

## Accounting and Financial Management - UK - February 2019

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“Ongoing uncertainties surrounding Brexit will continue to impact business and investor confidence, with many companies delaying decisions while they wait for greater economic clarity. These factors are a cause for concern in the accounting and financial management industry as a potential slowdown in business investment and UK economic growth would have a direct effect on demand.”

– **Claudia Preedy, B2B Analyst**

This report looks at the following areas:

- **Audit market set to see further reforms as lack of competition at the top end remains major concern**
- **Accounting firms continue to build on their advisory capabilities and multi-disciplinary skills**

The UK market for accounting and financial management has demonstrated consistent nominal growth between 2014 and 2018.

Consultancy has represented a key driver for market growth as many companies have branched into advisory services to grow their business and become less reliant on traditional accounting functions. This sector has also seen significant acquisitional activity in recent years, as firms aim to meet the needs of a wide spectrum of clients and deliver a broad range of advisory services (e.g. from cybersecurity, digitisation to end-to-end customer experience).

At the top end of the audit market, competition has intensified, reflecting new regulatory rules under which listed companies are required to put their statutory audit engagement out to tender at least every 10 years. However, while compulsory tendering has resulted in strong competition between the 'big four' firms, it has not led to a dilution of market concentration, with mid-sized firms struggling to break into the FTSE audit market. The lack of competition remains a serious concern and the audit sector is set to see further reforms aimed at encouraging competition.

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### DID YOU KNOW?

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Audit market reforms aim to open up market to increased competition  
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Chartered Institute of Management Accountants (CIMA UK)

Chartered Institute of Public Finance Accountancy (CIPFA)

Institute of Chartered Accountants in England and Wales (ICAEW)

Institute of Chartered Accountants Scotland (ICAS)

### Trade magazines

Accountancy Age

CCH Daily inc. Accountancy Live

Tax Advisor

Taxation

The Accountant

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Accountex 2019

CIPFA annual conference 2019

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