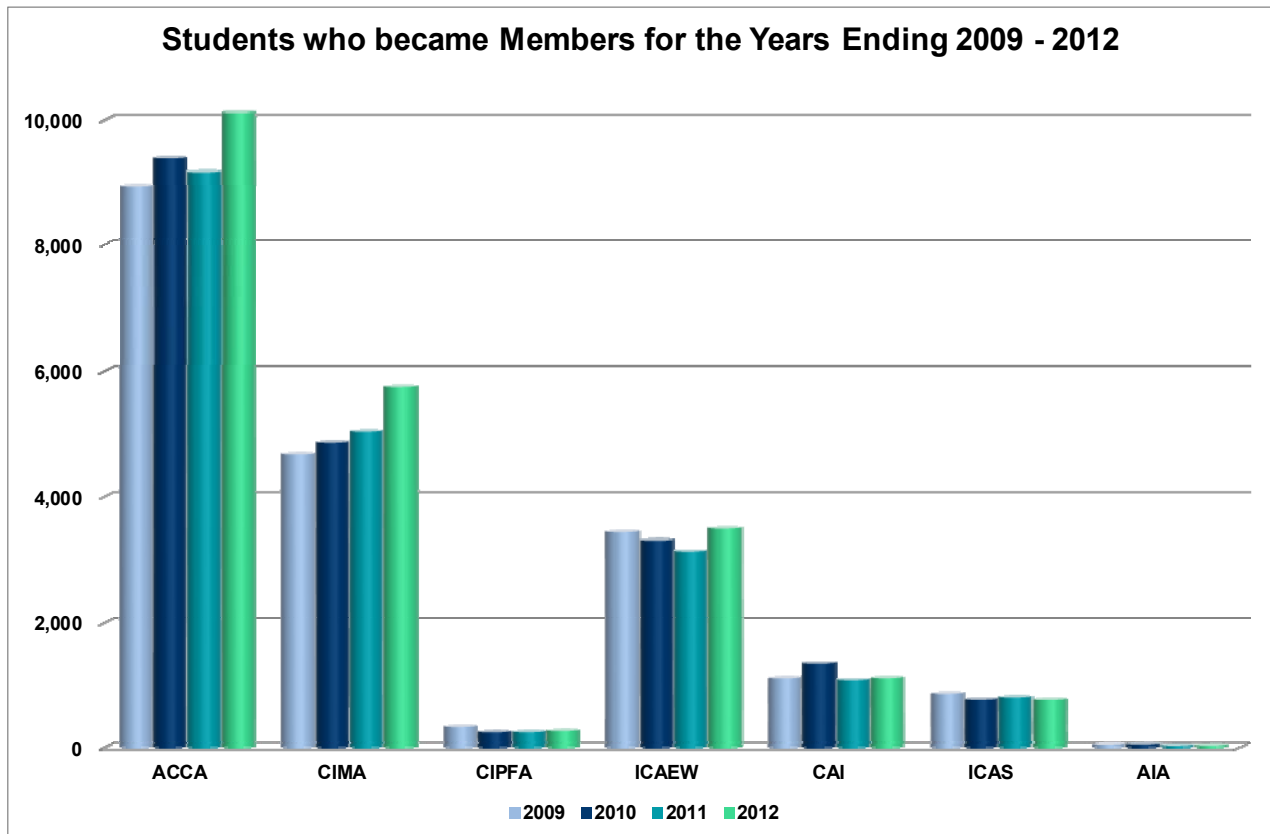


Chart 1

- The majority of the seven accountancy bodies have a consistent uptake of membership each year, with the exception of CIMA whose intake has continued to increase.

Sectoral Employment of Members Worldwide 2012

Chart 2 shows the percentages of members worldwide of each of the seven accountancy bodies, according to their sectoral employment⁴ at the end of 2012.

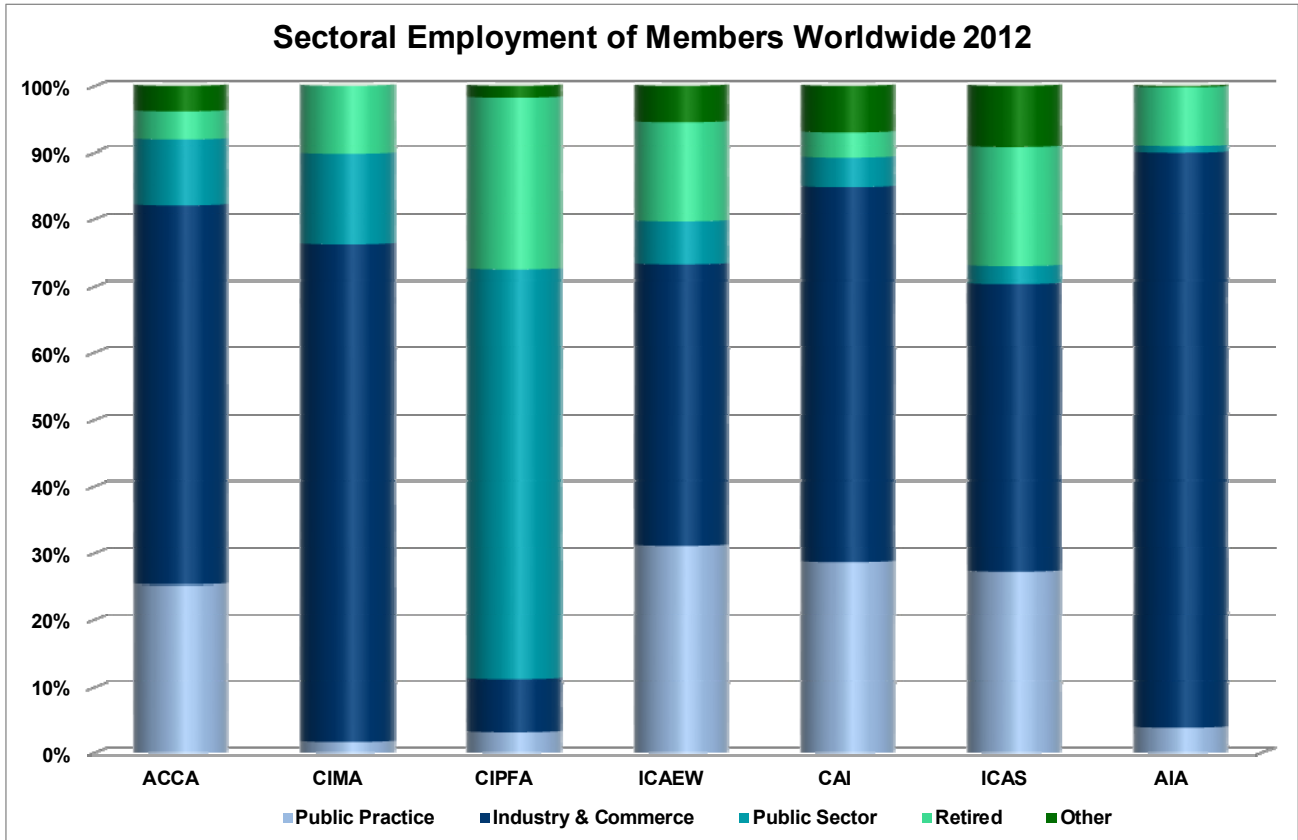


Chart 2

- There are few CIMA, CIPFA and AIA members employed in public practice at 2%, 3% and 4% respectively.
- All bodies apart from CIPFA have more members employed in industry and commerce than in any other category.
- CIPFA is the only body with the majority of its members employed in the public sector.

⁴ 'Other' includes those members who are unemployed, taking a career break, undertaking full time study, on maternity leave, and any members who are unclassified, for example, because they have not provided the information. In the case of CAI, all such members are included in their most recent employment category. The ICAEW includes members working within the charity sector under 'Public Sector'.

Gender of Members Worldwide 2008 - 2012

Table 3 shows the percentage of female members worldwide of each of seven accountancy bodies as at 31 December for each of the five years to 31 December 2012.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	42	30	29	24	33	28	27	32
2009	43	30	30	24	35	29	26	33
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

Table 3

- The percentage of female members has risen steadily from 32% in 2008 to 35% in 2012.
- ACCA and CAI continue to have the largest proportion of female members.

Age of Members Worldwide 2012

Charts 3 and 4 on the following pages compare the age distribution of members of the seven accountancy bodies as at 31 December, for 2008 and 2012.

- There are significant differences in the age profiles of worldwide members of the seven accountancy bodies. ACCA and CAI have the youngest population of members, with 68% and 67% respectively younger than 45 years. (Chart 3).
- More than 50% of the members of CIPFA, ICAEW, ICAS and AIA are aged 45 or over (Chart 3).
- CIPFA has the oldest age profile of members, with 71% aged 45 or over, compared to 64% in 2008.

Comparison of Age Profile of Members of Accountancy Bodies Worldwide 2012

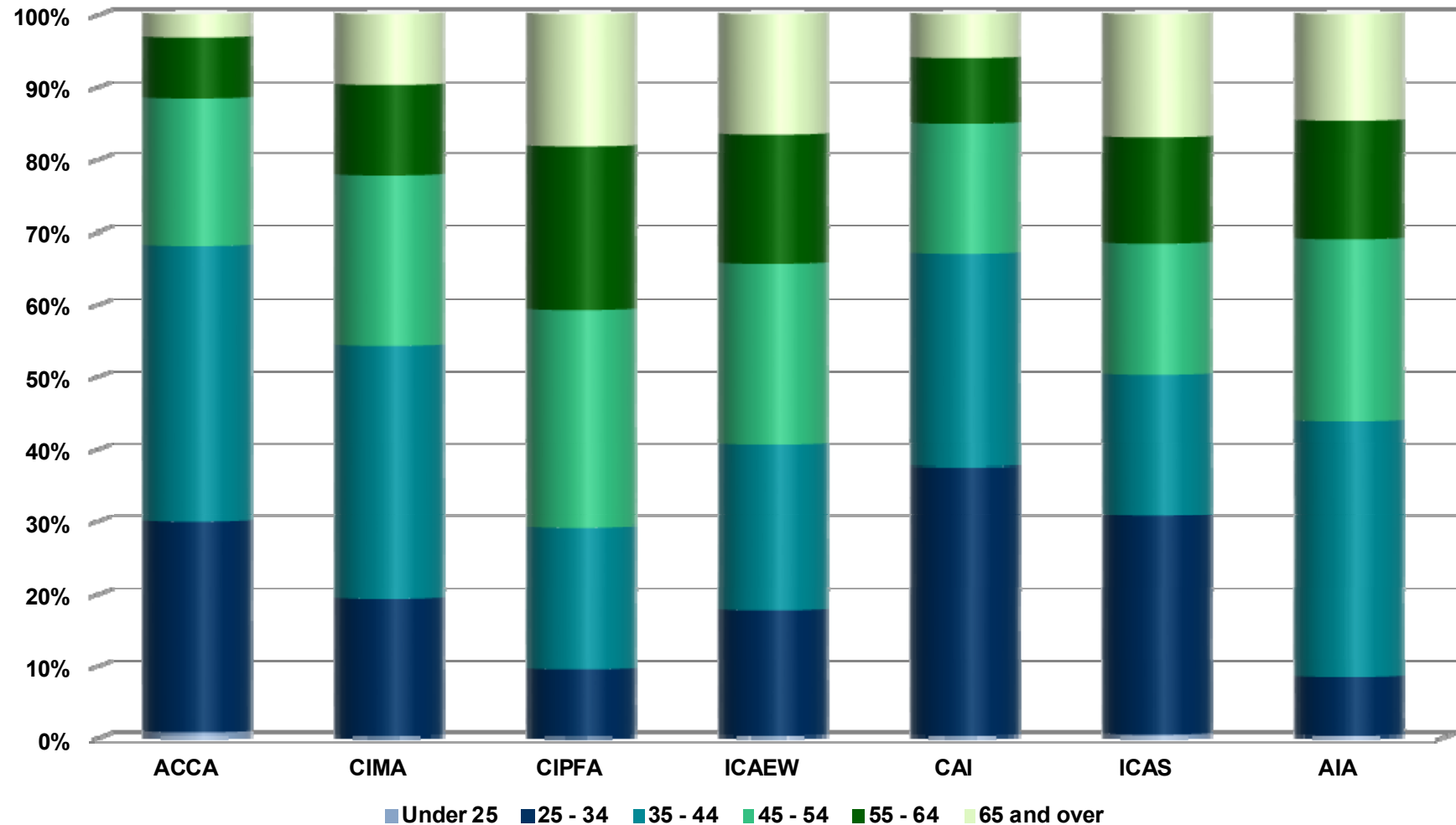


Chart 3

Comparison of Age Profile of Members of Accountancy Bodies Worldwide 2008

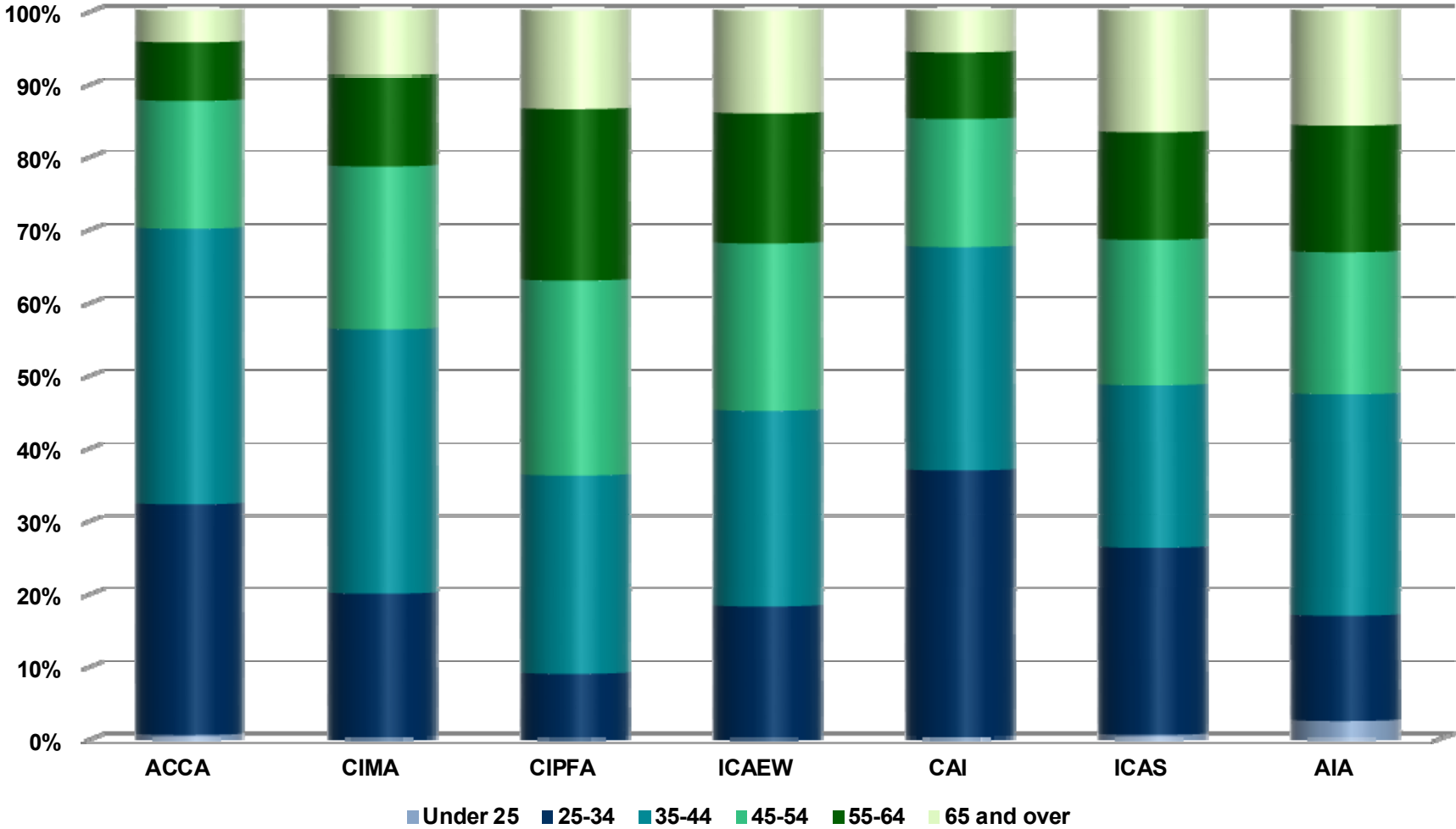


Chart 4

Section Three – Students of Accountancy Bodies

Three – Students of Accountancy Bodies

Students Registered in the UK and Republic of Ireland 2008 - 2012

Table 4 shows the number of students of each of seven accountancy bodies in the UK and Republic of Ireland as at 31 December for each of the five years to 31 December 2012.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	86,515	56,427	2,849	14,560	5,947	3,437	136	169,871
2009	88,082	54,373	2,913	14,206	6,171	3,075	143	168,963
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
% growth (11 - 12)	-5.8	-1.2	-7.9	2.0	-1.3	2.1	19.4	-3.3
% growth (08 - 12)	-2.8	-4.3	-21.2	5.2	5.3	-11.1	36.0	-2.8
% compound annual growth (08-12)	-0.7	-1.1	-5.8	1.3	1.3	-2.9	8.0	-0.7

Table 4

- Whilst student numbers in the rest of the world have increased by 2.3%, student numbers in the UK and ROI have declined by 3.3% in 2012.
- The ICAEW, CAI and AIA have all seen an increase in student numbers between 2008 and 2012.

Students Registered Worldwide 2008 - 2012

Table 5 shows the total number of students and individuals worldwide including those who have passed their final admittance examination and completed all necessary practical training but have not yet applied for membership.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	307,457	91,524	2,885	16,165	5,958	3,466	6,514	433,969
2009	334,423	92,909	2,978	16,517	6,171	3,119	7,157	463,274
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
% growth (11 - 12)	1.2	5.7	-8.4	5.1	-1.3	2.0	6.2	2.3
% growth (08 - 12)	15.0	23.2	-19.0	24.0	5.3	-11.1	37.4	16.8
% compound annual growth (08-12)	3.6	5.3	-5.1	5.5	1.3	-2.9	8.3	4.0

Table 5

- There continue to be wide differences in the numbers and rates of growth in the student membership worldwide.
- Overall student numbers increased by 2.3% in 2012 with an overall compound annual growth of 4%.
- The ACCA, CIMA, AIA and the ICAEW all experienced substantial growth in student numbers of between 2008 and 2012.

Location of Students 2012

Chart 5 shows the location¹ (UK and Republic of Ireland, and the rest of the world) of students of seven accountancy bodies as at 31 December 2012.

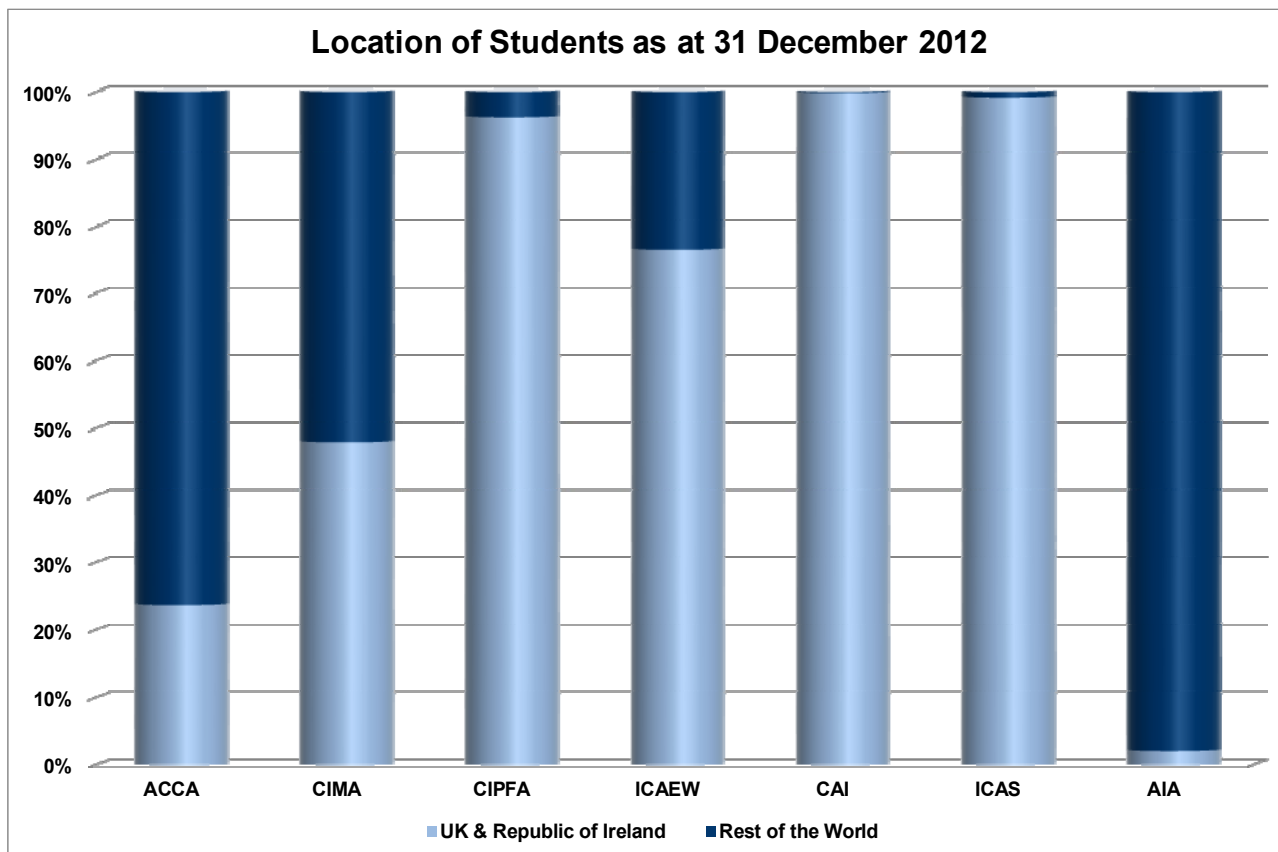


Chart 5

- CIPFA, CAI and ICAS have very low proportions of students based outside of the UK and ROI.
- In contrast, the ACCA has 24% of students in the UK and ROI and almost all of the AIA's students are based outside the UK and ROI with only 2% in the UK and ROI.

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 or residence.

Profile of Students Worldwide of Seven Accountancy Bodies 2012

Chart 6 sets out on a worldwide basis the length of time that individuals have been registered as students with these accountancy bodies².

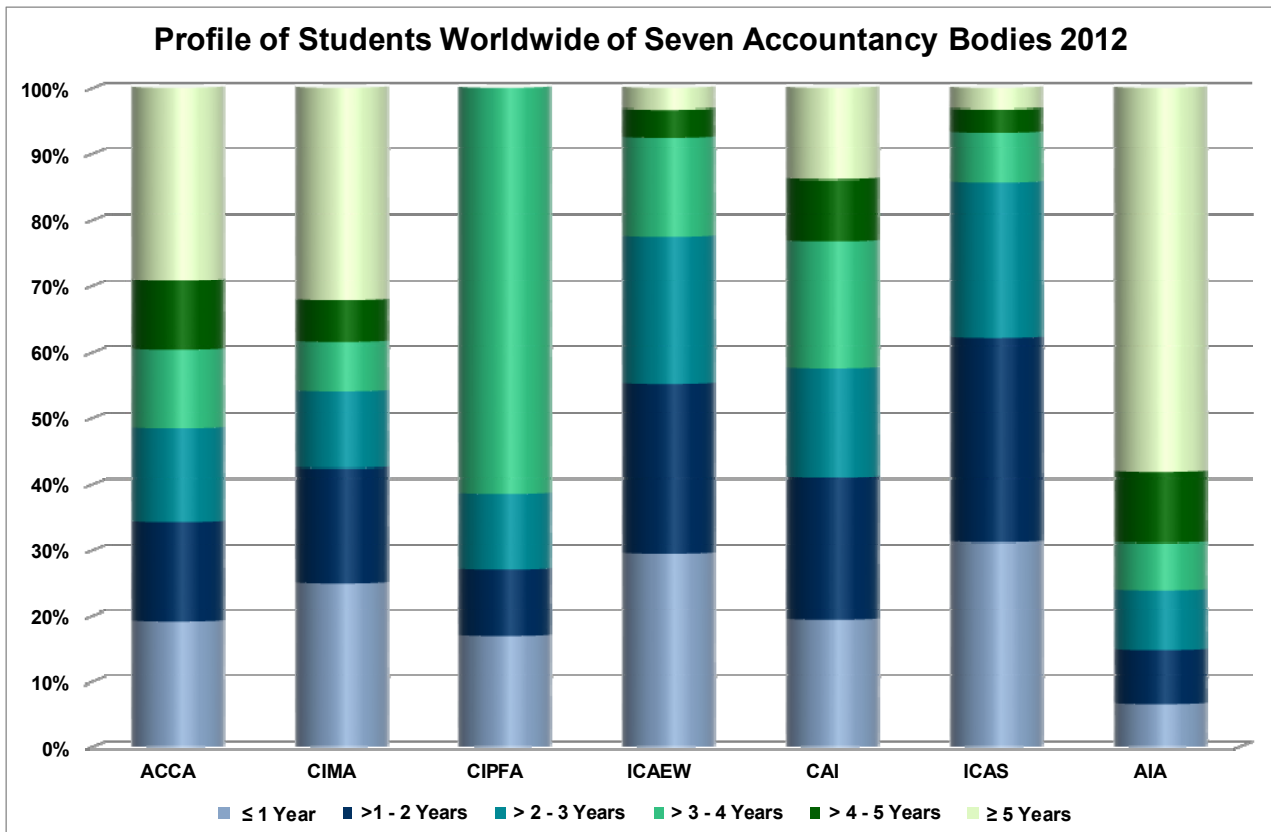


Chart 6

- 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.
- Students at ACCA, CIMA, and AIA do not typically undertake intensive study and generally take longer to complete the requirements for membership.
- A high percentage of ICAEW, CAI and ICAS students complete their training in 4 years or less with only 8%, 23% and 7% respectively of students as at 31 December 2012 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 > 3 - 4 years category includes information on students transferred from their previous system and data for the > 4 - 5 years and ≥ 5 years categories 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.

Gender of Students Worldwide 2012

Table 6 shows the percentage worldwide of female students of each of the accountancy bodies as at 31 December 2012.

	ACCA	CIMA	CIPFA	ICAEW	CAI ⁴	ICAS ⁴	AIA	TOTAL
2008	50	45	48	41	53	47	57	49
2009	50	44	50	41	53	47	63	49
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

Table 6

- The total proportion of female students worldwide has remained broadly constant between 2008 and 2012.
- The percentage of female students is significantly higher than the percentage of female members (see Table 3).

⁴ CAI and ICAS figures refer to the proportion of females in the student intake, not in the student body as a whole.

Age of Students Worldwide of Seven Accountancy Bodies 2012

Charts 7 and 8 on the following pages compare the age distribution of students⁵ of the seven accountancy bodies as at 31 December, 2008 and 2012.

- CIPFA and the AIA have a higher proportion of mature students than the other bodies, with 52% and 39% respectively of students aged 35 or over. (Chart 7)
- ICAEW, CAI and ICAS have the highest proportion of students aged 34 or under. (95%, 91% and 81% respectively under 35. (Chart 7)
- 74% of the overall student numbers were under 35, compared to 77% in 2008.

⁵ ACCA and ICAEW figures relate to the age of the student intake, not the ages of all students.

Comparison of Age Profile of Students of Accountancy Bodies Worldwide 2012

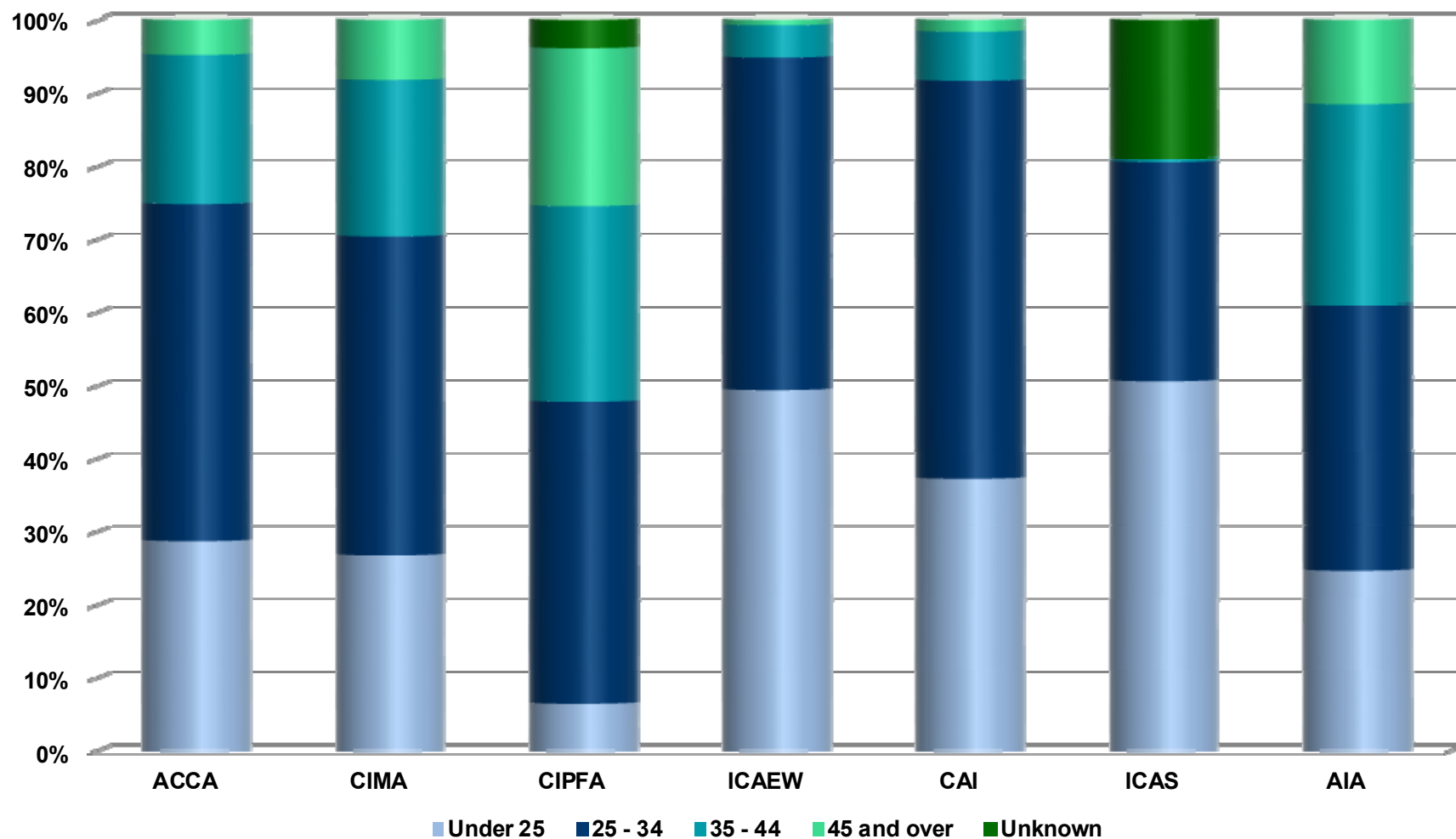


Chart 7

Comparison of Age Profile of Students of Accountancy Bodies Worldwide 2008

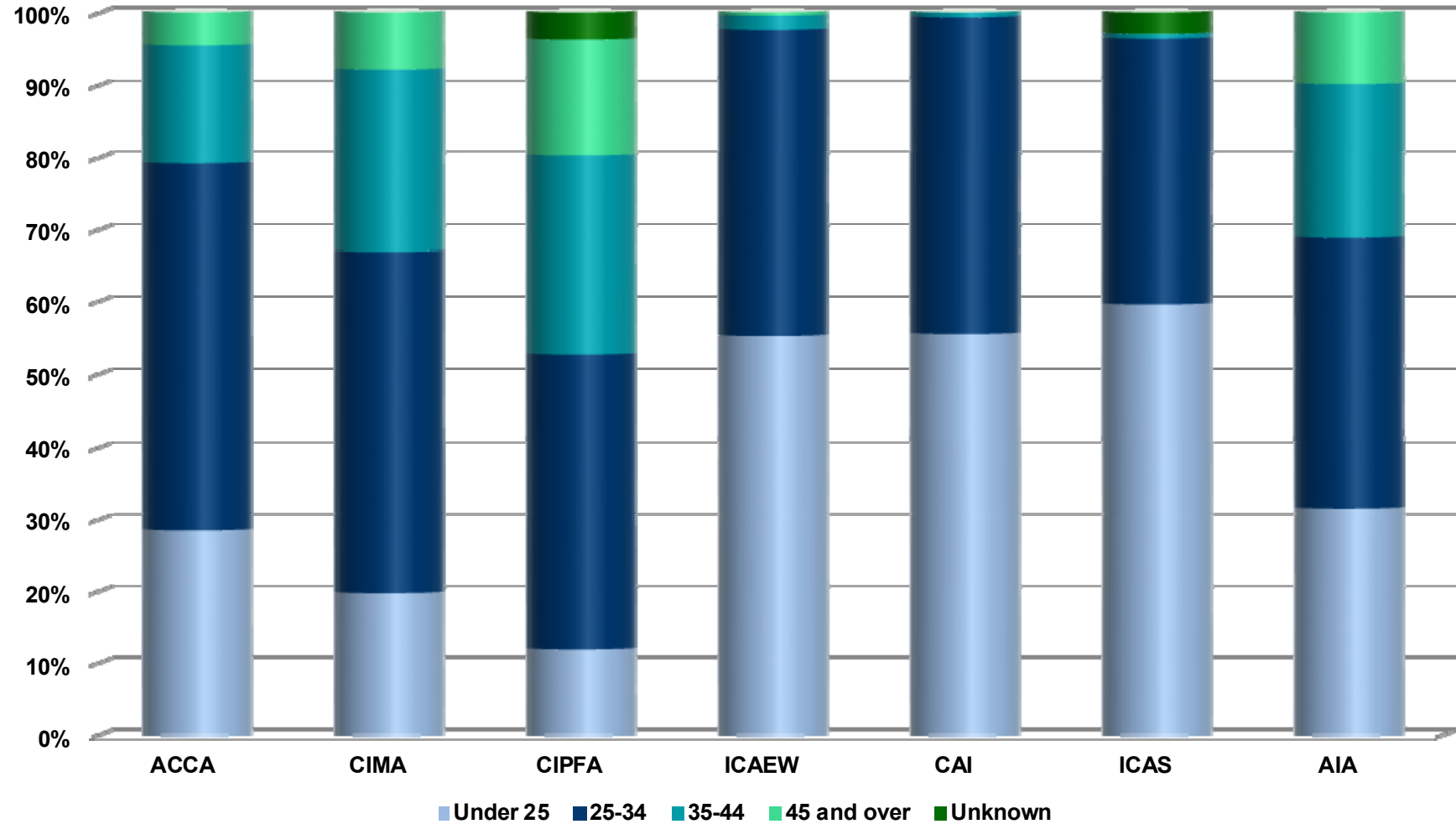


Chart 8

Sectoral Employment of Students Worldwide 2012

Chart 9 shows the sectoral employment of worldwide students of each of the accountancy bodies as at 31 December 2012.

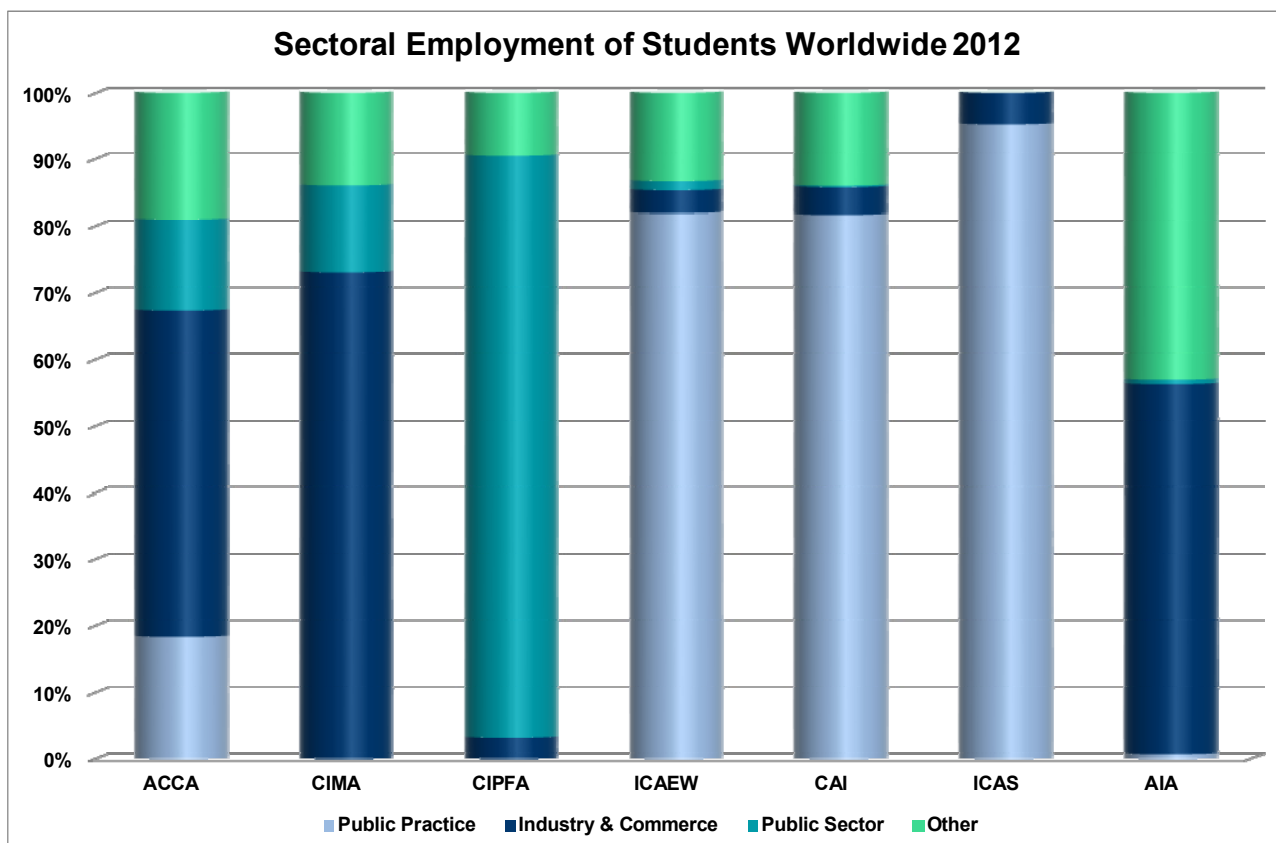


Chart 9

- Over 80% of students at ICAEW, CAI and ICAS are in public practice. In contrast only 18% of ACCA's students, and less than 1% of AIA's students, are employed in public practice.
- CIMA has the highest percentage of students in industry and commerce (73%) and CIPFA has the highest percentage in the public sector (87%). Overall, 52% of students are in industry and commerce
- Of the employment sectors there are 18% in public practice and 13% in the public sector.
- ACCA's students are the most evenly dispersed across the different employment sectors.

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 examinations and are entitled to membership but have not yet been admitted.

Graduate Entrants to Training with Seven Accountancy Bodies

Chart 10 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.

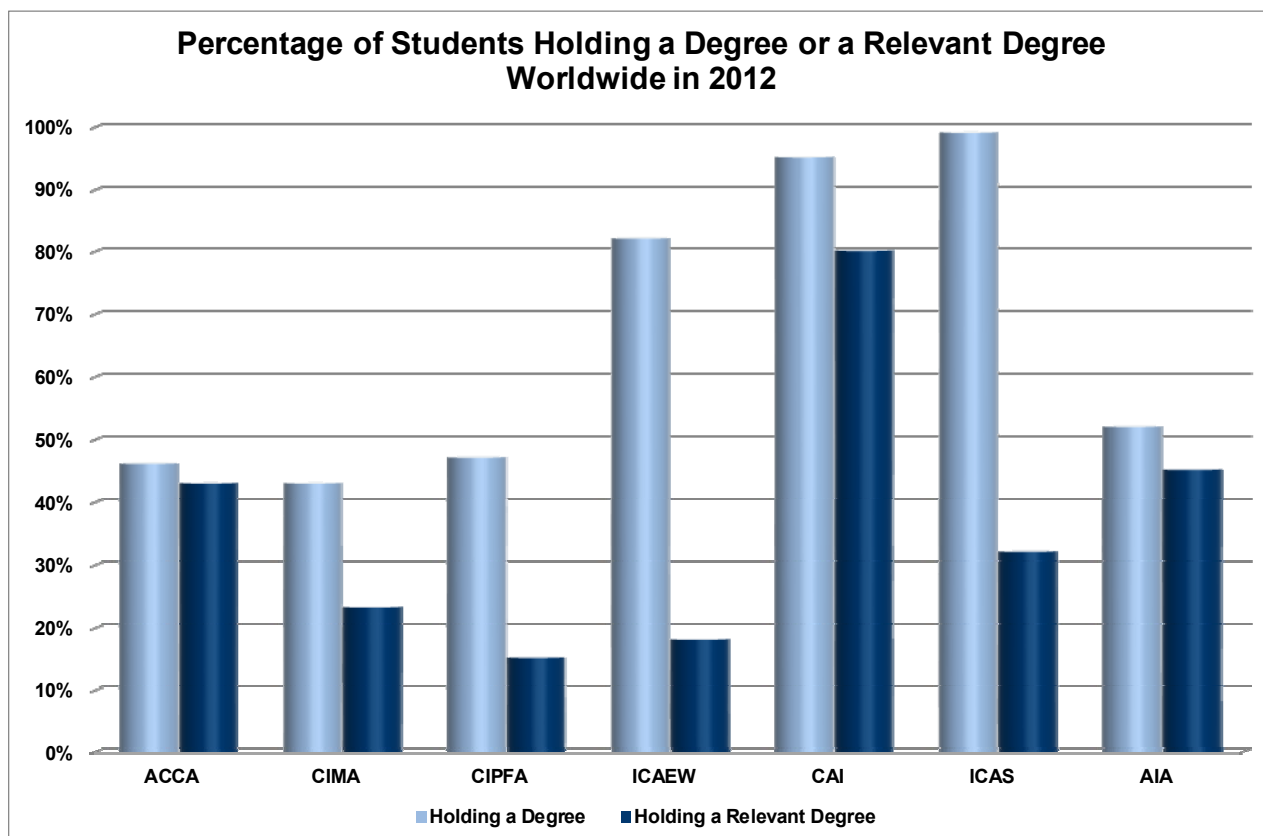


Chart 10

- Comparisons of the percentage of students holding “relevant degrees” are difficult to draw, because the accountancy bodies use different definitions of a “relevant degree”³.

³ The accountancy bodies’ definitions of a “relevant degree” are as follows:

ACCA - Accountancy, Business

CIMA - Business Studies, Business Administration, Finance, Accountancy

CIPFA - Accountancy

ICAEW - Accountancy, Finance, Accounting & Finance

CAI - Accountancy, Business & Commerce, Finance

ICAS - Accountancy

AIA - Accountancy, Business, Finance, Accounting & Finance

Pass Rates 2008 – 2012

Chart 11 shows the percentage of candidates who passed the final examination, for the period 2008 to 2012 and chart 12 shows the percentage of those that were first time passes⁴.

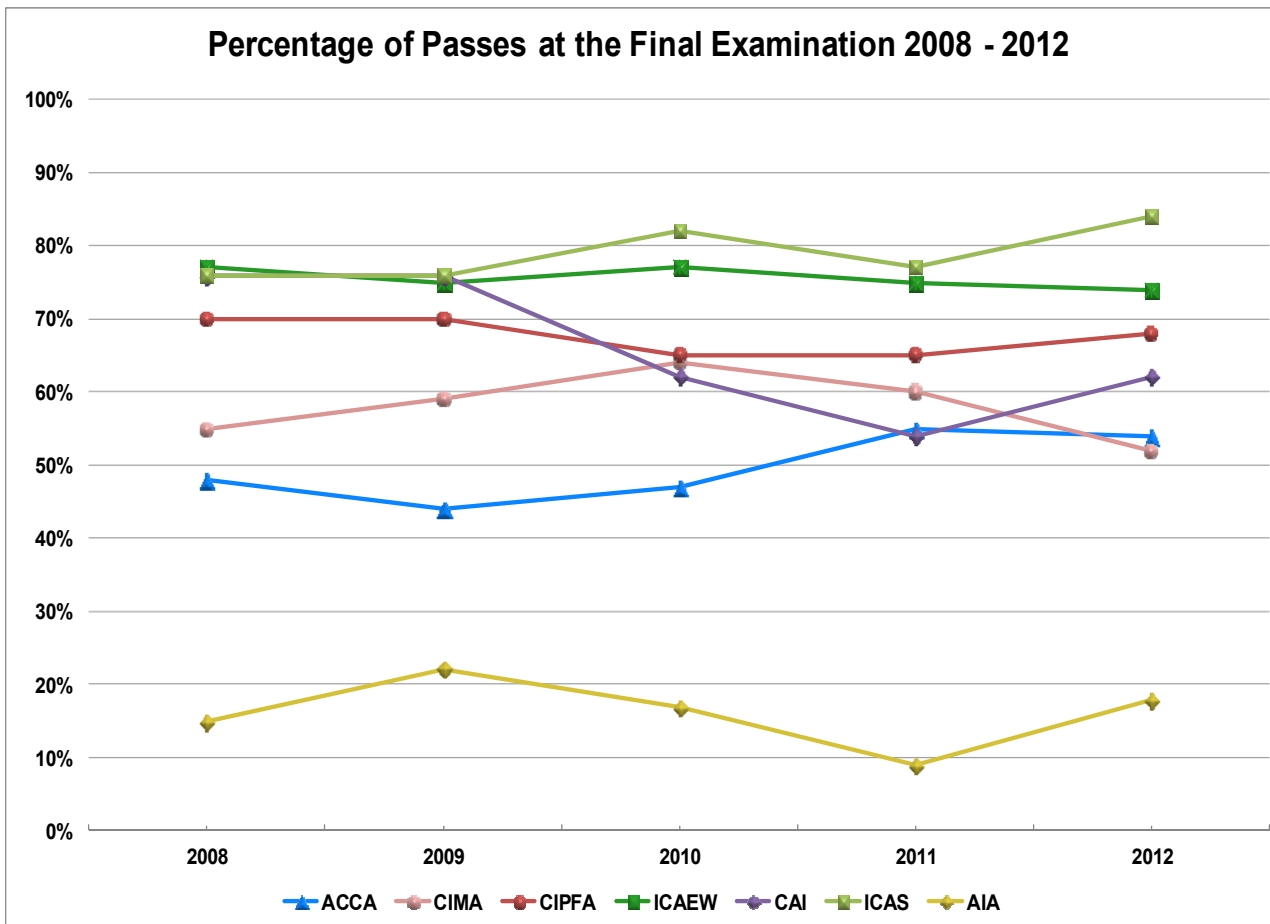


Chart 11

- Comparisons of the pass rates across the bodies and year-on-year are difficult, for example, because of differences in the syllabus and the topics examined at each stage of each body's qualification and because the composition of the student populations across the bodies varies substantially.

⁴ Please note that the information for first time passes is not available for ICAS and AIA. The information is only available from 2011 for CIPFA.

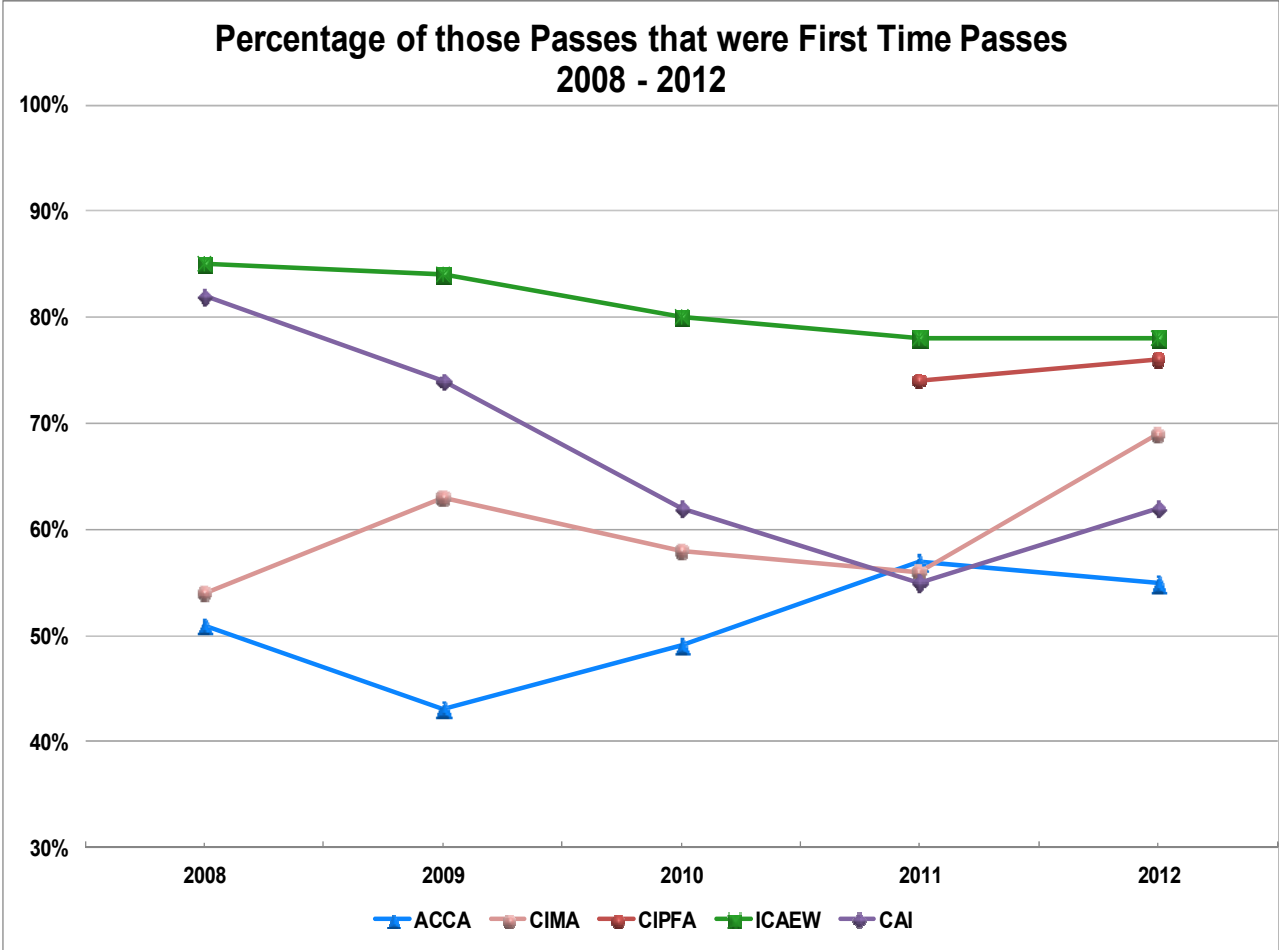


Chart 12

Section Four – Resource Information on Accountancy Bodies

Four – Resource Information on Seven Accountancy Bodies

Analysis of Income of Seven Accountancy Bodies 2008 – 2012

Charts 13 to 15 show the income, surplus/deficit, average income per member/student and analysis of income of seven accountancy bodies worldwide over the period 2008 to 2012.

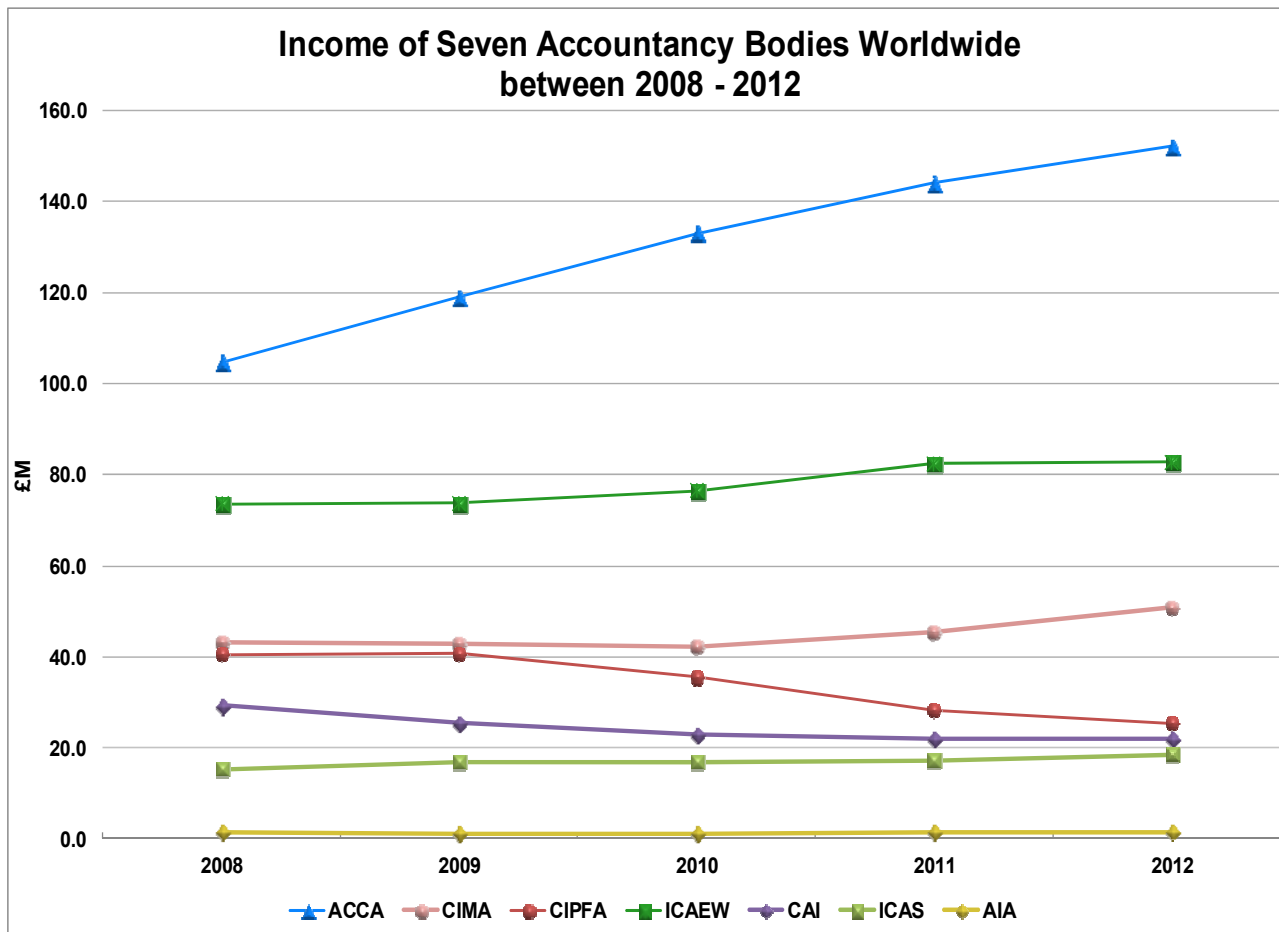


Chart 13

- ACCA has the fastest growing income, rising at a compound annual rate of 9.8% over the period 2008 to 2012.
- The compound annual growth rate of the income of all the bodies was 3.5% in the period of 2008 to 2012.

¹ The ACCA's income and costs from 2010 are for the year ending 31 March. The figures to 31 March 2013 are provisional. They have also restated their income for 2008 to 2012 due to consolidating CAET (Certified Accountants Educational Trust) income.

² CAI income has been converted from Euros at the year-end rate. As at 31 December 2012 the rate was £1.00 = €1.2

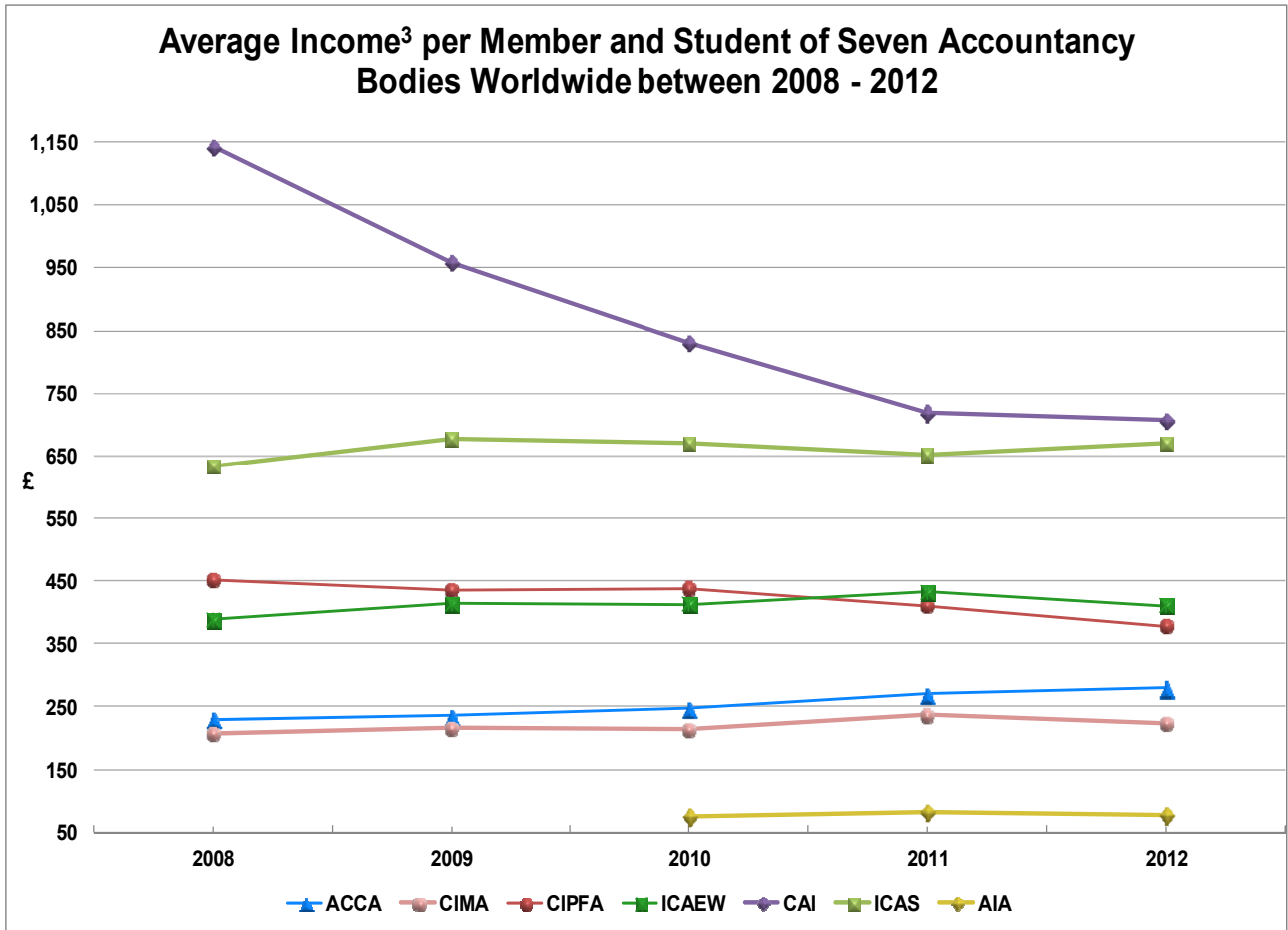


Chart 14

- CAI has seen a drop in the average income per member and student between 2008 and 2012 of 38.1%. This is due to decreases in subscription rates, education fees and CPD rates over this period.

³ The average income per Member and Student is calculated from the income of the body excluding Commercial Activities and Other, from chart 15.

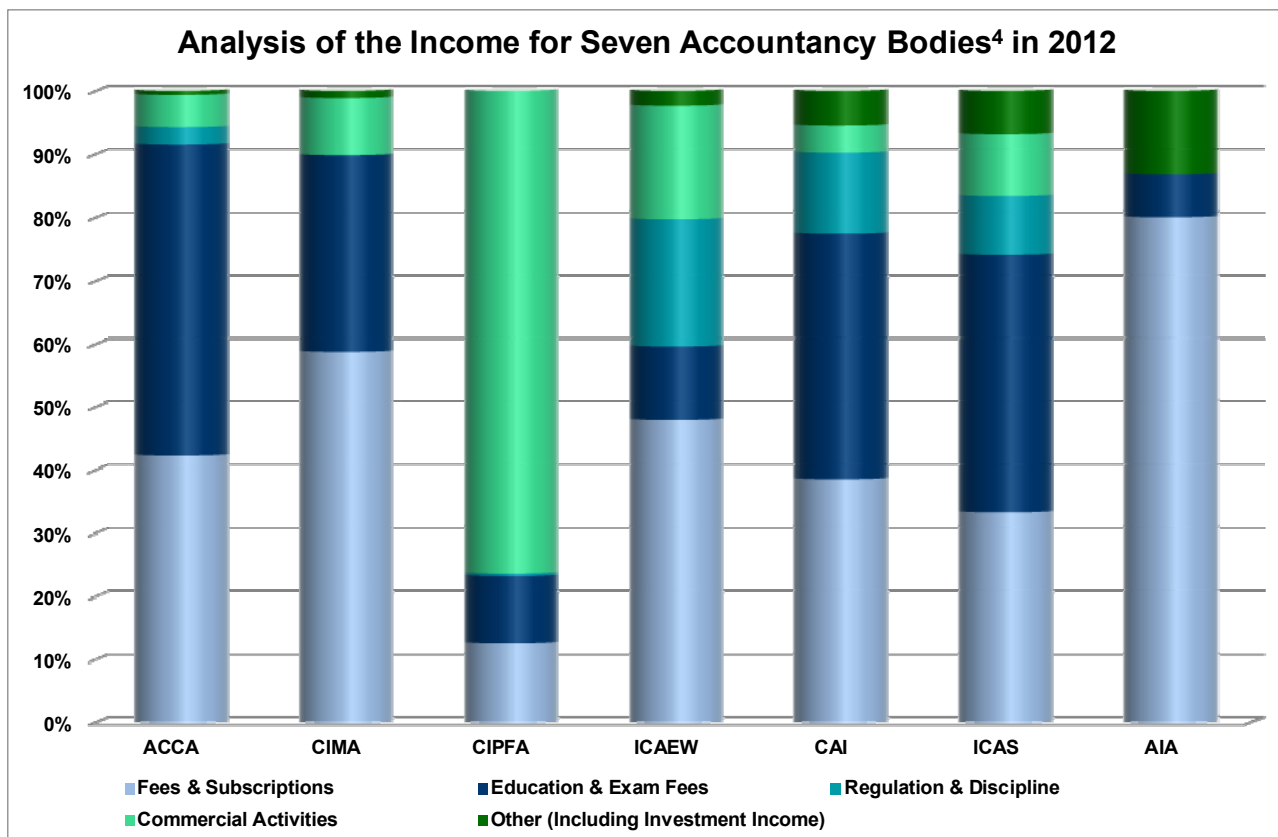


Chart 15

- 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 CIPFA.

⁴ CIPFA derives significant income from its trading subsidiary which has been included within the commercial activities category in Chart 15. The activities of the trading subsidiary include consultancy, events, publications and training.

- 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 2013.

Staffing of Seven Accountancy Bodies 2008 – 2012

Table 7 shows the number of staff (full time equivalent) employed worldwide by seven accountancy bodies over the period 2008 to 2012.

	ACCA	CIMA	CIPFA	ICAEW	CAI	ICAS	AIA	TOTAL
2008	824	283	308	623	135	142	25	2,340
2009	902	362	304	599	133	129	25	2,454
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
% growth (11-12)	2.8	9.8	-16.2	-0.8	-0.7	3.7	0.0	0.8
% growth (08-12)	28.8	46.6	-26.0	4.7	-0.7	-1.4	0.0	13.5
% compound annual growth (08-12)	6.5	10.0	-7.2	1.1	-0.2	-0.4	0.0	3.2

Table 7

- The total number of staff employed by the bodies has increased by 13.5% in the period 2008 to 2012.
- Only CIMA increased its staff significantly in 2012. CIPFA has seen a decrease in staff levels of 16.2% proportionate with a fall in membership. Staffing at other bodies remains stable.

Section Five – Oversight of Audit Regulation

Five – Oversight of Audit Regulation

Recognised Supervisory Bodies (RSBs)

The FRC recognises five bodies, known as Recognised Supervisory Bodies (RSBs)¹ to register and supervise audit firms, in accordance with the requirements of Schedule 10 to the Companies Act 2006. 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.

Table 8 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 2012.

Number of Firms Registered with the Recognised Supervisory Bodies

Number of Principals in Firm	ACCA	AAPA	ICAEW	CAI	ICAS	TOTAL
1	1,329	48	1,609	579	78	3,643
2 - 6	914	1	1,841	384	124	3,264
7 - 10	6	0	164	10	11	191
11 -50	6	0	97	10	6	119
50+	0	0	17	3	2	22
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
Total as at 31.12.09	2,436	67	4,113	985	242	7,843
Total as at 31.12.08	2,489	80	4,279	991	260	8,099

Table 8

¹ Association of Authorised Public Accountants (AAPA) (subsidiary of the ACCA)
 Association of Chartered Certified Accountants (ACCA)
 Institute of Chartered Accountants in England & Wales (ICAEW)
 Chartered Accountants Ireland (CAI)
 Institute of Chartered Accountants of Scotland (ICAS)

Application for Registration as a Statutory Audit Firm & the Number Refused 2010 – 2012

Applications		New	Refused
2010	ACCA	132	0
	ICAEW	270	1
	CAI	49	3
	ICAS	44	0
TOTAL		495	4
2011	ACCA	142	2
	ICAEW	235	0
	CAI	73	1
	ICAS	10	0
TOTAL		460	3
2012	ACCA	138	0
	ICAEW	186	1
	CAI	66	1
	ICAS	30	0
TOTAL		420	2

Table 9

- The number of firms registered to carry out statutory audit work in the UK continues to fall, although the rate of decrease has slowed. The number of registered audit firms fell by 10.6% between 2008 and 2012 and by 1.8% during 2012.
- The number of sole practitioners fell by 4% in 2012. The number of sole practitioners has declined each year since 2003².
- 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 69.1% in 2007/08 to 71.4% in 2011/12³. This follows increases in the audit exemption threshold in 2004 and 2008.

² This information has been derived from previous editions of Key Facts and Trends in the Accountancy Profession.

³ See 'Statistical Tables on Companies Registration Activities 2011-12' which can be found on the Companies House website.

Monitoring of Registered Audit Firms

Table 10 below gives details of the number of monitoring visits conducted by the RSBs during the years ended 31 December 2008 to 31 December 2012, 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 2008 to 2012

		ACCA ⁴	ICAEW	CAI	ICAS	TOTAL
2008	No	406	988	95	54	1,543
	%	15.8	23.1	9.6	20.8	19.1
2009	No	425	757	102	51	1,335
	%	17.0	18.4	10.4	21.1	17.0
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	16.8	12.8	16.5	18.3

Table 10

⁴ Includes the figures for the AAPA, a subsidiary of the ACCA. The ACCA 2012 figures include 225 firms with no audits, monitored in most cases using a desktop questionnaire.

Reasons for Monitoring Visits to firms during the Years Ending 31 December 2010 to 2012

		ACCA	ICAEW	CAI	ICAS	TOTAL
Requested by the registration/licensing committee	2010	17	11	5	17	50
	2011	46	29	3	16	94
	2012	47	8	2	14	71
Specifically selected due to heightened risk	2010	41	68	87	33	229
	2011	42	59	19	39	159
	2012	27	39	67	24	157
Randomly selected	2010	299	617	2	0	918
	2011	285	579	0	0	864
	2012	505	596	57	0	1,158
Firms with Public Interest Entities visited without AQR ⁵ involvement ⁶	2010	0	59	3	0	62
	2011	0	49	0	0	49
	2012	0	48	0	1	49
Firms with Public Interest Entities visited with AQR involvement	2010	0	0	0	3	3
	2011	0	0	0	1	1
	2012	0	0	0	1	1

Table 11

- 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 increased the number of visits to randomly selected firms and deployed additional resources to monitoring in order to meet the requirement to visit all firms in a 6 year period.

⁵ Audit Quality Review (AQR), is a part of the Financial Reporting Council.

⁶ The bodies visit firms with public interest entities which are outside of the scope of the AQR.

Gradings 2010 - 2012

Tables 12 to 15 show the gradings for the audit monitoring visits conducted by ACCA, ICAEW, CAI and ICAS during the years ended 31 December 2010 to 2012 together with brief explanatory comments from the bodies where available.

The RSBs have undertaken a joint project with the aim of achieving more consistent data on the quality of audit files reviewed across all the bodies. This has been largely achieved although there continue 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 are not typically directly comparable with the results of previous years. This is because the mix of firms selected in each year is likely to vary, as between firms selected as higher risk, those randomly selected and firms selected to meet the six year 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 because of higher risk.

It should also be noted that outcomes include a number of visits to audit registered firms that currently have no audit clients.

Association of Chartered Certified Accountants (ACCA)

ACCA		2010	2011	2012
A & B Outcomes	No	223	208	417
	%	62	56	72
C+ Outcomes	No	38	47	48
	%	11	12	8
C- Outcomes	No	9	14	18
	%	3	4	3
D Outcomes	No	87	104	96
	%	24	28	17

Table 12

Those firms that are graded ‘A’ are judged to comply with all aspects of the Global Practising Regulations (GPRs), Code of Ethics and Conduct (CEC) and relevant auditing standards. Those firms rated ‘B’ are judged to comply with the GPRs, CEC and auditing standards in all material respects. Firms are graded ‘C+’ or ‘C-’ by the ACCA if their quality controls over audit work are either weak or not consistently effective so that the audit work is unsatisfactory and improvements are required. The

‘C-’ grade indicates that the improvements required are significant. When a firm’s work is very poor or if a firm has a second or subsequent unsatisfactory visit and there are no mitigating factors the visit is graded a ‘D’ and the firm will be referred to a regulatory assessor or the Admissions and Licensing Committee (ALC). A ‘D’ outcome does not always result from an inadequate standard of audit work; it may also indicate a firm has failed to meet the eligibility requirements to hold a firm’s auditing certificate.

The 417 visits with ‘A’ & ‘B’ outcomes in 2012 include 217 visits to firms that currently had no audit clients. This has had a significant effect on the overall percentages of satisfactory and unsatisfactory outcomes.

Institute of Chartered Accountants in England & Wales (ICAEW)

ICAEW		2010	2011	2012
A & B Outcomes	No	486	385	422
	%	64	54	61
C Outcomes	No	132	149	137
	%	17	21	20
D Outcomes	No	80	71	62
	%	11	10	9
N Outcomes	No	57	111	70
	%	8	15	10

Table 13

Visits 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. ‘B’ rated visits are those with evidence of non-compliance with the Audit Regulations, but where the Quality Assurance Directorate (QAD) is confident that the firm’s responses, as set out in the closing meeting notes, adequately address all the issues and that no follow up action is required. A ‘C’ rated report records instances of non-compliance with the Audit Regulations where the QAD considers that there is some doubt about the actions proposed or the firm’s competence, resources or commitment, but that there is no need for the Audit Registration Committee (ARC) to impose further conditions or restrictions. ‘D’ rated visits record cases of non-compliance with the Audit Regulations that need to be referred to the ARC for possible further action. An ‘N’ visit grading is used for any circumstances that cannot be rated 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.

The percentage visit gradings in 2012 remain broadly consistent with 2011.

Chartered Accountants Ireland (CAI)

Chartered Accountants Ireland		2010	2011	2012
A & B Outcomes	No	21	13	31
	%	20	37	41
C Outcomes	No	40	9	24
	%	40	26	32
D Outcomes	No	41	13	21
	%	40	37	28

Table 14

Reports graded 'A' are where no instances of non-compliance have been recorded. Grade 'B' indicates that the firm has the ability and commitment to address the issues identified during the visit. Where reports are graded 'C', firms are required to give undertakings in writing covering the actions they must take and some further follow-up action may be required. There is a considerable difference between a report graded a 'C' and one graded a 'D'. Reports graded a 'D' have significant issues and will always require follow-up action. Those reports will always be considered by the Head of Quality Assurance and by the Quality Assurance Committee (QAC).

Institute of Chartered Accountants of Scotland (ICAS)

ICAS		2010	2011	2012
A & B Outcomes	No	30	27	18
	%	60	48	45
C2 Outcomes	No	11	15	9
	%	22	27	22
C1 Outcomes	No	6	6	8
	%	12	10	20
D Outcomes	No	3	8	5
	%	6	15	13

Table 15

An 'A' rating indicates that there are no issues to deal with. A 'B' rating indicates there are some regulatory issues but that these have been addressed adequately by the firm's closing meeting responses and no further action is required. 'C' gradings indicate that there are regulatory issues and there is a need for the firm to show that planned changes have occurred by submitting further information. The 'C' grading is split into 'C1' and 'C2' gradings with 'C1' being the more serious. This is used where the issues are considered to be pervasive, whereas 'C2' gradings are used where

findings are specific to particular individuals or files and do not indicate systemic problems. A 'D' rating is given when the standard of compliance is such that the Audit Registration Committee (ARC) needs to consider appropriate follow-up action, such as imposition of conditions and restrictions or withdrawal of registration.

Complaints about Auditors

Table 16 shows the number of complaints received by the RSBs between 2010 to 2012 to show (i) number of new cases⁷, (ii) number of cases passed to the FRC Professional Discipline Team⁸, (iii) number of cases passed to the committee⁹, (iv) number of complaints closed in the year¹⁰ and (v) average time taken to close a complaint.

		ACCA	ICAEW	CAI ¹¹	ICAS	TOTAL
Number of New Cases	2010	24	95	20	2	141
	2011	31	85	36	8	160
	2012	32	84	21	3	140
Number of Cases directly ¹² passed to the FRC Professional Discipline team	2010	0	0	0	0	0
	2011	0	2	0	0	2
	2012	0	0	0	0	0
Number of Cases passed to the Committee	2010	8	66	20	2	96
	2011	3	71	12	6	92
	2012	3	54	5	0	62
Number of Complaints closed in the year	2010	24	89	13	1	127
	2011	43	89	6	3	141
	2012	22	82	3	3	110
Average time taken to close a Complaint (in months)	2010	7.8	10	9	3.9	
	2011	10.3	11	4.6	5.6	
	2012	12.1	11	5.3	3.4	

Table 16

- The figures of CAI complaints for 2011 and 2012 are for audit-related complaints only.
- ICAS has explained that the number of new audit-related complaints increased to 8 from 2 in 2010 which had been its lowest level for over five years.

⁷ Audit related complaints only

⁸ Audit related cases only

⁹ 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.

¹⁰ Audit-related complaints only

¹¹ The Chartered Accountants Regulatory Board (CARB) is responsible for handling complaints about all members of the CAI, including audit-related complaints, in accordance with the CAI Bye-laws.

¹² Additional cases (5 in 2010, 1 in 2011 & 2 in 2012) have been passed to the Professional Discipline team (PD) after consultation between PD and the ICAEW.

Recognised Qualifying Bodies (RQBs)

There are six bodies¹³ in the UK recognised to offer the audit qualification in line with the requirements of Schedule 11 to the Companies Act 2006. RQBs must have rules and arrangements in place to register students and track their progress, administer examinations and ensure that appropriate training is given to students in an approved environment.

Table 17 below shows the number of students registered with each RQB¹⁴ as at 31 December 2010 and 2012, 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	2010	91,690	14,510	5,771	2,962	151
	2011	89,220	15,014	6,348	2,994	155
	2012	84,058	15,321	6,265	3,056	185
The number of members who were awarded the audit qualification	2010	98	1,020	846	29	0
	2011	106	25,730 ¹⁵	800	980	0
	2012	147	484	671	1,209	0
Number of students following the audit route or eligible for the audit qualification	2010	N/A ¹⁶	9,432	4,114	N/A	1
	2011	N/A	13,258	3,925	N/A	8
	2012	N/A	13,332	4,332	N/A	9

Table 17

- Please note 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.

¹³ Association of Chartered Certified Accountants (ACCA)
 Association of International Accountants (AIA)
 Chartered Institute of Public Finance and Accountancy (CIPFA)
 Institute of Chartered Accountants in England and Wales (ICAEW)
 Chartered Accountants Ireland (CAI)
 Institute of Chartered Accountants of Scotland (ICAS)

¹⁴ Due to CIPFA's RQB status being in abeyance they have not provided the figures for Table 17 and we have therefore removed them from this table going forward.

¹⁵ 25,011 of those awarded in 2011 were awarded the audit qualification automatically, of which 626 were subsequently withdrawn in 2012. The figure for 2011 shows all those awarded, including those that were withdrawn.

¹⁶ Where N/A is stated the information is not collected by the body.

Section Six – Audit Firms

Six – 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 Act 2006 which meet the statutory requirements.

Table 18 shows the fee income for audit and non-audit services for 36 of the largest registered audit firms for the year ended 2012. Most of these have clients who are UK public interest entities. Firms are listed in order of fee income from audit, rather than total fee income. For the first time this year we include information on the percentage of principals who are female.

Table 18 also indicates 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. The 21 audit firms in the table required to publish² such as report have all done so in respect of their 2012 year ends.

Table 18 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 to make detailed comparisons between firms using the information in Table 18. 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.

Charts 16 and 17 analyse the detailed fee income from Table 18 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 over the past five years for both the Big Four and for many of the larger firms outside of the Big Four. 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 remained fairly steady.

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 2012 (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-12	872	14%	212	366	570	348	1,493	2,411
Deloitte ⁴	LLP	31-May-12	715	15%	180	210	466	173	1,479	2,118
KPMG ⁵	LLP	30-Sep-12	602	14%	154	256	431	316	1,027	1,774
Ernst & Young	LLP	30-Jun-12	549	16%	107	169	318	218	1,095	1,631
Grant Thornton	LLP	30-Jun-12	209	12%	70	160	102	47	268	417
BDO ⁶	LLP	30-Jun-12	193	10%	64	84	91	43	137	271
Baker Tilly ⁷	LLP	31-Mar-12	240	15%	98	108	51	27	91	169
Mazars	LLP	31-Aug-12	116	11%	50	53	41	16	58	115

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 paragraphs 6, 9 and 12 of the Auditing Practices Board's 'Ethical Standard 5' – updated in December 2011

⁴ Deloitte LLP figures for 2012 relate to practising activities in the UK, Channel Islands and Isle of Man only.

⁵ Includes both KPMG LLP and KPMG Audit Plc

⁶ PKF merged with BDO on 31 March 2013. The figures above relate to the period before the merger.

⁷ Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2012 (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)
PKF (UK) ⁶	LLP	31-Mar-12	70	8%	33	47	33	13	57	103
RSM Tenon Audit	Company	30-Jun-12	5	19%	5	70	28	0	0	28
Crowe Clark Whitehill	LLP	31-Mar-12	74	19%	46	47	23	8	22	53
Kingston Smith	LLP	30-Apr-12	54	20%	47	47	13	8	12	33
Nexia Smith & Williamson Audit	Company	30-Apr-12	36	11%	27	26	13	N/A ⁸	46	59
Moore Stephens	LLP	30-Apr-12	61	15%	29	29	12	4	47	63
UHY Hacker Young	Group of Partnerships	30-Apr-12	103	11%	59	62	11	5	33	49
MHA MacIntyre Hudson	LLP	31-Mar-12	42	--% ⁹	20	39	11	N/A	N/A	35
Haysmacintyre	Partnership	31-Mar-12	25	24%	20	20	9	4	4	17
Saffery Champness	Partnership	31-Mar-12	52	21%	32	33	9	6	24	39

⁸ Where N/A is stated we are told that the information is not available.

⁹ MHA Macintyre Hudson declined to provide us with this information.

UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2012 (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)
Haines Watts Group	Group of Partnerships ¹⁰	31-Mar-12	165	10%	86	88	9	7	46	62
Buzzacott	LLP	30-Sept-12	29	14%	12	12	8	2	15	25
Chantrey Vellacott DFK	LLP	30-Jun-12	44	6%	19	19	8	2	17	27
Littlejohn	LLP	31-May-12	31	16%	21	21	6	3	7	16
Menzies	LLP	31-Mar-12	35	6%	20	20	6	6	14	26
Scott Moncrieff	Partnership	30-Apr-12	16	13%	7	8	5	2	6	13
Anderson Anderson & Brown	LLP	31-Mar-12	12	25%	5	5	4	3	7	14
Reeves & Co	LLP	31-May-12	40	13%	16	16	4	2	14	20
Johnston Carmichael	LLP	31-May-12	47	6%	11	18	4	N/A	N/A	27
Cooper Parry	LLP	30-Apr-12	23	4%	10	12	4	5	6	15
James Cowper	LLP	30-Apr-12	13	23%	7	8	3	2	6	11

¹⁰ Haines Watts Group changed from a Partnership to a Group of Partnerships.

UK FEE INCOME OF MANY OF THE LARGER REGISTERED AUDIT FIRMS - YEAR ENDED 2012 (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)
Francis Clark	LLP	31-Mar-12	46	5%	23	24	3	N/A	N/A	21
Bishop Fleming	Partnership	31-May-12	25	3%	15	16	3	1	9	13
Montpelier Audit Ltd ¹¹	Limited Company	31-Dec-12	18	27%	7	10	2	N/A	N/A	10
Mercer & Hole	Partnership	30-Sep-12	19	21%	9	9	2	N/A	8	10
Armstrong Watson	Partnership	31-Mar-12	30	14%	6	6	1	1	14	16
Lovewell Blake	LLP	30-Sep-12	26	8%	10	10	1	1	12	14
Chiene & Tait	Scottish Partnership	30-Sep-12	8	13%	3	3	1	0	5	6

Table 18

¹¹ The figures stated for Montpelier Audit Ltd are the unaudited figures.

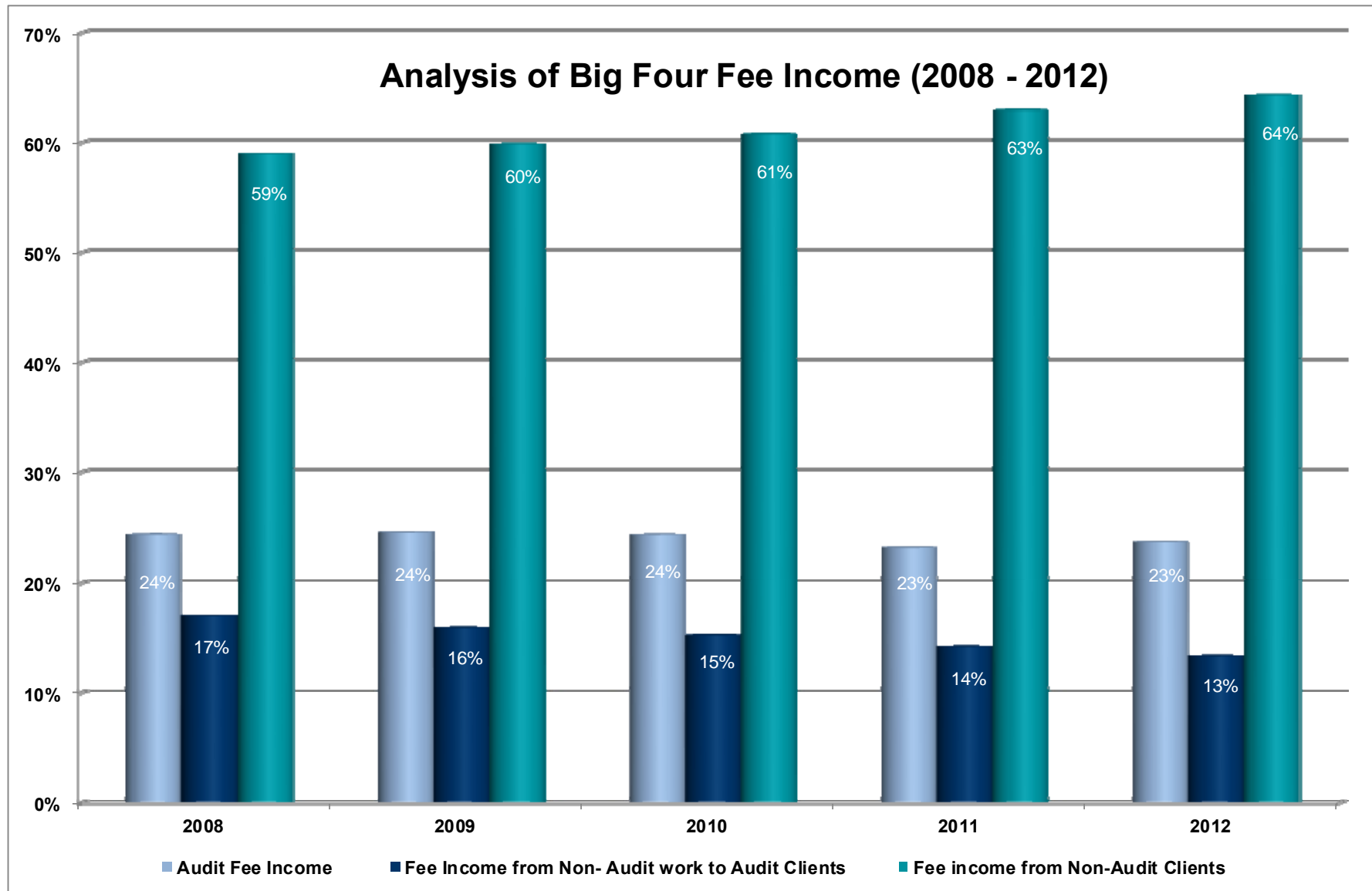


Chart 16

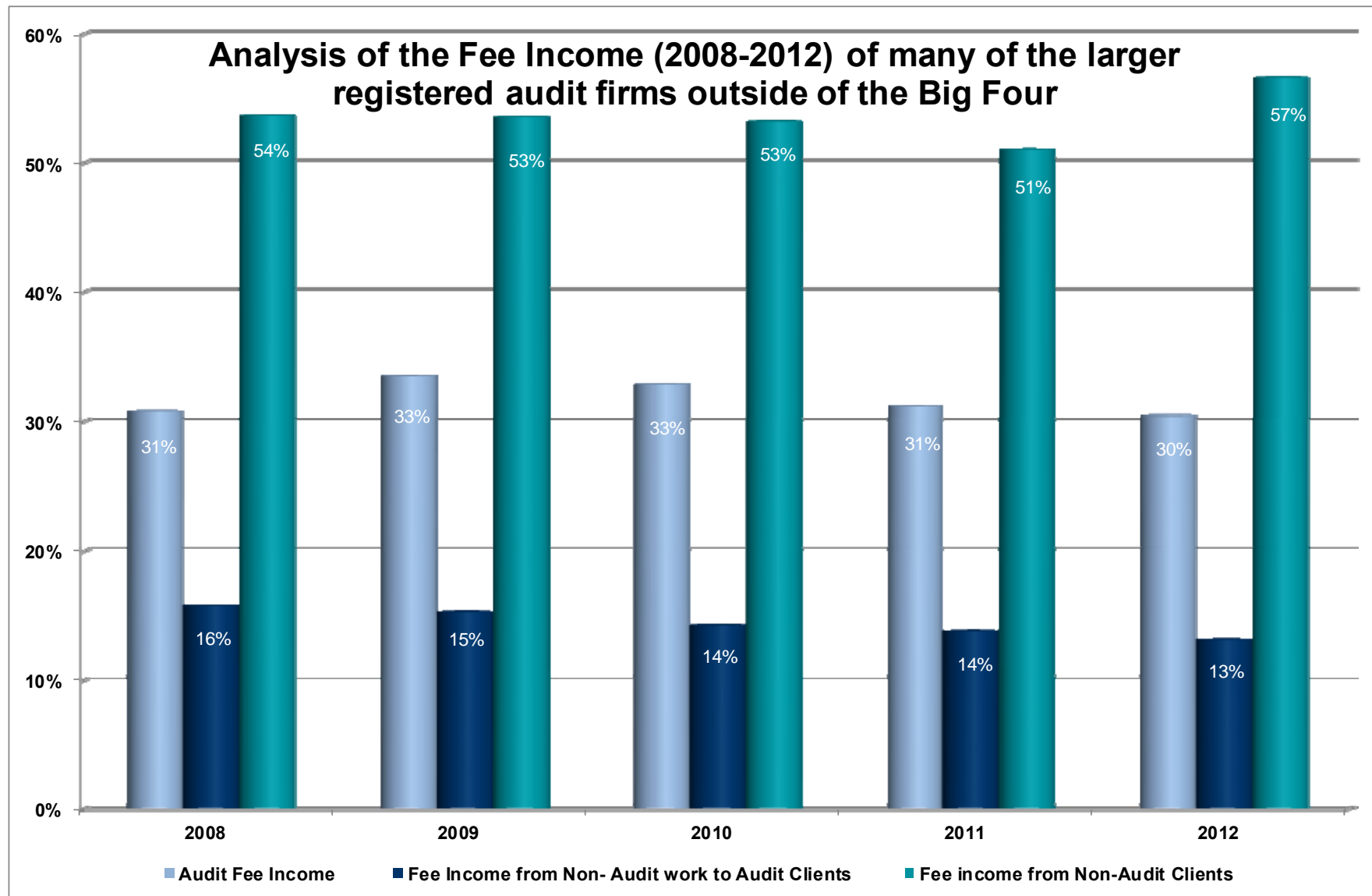


Chart 17

¹ The figures for 2011 have been restated and are different from those shown in the tenth edition of Key Facts and Trends.

Growth of Fee Income

Table 19¹ shows the percentage growth rate of fee income for each of the years from 2007/08 to 2011/12 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.

Growth Rate %		2011-12	2010-11	2009-10	2008-9	2007-8
Total fee income	Big Four Firms	7.7	5.7	-1.3	0.4	4.4
	Non Big Four Firms	0.6	-0.5	-7.0	-1.9	7.6
Audit fee income	Big Four Firms	4.9	0.9	-2.2	1.2	0.9
	Non Big Four Firms	-5.0	-2.2	-6.9	0.5	8.1
Non-audit work to Audit Clients Fee Income	Big Four Firms	1.9	-1.8	-5.7	-6.2	6.8
	Non Big Four Firms	-7.5	-0.5	-11.7	-7.2	6.3
Non-audit work to Non-Audit Clients fee income	Big Four Firms	10.0	9.4	0.2	1.9	5.2
	Non Big Four Firms	5.9	0.6	-5.6	-1.8	9.4

Table 19

- Whilst the percentage of total fee income for the Big Four has increased by 7.7% this year also shows an average increase of 0.6% for the larger registered firms outside of the Big Four in 2011-12.
- This is the first year for some time that there has been a marked increase in audit fee income for the Big Four firms, although audit fee income from for many of the larger registered firms outside of the Big Four firms continues to decline.
- There has been a small increase in non-audit fee income to audit clients generated by the Big Four firms.

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.

Audit Fee Income per Responsible Individual

Table 20³ illustrates audit fee generated per Responsible Individual (RI)⁴ for 2008 to 2012 (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)	2012	2011	2010	2009	2008
Largest registered audit firms	1.11	1.07	1.06	1.05	0.99
Big Four Firms	1.78	1.67	1.65	1.60	1.54
Non Big Four Firms	0.48	0.50	0.50	0.51	0.48

Table 20

- The total fee income from audit per RI has seen an upward trend with 7% growth for the Big Four Firms and a small decrease for many of the larger registered firms outside of the Big Four in 2012.
- Audit fee income for many of the larger registered audit firms outside of the Big Four has remained largely static over the past 5 years.

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 2012

(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-12	40	62	210	108
KPMG ²	LLP	30-Sep-12	23	51	120	62
Deloitte	LLP	31-May-12	21	68	73	70
Ernst & Young	LLP	30-Jun-12	15	44	139	44
BDO ³	LLP	30-Jun-12	1	7	28	110
Grant Thornton	LLP	30-Jun-12	0	6	76	149
PKF (UK) ³	LLP	31-Mar-12	0	0	45	31
Baker Tilly ⁴	LLP	31-Mar-12	0	0	12	50
James Cowper	LLP	30-Apr-12	0	0	7	0
Nexia Smith & Williamson Audit	Company	30-Apr-12	0	0	4	29
UHY Hacker Young	Group of Partnerships	30-Apr-12	0	0	3	24

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 PKF merged with BDO on 31 March 2013. The figures above relate to the period before the merger.

⁴ Includes both Baker Tilly and Baker Tilly UK Holdings Ltd

CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2012
 (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
Scott Moncrieff	Partnership	30-Apr-12	0	0	3	3
Chiene & Tait	Scottish Partnership	30-Sep-12	0	0	3	0
Chantrey Vellacott DFK	LLP	30-Jun-12	0	0	3	12
Moore Stephens	LLP	30-Apr-12	0	0	3	6
Mazars	LLP	31-Aug-12	0	0	2	14
Haysmacintyre	Partnership	31-Mar-12	0	0	2	8
Kingston Smith	LLP	30-Apr-12	0	0	1	8
Buzzacott	LLP	30-Sept-12	0	0	1	0
Saffery Champness	Partnership	31-Mar-12	0	0	1	7
Crowe Clark Whitehill	LLP	31-Mar-12	0	0	1	29
Armstrong Watson	Partnership	31-Mar-12	0	0	1	0
Menzies	LLP	31-Mar-12	0	0	0	2
Littlejohn	LLP	31-May-12	0	0	0	14

CONCENTRATION OF LISTED COMPANIES' AUDITS - YEAR ENDED 2012
 (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
RSM Tenon Audit	Limited Company	30-Jun-12	0	0	0	18
Haines Watts Group	Group of Partnerships ⁵	31-Mar-12	0	0	0	3
MHA MacIntyre Hudson	LLP	31-Mar-12	0	0	0	2
Francis Clark	LLP	31-Mar-12	0	0	0	2
Reeves & Co	LLP	31-May-12	0	0	0	3

Table 21

⁵ Haines Watts Group changed from a Partnership to a Group of Partnerships.

Concentration of listed Companies' Audits¹

Table 22 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 Table 22, 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 (%) ²				Next Six Firms (%) ³				Other Firms (%)			
	31/12/12	31/12/11	31/12/10	31/12/09	31/12/12	31/12/11	31/12/10	31/12/09	31/12/12	31/12/11	31/12/10	31/12/09
FTSE 100¹	99.0	99.0	99.0	99.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
FTSE 250¹	94.4	95.2	95.6	94.8	5.6	4.8	4.4	4.4	0.0	0.0	0.0	0.8
Other UK Main Market	66.3	68.7	66.6	67.6	24.8	23.9	25.1	23.9	8.9	7.4	8.3	8.5
All Main Market	78.3	78.4	78.5	77.3	16.5	16.8	16.5	16.9	5.2	4.8	5.0	5.8

Table 22

Source: Audit Quality Review team

- There has been little change in the proportion of listed companies audited by many of 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 in the Crown Dependencies of the Isle of Man and the Channel Islands.

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

Audit Firms

Table 23 analyses fee income of audit firms by size using information either supplied to us by firms⁴ or from their annual returns for ICAEW registered firms (Please note that in some cases this date is different from the firm's year-end).

Firms ranked by size	Average Total Fee Income (£'000)
1 to 4	1,983,500
5 to 9	215,000
10 to 30	25,939
31 to 100	7,853
101 to 500	2,383
501 to 1000	1,014
1001 to 2000	490
2001 to 3000	186
3001 to 3886	28

Table 23

- Approximately 69% of the total fee income of audit firms is attributable to the Big Four. The information in Table 24 is only directly comparable with the figures shown in Table 18 for the largest 9 firms, which consolidate the income of all the entities through which the firm operates i.e. both audit registered entities and other entities.

⁴ Information for the largest 9 firms is drawn from information supplied to us by the firms. The remaining information relates only to those firms registered with the ICAEW.



Financial Reporting Council

5th Floor, Aldwych House

71-91 Aldwych

London WC2B 4HN

+44 (0)20 7492 2300

www.frc.org.uk