

Accounting and Financial Management - UK - February 2021

Report Price: £1495 | \$1995 | €1800

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This report looks at the following areas:

- The impact of COVID-19 on the accounting and financial management sector
- The impact of legislative and regulatory changes on the market
- How competitors are adapting their business models to the evolving shape of the accounting industry
- The performance of key industry players
- Five-year market outlook

In 2020, the accounting and financial management market value declined by an estimated 9% to £25.5 billion. This largely reflects the impact of COVID-19 on business activity and the wider economy.

COVID-19 has exerted downward pressure on all service lines. The corporate finance and business recovery sector was particularly hard hit by the crisis. Government measures put in place to help keep businesses afloat have reduced demand for business recovery services, while the corporate finance sector was hit by stalled M&A activity. However, activity is set to pick up in 2021, reflecting a resurgence in the M&A market and a pickup in demand for insolvency and restructuring services as the pandemic's economic impact takes its toll.

An increasing number of law firms are branching out into consultancy services, posing competition to accountancy firms. While large accountancy firms are at the forefront of developing an integrated services model, legal services firms are starting to follow suit as they respond to increased client demand for integrated solutions.

COVID-19 has accelerated the digital transformation of business, with the continued growth in digital technology offering strong growth opportunities for consultancy services. Data analytics, cybersecurity, risk and regulatory consultancy are also playing an increasingly important role in consultancy, with



"Accountants have emerged as valuable and trusted advisors to their clients during the COVID-19 crisis, with many companies relying on their accountants for advice on navigating the complexities of government support schemes and cash flow advice to help them stay afloat. While accountants have inevitably been giving their clients free business advice to help them during the crisis, the closer and trusted relationships

established over the last year

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Claudia Preedy, Senior B2B
Analyst

many accounting firms strengthening their capabilities in these areas through strategic alliances or acquisitions.

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Table of Contents

OVERVIEW

- Key issues covered in this Report
- COVID-19: Market context
- Economic and other assumptions
- Covered in this Report

EXECUTIVE SUMMARY

- **Impact of COVID-19 on accounting and financial management**

Figure 1: Short, medium and long-term impact of COVID-19 on accounting and financial management, 16 February 2021

- **The market**
- **UK accounting and financial management market declines by an estimated 9% in 2020**

Figure 2: UK market for accounting & financial management, 2016-20

- **Consultancy services represent strongest growth sector, but demand disrupted by COVID-19**
- **Audit and accounting services sector estimated to decline by 6% in 2020**
- **Tax services sector hit by stalled demand for M&A-driven and international tax work as a result of COVID-19**
- **Corporate finance & business recovery services sector declined by an estimated 12% in 2020**

Figure 3: Segmentation of the UK market for accounting & financial management, by type of service, 2015 and 2019

- **Corporate finance, business recovery and advisory services to drive market recovery and growth**

Figure 4: Forecast UK market segmentation for accounting & financial management, by type of service, 2021-25

- **Companies and brands**
- **'Big four' account for 80% of top 20 firms' UK fee income**

Figure 5: Top 10 accounting firms in the UK, by fee income, 2020 (% of top 10 fee income)

- **Trends in acquisitions, partnerships and alliances**

ISSUES AND INSIGHTS

- **Advisory services to play key role in post-COVID-19 recovery**
- **Forthcoming reforms to further shake up audit sector**

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THE MARKET – KEY TAKEAWAYS

- **Market value contracts by an estimated 9% in 2020 due to impact of COVID-19**
- **Market set to return to growth in 2021**
- **Resurgence in M&A market to boost demand for corporate finance services**
- **Restructuring and insolvency activity set to pick up**
- **Audit and accounting sector expected to return to moderate growth in 2021**
- **Consultancy services sector set for robust recovery**

MARKET SIZE

- **UK market for accounting and financial management declines by an estimated 9% in 2020 due to impact of COVID-19**

Figure 6: The UK market for accounting & financial management, 2016–20

Figure 7: The UK market for accounting & financial management, 2016–20

- **Accountants expand, diversify or specialise**

MARKET SEGMENTATION

- **Consultancy services command a rising share of UK accounting and financial management market**

Figure 8: Segmentation of the UK market for accounting & financial management, by type of service, 2016–20

Figure 9: Segmentation of the UK market for accounting & financial management, by type of service, 2020

- **Audit & accounting**
- **Forthcoming reforms to further shake up audit sector**
- **'Big four' remain preferred auditors for largest listed companies**
- **Challenger firm BDO becomes largest auditor of listed companies by number of clients**
- **Mid-tier firms grasp opportunities to compete for non-audit work for FTSE companies**
- **'Big four' report stronger rise in audit fee income than rivals**
- **Audit fees at top end of market expected to increase further**
- **Investment in technology will help improve audit quality**
- **COVID-19 impact on audit sector**
- **Audit and accounting services sector estimated to decline by 6% in 2020**

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Infographic Overview

Powerpoint Presentation

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Figure 10: UK fee income from audit & accounting services, 2016-20

- **Tax services**
- **Regulatory changes and tighter tax rules stimulate demand for tax advice and compliance services**
- **Implications of Making Tax Digital for accountants**
- **Tax services sector hit by stalled demand for M&A-driven and international tax work as a result of COVID-19**

Figure 11: UK fee income from tax services, 2016-20

- **Consultancy**
- **Brexit-related uncertainty and new UK-EU trading relationship fuels demand for advisory services**
- **'Big four' benefit from strong rise in public spending on consultants**
- **COVID-19 exerts downward pressure on demand for advisory service but also offers opportunities**
- **Accountancy firms expand consultancy and advisory functions through strategic acquisitions**
- **Increased competition from legal services firms branching out into consultancy services**
- **Consultancy services represent strongest growth sector, but demand disrupted by COVID-19**

Figure 12: UK fee income from consultancy services, 2016-20

Figure 13: UK fee income from consultancy services, 2016-20

- **Corporate finance and business recovery**
- **Restructuring and insolvency activity set to pick up**
- **Corporate finance sector hit by reduced M&A activity in 2020**
- **Corporate finance & business recovery services sector declines by an estimated 12% in 2020**

Figure 14: UK fee income from corporate finance & business recovery services, 2016-20

- **Overseas trade in accountancy services**

Figure 15: International trade in accountancy services, 2015-19

Figure 16: Exports and imports of accountancy services, 2015-19

MARKET FORECAST

- **Short, medium and long-term impact of COVID-19 on the accounting and financial sector**

Figure 17: Short, medium and long-term impact of COVID-19 on accounting and financial management, 16 February 2021

- **Market drivers and assumptions**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

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Figure 18: Key economic drivers affecting Mintel's market forecast, 2019-25 (prepared on 12 February 2021)

- **Forecast methodology**
- **Corporate finance, business recovery and advisory services to drive market recovery and growth**

Figure 19: Forecast UK market segmentation for accounting & financial management, by type of service, 2021-25

Figure 20: Forecast UK market segmentation for accounting & financial management, by type of service, 2021-25

THE IMPACT OF THE ECONOMY

- **UK economy contracts by record 9.9% in 2020**

Figure 21: Annual GDP growth rate, historic and forecast, 2015-25, (Annual % change)

MARKET TRENDS

- **Use of technology to improve efficiency and quality of audits**
- **Large firms shift emphasis to consulting services**
- **Digital transformation of business represents a key driver for the consulting services sector**
- **'Big four' lead the global market for cybersecurity consulting services**
- **Firms expand their regional presence and adopt levelling-up agenda**
- **Large accounting firms gain market share in legal services market**
- **'Big four' legal teams at forefront in investing in LawTech**
- **Cloud accounting software enables accountants to form closer relationships with clients**
- **'Big data' and data analytics represent key growth areas for accountants**

REGULATORY AND LEGISLATIVE ENVIRONMENT

- **Industry regulation**
- **Audit market reforms opens up market to increased competition**
- **Further reforms on the way following the conclusion of reviews looking at different aspects of the audit sector**
- **CMA Market Study identifies serious competition concern in audit market**
- **Sir John Kingman's review recommends abolishment of FRC, to be replaced by new regulatory body ARGA**

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- **Sir Donald Brydon's review calls for the establishment of a new corporate auditing profession**
- **BEIS Select Committee inquiry into 'The future of audit'**
- **Crackdown on tax avoidance**
- **Making tax digital**
- **Temporary measures introduced to allow more time for statutory annual auditing and accounting processes amid COVID-19 crisis**

MARKET DRIVERS

• Number of active businesses in the UK

Figure 22: Number of private sector businesses in the UK, 2006-20

Figure 23: Number of private sector businesses in the UK, 2006-20

Figure 24: Number of VAT and/or PAYE-registered enterprises in the UK, by broad industry group, 2015 and 2020, (Number and %)

• COVID-19 crisis reverses growth trend in self-employment

Figure 25: Self-employed workers in the UK, 2009-20 (000s and %)

• Government support measures suppress insolvency rates in 2020

Figure 26: Number of company insolvencies, receiverships and administrations in England & Wales, 2010-20

• Corporate credit conditions

• M&A activity set for resurgence, following a subdued 2020

Figure 27: Mergers and acquisitions involving UK companies, 2007-20

• Number of listed companies on a downward trend, but uptick in IPO activity expected in 2021

Figure 28: Number of main market and AIM-listed companies, 2010-20

Figure 29: Number of main market and AIM-listed companies, 2012-20

COMPANIES AND BRANDS – KEY TAKEAWAYS

- **'Big four' report stronger rise in audit fee income than rivals**
- **But challenger firm BDO becomes largest auditor of listed UK firms by number of clients**
- **Acquisitions and partnerships revolve around technology space**

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- **Some firms look to enhance their legal services offering through acquisitions**

INDUSTRY STRUCTURE

- **Overview**
Figure 30: Top 20 accounting firms in the UK, by fee income, 2020
- **Number of audit firms gradually declining**
- **'Big four' report stronger rise in audit fee income than rivals**
- **But challenger firm BDO becomes largest auditor of listed UK firms by number of clients**
- **Industry Structure**
Figure 31: Analysis of the changes in the structure of the UK accounting, bookkeeping, auditing and tax consultancy industry, 2016-20
- **Structure by employment**
Figure 32: Analysis of the employment structure of the accounting, bookkeeping, auditing and tax consultancy industry, 2019 and 2020
- **Structure by turnover**
Figure 33: Analysis of the financial structure of the UK accounting, bookkeeping, auditing and tax consultancy industry, 2019 and 2020
Figure 34: Analysis of the financial structure of the UK accounting, bookkeeping, auditing and tax consultancy industry, 2020
- **Trends in acquisitions, partnerships and alliances**

COMPETITIVE STRATEGIES

- **BDO and Moore Stephens merge to create the largest UK accountant and business adviser focused on mid-sized businesses**
- **Deloitte enhances its legal offering with acquisition of Kemp Little**
- **Deloitte grows its capacity to support clients with their digital transformation programmes through Keytree acquisition**
- **EY expands SAP consulting capabilities with AgilityWorks acquisition**
- **EY develops COVID-19 Enterprise Resilience Framework**
- **KPMG to sell restructuring division**
- **PWC's investment focus on technology and upskilling continues**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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COMPANY PROFILES

- **BDO LPP**
- **BDO and Moore Stephens merger creates the largest UK accountant and business adviser focused on mid-sized businesses**
- **BDO becomes largest auditor of listed UK firms by number of clients**
- **Company performance**
Figure 35: Financial analysis of BDO, 2016-20
Figure 36: Segmental turnover analysis of BDO, 2020, (£m and %)
- **Deloitte LLP**
- **Deloitte last of the 'big four' to enter the legal services market**
- **Deloitte Legal enhances its legal offering with acquisition of Kemp Little**
- **Deloitte acquires technology consultancy Keytree**
- **Deloitte to expand its consulting team in the North**
- **Financial performance**
Figure 37: Financial analysis of Deloitte, 2017-20
Figure 38: Segmental turnover analysis of Deloitte, 2020, (£m and %)
- **Ernst & Young LLP**
- **EY expands legal offering through Riverview Law acquisition**
- **EY expands SAP consulting capabilities with AgilityWorks acquisition**
- **EY develops COVID-19 Enterprise Resilience Framework**
- **Financial Performance**
Figure 39: Segmental turnover analysis of EY, 2020 (£m and % of total)
Figure 40: Financial analysis of Ernst & Young, 2016-20
- **Grant Thornton UK LLP**
- **Grant Thornton restructures to serve three strategic markets**
- **Grant Thornton no longer bids for FTSE 350 audit work**
- **Grant Thornton sells wealth advisory arm to focus on core markets**
- **Grant Thornton audit performance branded "unacceptable"**
- **Financial performance**
Figure 41: Segmental turnover analysis of Grant Thornton, 2019
Figure 42: Financial analysis of Grant Thornton UK, 2015-19
- **KPMG LLP**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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- **Global KPMG network commits to major investment in technology, people and innovation over next five years**
- **KPMG to sell restructuring division**
Figure 43: Segmental revenue analysis of KPMG, 2020
Figure 44: Financial analysis of KPMG, 2016-20
- **PricewaterhouseCoopers LLP**
- **Investment focus on technology and upskilling continues**
- **Financial performance**
Figure 45: Segmental turnover analysis of PwC, 2020, (£m and % of total)
Figure 46: Financial analysis of PwC, 2016-20
- **RSM UK Holdings**
Figure 47: Segmental turnover analysis of RSM UK Holdings, 2020
Figure 48: Financial analysis of RSM UK Holdings, 2016-20

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**
- **Methodology**

FURTHER SOURCES AND CONTACTS

- **Trade associations**
- **Trade magazines**
- **Trade events**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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