

Accounting and Financial Management - UK - 2023

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This report looks at the following areas:

- Market drivers in the key sectors of the market
- The trend among accounting firms to expand their service offering to meet the evolving needs of clients and differentiate themselves on the comprehensiveness of their offerings
- How firms can grasp opportunities in the more challenging macro-economic environment
- How the industry is embracing digitalisation
- The impact of legislative and regulatory changes
- Five-year market outlook

Despite the severe business disruption caused by the pandemic and recent economic challenges, the UK market for accounting and financial management has shown resilience over the last three years. In 2022, the UK market for accounting and financial management market increased by an estimated 6% to £32.8 billion.

With the UK economy expected to hit recession this year and with businesses grappling with ongoing challenges, including inflation and rising interest rates, this will pose challenges for the accounting and financial management industry. This is likely to hit firms' profits in 2023. However, there are opportunities to be grasped as clients increasingly look to their accountant as a trusted advisor to help them navigate these challenging times. General inflationary pressure and ongoing staff shortages are likely to impact audit fees, with further hikes expected in 2023.

Increased software and technology use has commoditised some traditional tax and accounting functions. Therefore, margins from some services are becoming increasingly squeezed, especially at the bottom end of the market.

The digital transformation of business is set to remain a key driver of the advisory services sector. Data analytics, cybersecurity, risk consultancy, supply



"With more accountancy firms establishing themselves as truly multidisciplinary professional services, they increasingly play a vital role in providing commercial advice that supports innovation, growth and strategic goals."

- **Claudia Preedy, Principal Analyst**

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chain expertise and ESG advice are also playing an increasingly important role in consultancy. Major accountancy firms will continue to invest in these high-growth areas to boost their capabilities and credentials. This will include increased spending on training and upskilling employees, targeted partner hires or acquisitions of sector specialist consultancies.

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