

During October 2005 ACCA UK conducted an inter-firm comparison survey. 140 ACCA practices participated and the full results can be viewed online at www.uk.accaglobal.com/uk/members/networks/employment/pn/.

The main findings on a national level are summarised below. Regional variations have also been highlighted (see box, right).

inter-firm comparison survey

How many clients are there per partner/director?

- business advisory/strategic planning – under 50
- tax compliance – between 101 and 250
- accounts preparation – between 101 and 250
- limited company audit work – under 50
- non-limited company audit work – under 50

How many full-time equivalent professional staff/sub-contractors/associates are there per partner/director?

Between 1–3

Do you outsource any compliance services?

No.

If yes, which services do you outsource?

Bookkeeping.

To what degree does your practice embrace IT?

Heavily computerised and use integrated IT solutions for all areas of work.

What retirement option are you considering?

Appointment of succession partners/directors.

Are you finding it more difficult to recruit staff?

No.

What region is your practice located in?

South East	36.9%
East	4.3%
West	2.1%
South West	9.9%
Central	14.2%
North	19.9%
Wales	2.8%
Scotland	9.9%

What percentage of fees is limited company audit work?

Under 5%.

What percentage of fees is non-limited company audit work?

Under 5%.

Now that the audit threshold has been increased to £5.6m do you still offer audit as a core service?

Have kept audit registration but do very few audits.

If you do still offer audit as a core service how interested would you be in joining an audit consortium/collaborative working with a group of other firms?

Not applicable.

What percentage of fees is:

Accounts preparation work: between 40% and 60%

Tax compliance work: between 20% and 40%

Client optional work: under 10%

How important do you feel it is to diversify fee income to client-optional/'value-added' services?

Important.

If you feel this is important are you taking steps to diversify?

Actively taking steps to diversify.

What is your recovery percentage?

Between 76% and 90%.

What are the fees per partner/director?

Between £100,000 and £200,000.

What is the net profit (before tax) per partner/director?

Between £50,000 and £100,000.

around the regions

There were interesting regional differences. The key points are outlined below.

Scotland

- more difficult to recruit staff
- fewer taking active steps to diversify fee income
- the hourly charge out rates and fees per partner/director were higher
- debtors as a percentage of fees was significantly higher
- the total number of days tied up was higher.

Wales

- more practitioners favour outright sale as a retirement option
- there was greater interest in audit consortia/collaborative working
- the recovery percentage was higher
- a greater percentage of fees are charged under a fixed price agreement
- debtors as a percentage of fees is slightly higher
- more practitioners have increasing debtor days.

North of England

- accounts preparation is the service most outsourced
- more difficult to recruit staff
- greater interest in audit consortia/collaborative working
- the fees per partner/director and the net profit (before tax) per partner/director are lower
- debtors as a percentage of fees is slightly higher
- the fee increase last year was higher.

Central England

- fewer tax compliance and accounts preparation clients
- the majority had no full-time equivalent staff/sub-contractors/associates per partner
- practices are more highly computerised
- greater interest in audit consortia/collaborative working
- lower percentage of fees made up of tax compliance work
- higher recovery percentage
- the percentage of fees charged under a fixed price agreement is significantly higher
- the value of work in progress is increasing
- the fee increase last year was higher.

South West England

- fewer tax compliance clients than the national average
- outright sale is the preferred retirement option
- more difficult to recruit staff
- the majority of practitioners have resigned their audit registration
- fees per partner/director are higher
- the value of work in progress is increasing.

West of England

- outright sale is the preferred retirement option
- the majority of practitioners have resigned their audit registration
- practitioners are more evenly split on the importance of diversification of fee income
- the net profit per partner/director is lower
- a greater percentage of fees is charged under a fixed price agreement.

East of England

- there are more staff/sub-contractors/associates per partner
- more difficult to recruit staff
- more evenly split between those who only do a few audits now and those who offer it as a core service. Similarly, more evenly split over their interest in audit consortia/collaborative working
- diversification of fee income seen as more important
- fees per partner/director are higher
- a greater percentage of fees is charged under a fixed price agreement
- debtors as a percentage of fees is higher and debtor days are increasing for some
- the total number of days tied up as a percentage of fees is higher
- the hourly charge out rate for partners/directors is higher.

South East England

- more partners/directors do not have any staff/sub-contractors/associates
- the fee increase last year was higher than the national average.

What percentage of fees is charged under a fixed price agreement?

Under 20%.

What are debtors as a percentage of fees?

Under 10%.

Are your debtor days increasing?

No.

What is the total number of days tied up as a percentage of fees?

Under 60 days.

Is the value of your work in progress increasing?

No.

What are the hourly charge out rates for partners/directors?

Between £41 and £75 per hour.

What was your fee increase last year?

Under 5%.

What do you expect your growth to be next year?

Between 5% and 10%.