



## ACCA UK ONLINE INTER-FIRM COMPARISON SURVEY 2008

### Background and responses

A survey was emailed to ACCA contact partners on behalf of the Practitioners Network Panel as part of an inter-firm comparison study. The survey was sent out on the 17/11/2008 and remained open until 08/12/08. A total of 122 respondents completed the survey.

Respondents were asked to best describe their location whether Capital City, City, Town, or Rural area and the results presented below are based on their response to this question.

Location	Count	Percentage
Capital City	11	10%
City	15	14%
Rural	31	30%
Town	48	46%
<b>Total</b>	<b>105</b>	

Table one: Respondent location

17 respondents did not provide an answer to this question and are therefore not included in the discussion of analysis based on location.

### Results summary

The results discussed below are two fold, with the first section dealing with all the survey respondents and the second section dealing with the breakdown of responses based on location.

#### 1. VAT

Respondents were asked to give turnover net of VAT for accounts that have ended 2008 and 2007 and the results indicate that the average turnover net of VAT was higher for year ending 30.06.08 (266,823) compared to year ended 30.06.07 (233,008).

A breakdown by location shows that the average turnover of net VAT was highest for respondents in the Town areas in 2007 and 2008. However the year on year change (14%) was lower than that for Capital City.

<b>Location</b>	<b>Average VAT 2008</b>	<b>Average VAT 2007</b>	<b>Year on Year % Change</b>
Capital City	189,903	128,414	48%
City	244,174	192,661	27%
Rural	146,713	131,895	11%
Town	363,732	320,456	14%

**Table two: VAT 2008 vs. 2007**

## **2. NIC**

The average total wage cost including NIC for accounts that ended 30.06.08 (81,814) was higher than in year ending 30.06.07 (73,481).

The table below shows the average NIC for 2007 compared to 2008 based on location. The NIC for respondents based in Capital Cities also had a significantly higher year on year average increase (34%) compared to all other regions. (see table three below)

<b>Location</b>	<b>Average NIC 2008</b>	<b>Average NIC 2007</b>	<b>Year on Year % Change</b>
Capital City	52,733	39,373	34%
City	73,810	62,243	19%
Rural	48,288	40,421	19%
Town	128,737	119,813	7%

**Table three: NIC 2008 vs. 2007**

## **3. Full Time Employees**

The average number of full time employees or equivalent remained the same for accounts ending 30.06.08 (average 4 employees) compared to 30.06.07 (average 4).

<b>Location</b>	<b>Average Full time Employees 2008</b>	<b>Average Full time Employees 2007</b>	<b>Year on Year % Change</b>
Capital City	9	8	17%
City	4	3	12%
Rural	3	2	7%
Town	5	5	4%

**Table four: Full time employees 2008 vs. 2007**

#### 4. Advertising

The average advertising and marketing expenditure as per the profit and loss a/c for accounts that ended in the year 30.06.08 (2,657) was higher than the average spent as of year ending 30.06.07 (2,127).

Location	Average Advertising and Expenditure 2008	Average Advertising and Expenditure 2007	Year on Year % Change
Capital City	1,045	728	44%
City	4,310	3,628	19%
Rural	1,282	1,220	5%
Town	3,701	2,691	38%

Table five: Advertising and Marketing Expenditure 2008 vs. 2007

Below is the breakdown figures of areas where most Advertising and Marketing budget was spent based on actual responses provided.

Activities	30.06.08	30.06.07
Yellow Pages/Yell/Phone book/Directory/Thomson	17	18
Web/Online/Internet	8	5
Sponsorship/Marketing (Including Direct Marketing/Telesales/Advertising)	23	26
Stationery/Tax Cards/Diaries/Calendars	3	4
Radio/Newspaper/Local/New Company Lists/Rental of Premises	7	5
Trade Shows and Trade Journals/Networking/Events/Employment/Charity/Lead Generation	9	9

Table six: Areas of Advertising and Marketing Spend 2008 vs. 2007

#### 5. Net Profit

Average Net Profit was higher in year ending 30.06.08 (101,642) than in year ending 30.06.07 (83,619). The Net profit showed significant year on year increase for respondents in the City (114% average), with those based in Rural areas showing the slowest year on year Net Profit increase (6% average)

Location	Average Net Profit 2008	Average Net Profit 2007	Year on Year % Change
Capital City	80,068	53,021	51%
City	144,051	67,247	114%
Rural	57,278	54,115	6%
Town	145,982	133,418	9%

Table seven: Net Profit 2008 vs. 2007

## 6. Trade Debtors

The average amount of trade debtors for accounts ending 30.06.08 (53,768) was higher than in year ending 30.06.07 (47,103).

Further analysis shows the amount of Trade Debtors increased in all locations, but the fastest increase was in the City (89%) followed by Capital City (22%)

Location	Average Trade Debtors 2008	Average Trade Debtors 2007	Year on Year % Change
Capital City	61,575	50,439	22%
City	44,765	23,685	89%
Rural	27,622	26,538	4%
Town	83,096	77,173	8%

Table eight: Trade Debtors 2008 vs. 2007

## 7. WIP (including UITF) and Lock Up Days

The average value of WIP (including UITF) for accounts ending 30.06.08 (23,005) was higher than year ending 30.06.07 (20,822)

Location	Average WIP 2008	Average WIP 2007	Year on Year % Change
Capital City	1,498	1,130	33%
City	28,929	20,085	44%
Rural	14,920	11,881	26%
Town	37,722	37,172	1%

Table nine: WIP 2008 vs. 2007

Location	Average days 2008	Average days 2007	Year on Year % Change
Capital City	102	123	-17%
City	98	75	31%
Rural	94	94	0%
Town	107	115	-7%

Table ten: Lock up days 2008 vs. 2007

## 8. Sources of New Clients

The top 3 sources of new clients are Client referrals (93%) followed by Advertising (57%) and Website (44%). Towns have the highest number of respondents indicating that client referrals are their most important source of new clients:

<b>Location</b>	<b>Advertising/PR</b>	<b>Client referrals and other referrals</b>	<b>Telesales</b>	<b>Websites</b>
Capital City	0	11	0	0
City	1	13	1	0
Rural	1	29	0	0
Town	1	44	2	1
<b>Total</b>	<b>3</b>	<b>97</b>	<b>3</b>	<b>1</b>

Table eleven: Source of new clients 2008 – Most important

## 9. Professional Indemnity, average fee income & average fee per client

The average professional indemnity premium for accounts was only marginally higher for year ending 30.06.08 (5,188) compared to year ending 30.06.07 (5,182). Analysis by location shows that professional indemnity for respondents in Rural areas rose the most year on year (9%) but respondents in Capital Cities pay the most (18,075 average in 2008).

<b>Location</b>	<b>Average Professional Indemnity 2008</b>	<b>Average Professional Indemnity 2007</b>	<b>Year on Year % Change</b>
Capital City	18,075	16,898	7%
City	1,161	1,154	1%
Rural	1,023	935	9%
Town	7,844	8,164	-4%

Table twelve: Professional Indemnity 2008 vs. 2007

Table thirteen below shows the split of average fee income as per the respondents' professional indemnity cover whilst table fourteen shows average fee per client:

<b>Cover</b>	<b>Percentage</b>
Audit	6%
Accounts	41%
Tax compliance	11%
Tax advice	5%
Other	6%

Table thirteen: percentage split of income per Professional Indemnity Insurance

<b>Location</b>	<b>Average fee</b>
Capital City	1,899.03
City	1,258.63
Rural	824.23
Town	1,029.60
Other	6%

Table fourteen: average fee per client

## 10. Full time equity partners

On average the firms in the survey have one full time Equity Partner/Director or equivalents as of year ending 30.06.08 which is the same as the average for the previous year ending 30.06.07

## 11. Training Firm

36% of respondents stated that they are training firms with the remaining 64% stating that they are not. This percentage is based on the number of respondents that chose to answer this question (n = 105). Most respondents stated that they had on average at least one ACCA trainee within their firms. The responses to this question ranged from no ACCA trainees to 16 ACCA trainees. The highest number of trainees for ACA's was 4 whereas for AAT was 1.

Location	ACCA	ACA	AAT	Other
Capital City	2	0	0	0
City	1	0	0	0
Rural	0	0	0	0
Town	1	0	0	0
<b>Total</b>	2	0	0	0

Table fifteen: Average number of trainees by location

## 12. Number of Trainees and Regulations

- 15% of respondents expected that the number of trainees will increase in the next 12 months
- 9% expected the number of trainees to decrease in the next 12 months
- 29% did not expect there to be any change in the number of trainees in the next 12 months
- 47% found this issue to be non applicable to them

## 13. Money Laundering Regulations

- Over half (56%) found that the impact of money laundering regulations in the last twelve months was negative
- 44% found that the money laundering regulation had a positive impact in the last twelve months

## 14. International Auditing Standards

- Only 15% of respondents found the introduction of International Auditing Standards to have had a positive effect
- 18% of respondents found that the introduction of International Auditing Standards had a negative effect
- 68% of respondents found this issue to be non applicable to them

## 15. Number of Clients

The respondents to the survey have an average of 194 clients with the range falling between 10 and 1600 clients. Respondents in town, have on average the most number of clients (295) with those in Capital City the least (100).

<b>Location</b>	<b>Average number of clients</b>
Capital City	100
City	194
Rural	178
Town	295

Table sixteen: Average number of clients

## 16. Number of Audit Clients

- 2% of respondents stated that they had no audit clients
- 72% of respondents stated that they had less than 10 audit clients (between one and 9)
- 13% said that they had between 10 and 30 respondents
- 12% of respondents have more than 30 audit clients