

FEELING THE PAIN



THE EFFECTS OF THE RECESSION ON THE UK'S TOP 60 ACCOUNTANCY FIRMS CAN BE CLEARLY SEEN, WRITES **LIZ FISHER**

IN THIS TOP 60 REPORT...

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We've waited a long time to see concrete confirmation of the impact of the recession on the accountancy profession, but it has arrived with this year's survey of the UK's Top 60 firms. The largest 60 firms in the country have seen their total fee income grow by just 0.6% compared with the previous 12 months. Meanwhile, this year's Top 60 have combined revenues of £9.816bn, a 1% fall on last year when the then 60 biggest firms notched up revenues of £9.922bn.

Last year's survey, published in *Accountancy's* January 2010 issue (see p22), showed that the firms reported a 1% increase in fee income over the previous financial year, and there were already strong signs that many firms were finding the economic climate tough. In last year's survey, 19 firms reported negative or stagnant growth over the previous 12 months; this year the number is 25, and only six firms were able to report double-digit growth (the majority of which came from mergers and acquisitions, rather than through organic growth). One of these firms was Begbies Traynor, the insolvency specialist, which saw its revenue swell by 11.3% this year and by 25% in last year's survey.

TURBULENT TIMES

The survey shows that firms of all sizes have suffered under the recession, with only a handful of exceptions. Ian Powell, chairman of PwC, was undoubtedly not alone in claiming that 'the past two years have been the most challenging of my professional career'. Even so, PwC has performed better than most, and reported the strongest growth of the Big Four at 3.7%.

Deloitte chief executive John Connolly, who is due to step down in May, said in his report that the firm had achieved 'a strong performance in a tough environment'. The firm reported a small drop in revenues of just under 1%, and a decent improvement on revenue from corporate finance work (10.6% up on

the previous year), which prevented what could have been a worse year.

Even so, the firms remain optimistic about the future. Connolly said that he expected to see a general return to growth in 2011, led by a stronger audit practice, and the firm's information and technology risk services business. PwC's managing partner, Richard Collier-Keywood, said there was a 'limited prospect of a major economic turnaround in the next 12 months' and that as a result, 'growth will mostly come from increasing market share as opposed to the size of the market increasing'. And Simon Michaels, the managing partner of BDO, said that trading conditions in 2009 had been 'tough' but the figures in 2010 were 'far more encouraging'.

SHOCK COLLAPSE

It has certainly been a turbulent year for the profession, with perhaps the biggest shock coming with the collapse of the AIM-listed Vantis, ranked 13th in *Accountancy's* 2010 survey with a fee income of £89.6m, over the summer. The company suspended its shares in June 2010 and entered into administration shortly afterwards, its demise blamed to a large extent on its ill-fated work as liquidator of Stanford International Bank.

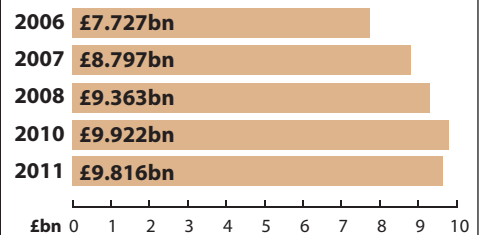
The company's collapse resulted in a flurry of acquisition activity, with its advisory services in London, Epsom and Leicester, as well as its business recovery services in Marlow and the national financial management operations, sold to RSM Tenon for £6.8m. The business recovery services of eight other offices were sold to a group of former Vantis partners.

Another venture to rise from the ashes of Vantis is Renaissance Group (ranked 41 in the survey with a fee income of £13.1m), an alliance of four separate LLPs formed through management buy-outs of former Vantis offices, including Rouse Partners LLP in Beaconsfield. The group is currently in the process of setting up a more formal operating structure and has been included in this year's survey on that basis.

DTE Group, ranked 29th last year, and Haslers, ranked 37th last year, chose not to participate in our 2011 survey.

See also the *Top 60 trainees survey*, p52

FEE INCOME OF TOP 60 ACCOUNTANCY FIRMS



Note: Total income of all Top 60 firms. Year is year of survey

NOTES TO TABLE

1. Info based on draft accounts
2. LLP and limited company structure
3. Fee income does not include historic acquired turnover of £60m following merger with RSM Bentley Jennison
4. 'Partners' are fee-earning directors.
5. Network of independent firms, some of which are LLPs
6. Mainly partnerships, but some companies and some LLPs
7. Previously Horwath Clark Whitehill
8. Network of firms, five of which are LLPs. Some firms publish annual accounts, which are audited
9. Status under review
10. Considering converting to LLP
11. Firm provided figures for 2009
12. Each franchisee operates as a sole trader, partnership or ltd company, and franchisees have different year ends. Fee income is to 31.12.09. 'Partners' are franchisees
13. Recently converted to LLP. Will publish accounts next year
14. Part of the business operates as an LLP and publishes annual accounts
15. Previously Reeves & Neylan, merged with FW Stephens on 01.06.10. Fee income is for year ended 31.05.10. Staff and partner numbers are the most recent available and include FW Stephens. Rebranded on 22.9.10
16. Group of separate LLPs
17. Not all firms in the group are LLPs
18. Previous year total excludes £2m from Campbell Dallas Financial Services, which is no longer a subsidiary
19. Previously Rothman Pantall

ACCOUNTANCY TOP 60 LEAGUE TABLE OF UK ACCOUNTANCY FIRMS 2011

Position (prior year in brackets)	Firm	Fee income £m	Previous year £m	% change	UK offices	Number of partners	Staff	Status	Annual accounts published?	Auditor	Year end
1 (1)	PwC	2,331	2,248	3.7	40	845	16,533	LLP	Yes	Crowe Clark Whitehill	30.06.10
2 (2)	Deloitte	1,953	1,969	-0.8	21	681	11,413	LLP	Yes	Grant Thornton	31.05.10
3 (3)	KPMG	1,602	1,604	-0.1	22	545	10,499	LLP	Yes	Grant Thornton	30.09.10
4 (4)	Ernst & Young LLP	1,356	1,383	-2	21	533	8,414	LLP	Yes	BDO Stoy Hayward	02.07.10
5 (5)	Grant Thornton (UK) LLP ¹	379.7	378.2	0.4	31	228	3,686	LLP	Yes	PKF	30.06.10
6 (6)	BDO LLP	312.2	335.1	-6.8	14	203	2,538	LLP	Yes	PwC	02.07.10
7 (7)	Baker Tilly ²	191	204	-6.4	28	117	1,609	LLP	Yes	Kingston Smith	31.03.10
8 (9)	RSM Tenon ³	190.4	150.8	26.3	50	306	2,878	plc	Yes	PwC	30.06.10
9 (8)	Smith & Williamson ⁴	169.4	178.7	-5.2	10	214	1,234	Ltd	Yes	Grant Thornton	30.04.10
10 (10)	PKF (UK) LLP	140.4	141.3	-0.6	23	94	1,533	LLP	Yes	Kingston Smith	31.03.10
11 (11)	Moore Stephens UK ⁵	138.2	138.8	-0.4	37	156	1,404	Network	No		31.12.10
12 (12)	Mazars	103.8	102	1.8	15	108	1,060	LLP	Yes	Crowe Clarke Whitehill	31.08.10
13 (15)	Begbies Traynor Group plc	69.1	62.1	11.3	46	103	712	plc	Yes	Deloitte	30.04.10
14 (16)	Haines Watts Group ⁶	55.7	58.2	-4.3	49	103	766	Group	No		31.03.10
15 (17)	Saffery Champness	52.1	51.4	1.4	10	61	452	Part'ship	No		31.03.10
16 (18)	Crowe Clark Whitehill LLP ⁷	47	46.4	1.3	8	74	531	LLP	Yes	Grant Thornton	31.03.10
17 (19)	UHY Hacker Young Group ⁸	45.4	45	0.9	19	92	586	Network	Some		30.04.10
18 (20)	Kingston Smith LLP	42.7	41.5	2.9	6	59	460	LLP	Yes	Price Bailey	30.04.10
19 (21)	MacIntyre Hudson LLP	31.2	30.9	1	10	39	387	LLP	Yes	Hillier Hopkins	31.03.10
20 (24)	Menzies LLP	27.7	25.3	9.5	7	34	335	LLP	Yes	Princescroft Willis LLP	30.06.10
21 (23)	Chantrey Vellacott DFK	27.6	26.5	4.2	9	49	299	LLP	Yes	Grant Thornton	30.06.10
22 (22)	Wilkins Kennedy ⁹	27.5	27.4	0.4	11	48	373	Part'ship	No		30.04.10
23 (25)	Johnston Carmichael Chartered Accountants & Business Advisers ¹⁰	26.9	24.5	9.8	10	46	413	Part'ship	No		31.05.10
24	HW Fisher & Company ¹¹	22.9	22.4	2.2	2	28	202	Part'ship	No		30.04.09
25 (26)	Buzzacott LLP	22.1	20.8	6.3	1	23	210	LLP	Yes	Hillier Hopkins	30.09.10
26 (28)	Littlejohn	17.8	18.3	-2.7	1	29	147	LLP	Yes	Price Bailey	31.05.10
27 (27)	Armstrong Watson	17.3	18.9	-8.5	9	27	340	Part'ship	No		31.03.10
28	TaxAssist Accountants ¹²	16.9	14.1	19.9	197	189	550	Franchise	No		31.12.09
29 (30)	Francis Clark ¹³	16.87	16.5	2.2	8	33	248	LLP	No		31.03.10
30 (31)	Streets ¹⁴	16.4	16.4	0	9	20	118	Part LLP	Partly	None	30.06.10
31 (35)	Duncan & Toplis	16.3	15.2	7.2	11	28	318	Part'ship	No		31.03.10
32 (32)	Haysmacintyre	15.7	16.2	-3.1	1	23	146	Part'ship	No		31.03.10
33 (36)	Price Bailey LLP	15.7	14.7	6.8	6	23	216	LLP	Yes	Crowe Clark Whitehill	31.03.10
34	Frank Hirth plc	15	11.9	26.05	1	13	154	plc	Yes	Manningtons	30.06.10
35 (33)	Cooper Parry LLP	14.9	15.6	-4.5	4	23	180	LLP	Yes	Buzzacott	30.04.10
36 (34)	Reeves & Co LLP ¹⁵	14.8	14.8	0	4	43	271	LLP	Yes	Clive Owen & Co	31.05.10
37 (38)	Shipleys LLP	14.3	14.3	0	4	19	132	LLP	Yes	Steele Robertson Goddard	30.04.09
38 (41)	Hazlewoods	14.2	13.5	5.2	3	17	194	LLP	Yes	Princescroft Willis LLP	30.04.10
39 (42)	Larking Gowen	13.6	13.3	2.3	9	21	204	Part'ship	No		31.03.10
40 (39)	Lovewell Blake	13.4	14.1	-5	5	21	208	LLP	No		30.09.10
41	Renaissance Group ¹⁶	13.1	14.1	-7.1	6	35	155	Group	No		30.04.10
42 (40)	Target Chartered Accountants	13	13.7	-5.1	4	11	185	Ltd	Yes	Berkeley Hall Marshall	31.03.10
43 (43)	Scott-Moncrieff	12.6	12.6	0	2	17	163	Part'ship	No		30.04.10
44 (44)	Mercer & Hole	12.1	12.1	0	4	19	134	Part'ship	No		31.03.10
45 (49)	SJD Accountancy	12	10.9	10.1	7	1	150	Ltd	No		31.10.09
46 (45)	Anderson Anderson & Brown LLP and Group ¹⁷	11.8	11.7	0.9	1	12	148	LLP	Yes	Gregor Clark & Co	31.03.10
47 (46)	Barnes Roffe LLP	11.3	10.9	3.7	4	17	102	LLP	Yes	HW Leicester LLP	30.06.10
48 (48)	Beever and Struthers	11.3	10.8	4.6	3	26	180	Part'ship	No		30.09.10
49 (47)	Simmons Gainsford LLP	11	10.9	0.9	2	17	71	LLP	Yes	Sopher & Co	31.03.10
50 (50)	Bishop Fleming	10.6	10.6	0	5	18	170	Part'ship	No		31.05.10
51 (51)	Hillier Hopkins LLP	10.5	10.8	-2.8	4	21	104	LLP	No	Price Bailey	31.03.10
52	Henderson Loggie	10.4	10.1	3	4	20	194	Part'ship	No		30.11.09
53 (53)	Moore and Smalley LLP	10.2	10.1	1	5	17	203	LLP	Yes	Hayes & Co	31.03.10
54 (55)	James Cowper LLP	10.1	10	1	5	14	135	LLP	Yes	Clive Owen	30.04.10
55 (54)	Campbell Dallas LLP ¹⁸	10	10	0	5	19	145	LLP	Yes	TB Dunn	31.05.10
56	Montpelier Chartered Accountants	9.7	8.6	12.8	9	19	195	Ltd	No		31.12.09
57 (52)	Rothmans ¹⁹	9.61	9.8	-1.9	12	19	141	LLP	Yes	Mazars	31.03.10
58	Cowgill Holloway LLP	9.6	8.7	10.3	4	16	144	LLP	Yes	Champion & Co	31.05.10
59 (57)	Silver Levene LLP	9.6	9.4	2.1	1	17	94	LLP	No		31.05.10
60 (58)	Thomas Westcott	9.3	9.1	2.2	13	17	173	Part'ship	No		30.04.10
Totals		9,816	9,758		872	5,670	63,537				

RSM TENON FLIES HIGH

One of the firms to buck the trend of declining revenues this year – and doing it in some style – is RSM Tenon. The listed company reported an impressive 26.3% increase in fee income for the year to June 2010, up from £150.8m to £190.4m. The 2010 figure does not include £60m of historic revenues from its recent acquisition of RSM Bentley Jennison.

Andy Raynor, the firm's chief executive, said that 2010 'has been a defining period in the history of RSM Tenon, a time of positive transformation and growth'. There certainly seems to be little stopping the company, as it completed its substantial merger with Bentley Jennison, the 14th largest firm in the UK, according to our 2010 survey, with annual fee income of £80.3m, in December 2009 and moved to the main market of the London Stock Exchange in May. Over the summer, Tenon also picked up part of the business of its ill-fated rival, Vantis, for £6.8m, which effectively doubled the size of its operations in London.



Raynor: 'A time of positive transformation and growth'

'We're representative of many firms in that a lot of the high advisory work has diminished during the recession'

MONTPELIER RIDES OUT THE STORM

Montpelier Group is not only a newcomer to the Top 60 but a newcomer in every sense – it is just five years old. Robert Jackson, its CEO, says its strategy from the outset has been to create 'something akin to a Swiss bank', albeit on a smaller scale, where all services are provided under one roof. The company's revenue figures (for the 2009 financial year) of £9.7m cover only its business that is directly related to accountancy. Its other divisions include a SIPP business, financial services, trust work and a tax consultancy, a business that in total turns over between £25m and £30m a year. With the company back on the acquisition trail in 2011, it will be one to watch in future surveys.

In the meantime, Montpelier has worked hard to ride out the storm during its first few years. 'We're representative of many firms in that a lot of the high advisory work has diminished during the recession,' says Jackson, 'but we were fortunate in that we have a strong compliance base.' The company, which has offices in Manchester, Preston, Carlisle, London, Leeds, Sheffield and Scotland, concentrates exclusively on SMEs and owner-managed businesses. And Jackson says that, with the exception of niches such as UK holiday parks and the booming media sector in Manchester, where the BBC will soon relocate, many of its clients are finding the conditions 'tough'. 'That said, there has been nothing like the number of liquidations of previous recessions,' he adds. 'People seem to have had more wool on their back to survive.'



Jackson: Top 60 newcomer

HOW WE COMPILE THE TOP 60

Information is gathered from a questionnaire sent out by *Accountancy* and completed by the firms. Wherever possible, we adhere to the firms' description of their service areas and structure. This sometimes makes comparisons within the Top 60 difficult because of the different structure of firms in terms of their business divisions. Our aim is to produce consistent information as far as possible and for this reason we have not excluded firms or groups with an unusual structure, such as jointly-branded networks. Our only criterion is to include any organisation that could reasonably be described as an accountancy firm, in the sense that it competes with more traditionally-structured accountancy firms and its payroll includes a large proportion of qualified accountants.

MERCER TRIUMPHS OVER THE BLACK HOLE

Howard Wilkinson, senior partner of Mercer & Hole, acknowledges that it has been 'a difficult couple of years' for the profession. 'We made the decision to concentrate on our bottom line, rather than the top line, at the outset and so we have been happy to hold revenues at the same level as last year,' he said. While the firm, which has offices in London, St Albans, Milton Keynes and Northampton, has shed staff, its profits have held up and Wilkinson says that in some respects, the recession was not as bad as many had expected.

'We did expect to see some clients go under during the recession but that has not been as bad as we feared,' he says. 'Part of that is because while the banks have been reluctant to lend to new people, they have also been supportive of their existing customers.' He adds that he has seen a 'noticeable change' over the seven months since the end of the firm's financial year. 'Companies are coming back into profit, and where some had been reluctant to ask for our advice during the recession, and have stuck mainly with compliance work, our clients are beginning to ask for our advice again. It will take time, but the feeling is reasonably buoyant.'



Wilkinson: 'A difficult couple of years'

AUDIT IS THE BEDROCK

FIRMS ARE RELYING ON THEIR BREAD-AND-BUTTER WORK, BUT CORPORATE FINANCE IS BOUNCING BACK, WRITES **LIZ FISHER**

The habit of the Big Four to draw their service lines along slightly different borders has made comparison between the firms almost impossible. In most cases, the differences go far deeper than labelling, as different functions fall within different divisions in most of the firms. As a result, it is difficult to pin down where some of the revenue and growth is emanating from.

PwC's 'advisory' business, for instance, which encompasses corporate finance, corporate recovery and consultancy, saw revenues increase by 9% over the previous year and the firm said it plans to expand other services within the business where it sees potential long-term growth, including human resource services, risk assurance and forensics.

E&Y's 'advisory' business, on the other hand, is described as including advice on business risk, IT and performance improvement. The firm announced in November that it planned to recruit an additional 1,000 people to its advisory arm in response to growing client demand. The firm said demand is being driven by its clients' desire to find ways to optimise their performance as they emerge from recession.

Elsewhere, audit seems to have been the bedrock of the profession throughout the recession, with many firms describing their audit business as 'a solid base' from which they plan to grow again in the future. A strong performer for many firms has been corporate finance work, as transactional activity begins to return. BDO was among the best performers with a 14% increase in its corporate finance revenue.

As the profession enters 2011 and with the market still uncertain, it is clear that many firms are looking for revenue gains from niche services, particularly in the areas of risk management, wealth management and personal finance services. BDO, for instance, formed a strategic partnership with the private equity firm Oakley Capital, a long-standing client of the firm, in November 2010.

HOW THE BIG FOUR ORGANISE THEIR BUSINESSES

Firm	Audit & accounting £m	Assurance £m	Tax £m	Advisory £m	Transaction advisory £m	Corporate recovery & corporate finance £m	Consultancy £m
PwC	893		634	804			
Deloitte	628		511			355	459
KPMG	458		350	168		397	229
Ernst & Young		403	360	309	284		

AUDIT AND ACCOUNTING*

Rank**	Firm	£m
1(5)	Grant Thornton (UK) LLP	135.5
2(6)	Baker Tilly	94
3(7)	BDO LLP	91.7
4(9)	Mazars	68.9
5(10)	Moore Stephens UK	61.1
6(11)	PKF (UK) LLP	59
7(18)	RSM Tenon	52.7
8(15)	Crowe Clark Whitehill LLP	28.3
9(13)	Haines Watts Group	26.6
10(16)	Kingston Smith LLP	23.4
11(17)	UHY Hacker Young Group	22.2
12(13)	Smith & Williamson	21.9
13(19)	Saffery Champness	17.5
14(20)	Wilkins Kennedy	15.8
15(-)	Menzies	12.7
16(-)	Littlejohn	10.2

CORPORATE RECOVERY*

Rank**	Firm	£m
1(2)	Grant Thornton (UK) LLP	95.2
2(4)	Begbies Traynor Group plc	58.9
3(3)	BDO LLP	52.6
4(5)	RSM Tenon	51
5(6)	Baker Tilly	32
6(8)	PKF (UK) LLP	15.2
7(10)	Mazars	13.6
8(9)	Moore Stephens UK	12.9
9(-)	Smith & Williamson	10

CORPORATE FINANCE*

Rank**	Firm	£m
1(4)	Grant Thornton (UK) LLP	40.9
2(5)	BDO LLP	35.3
3(6)	Baker Tilly	12
4(8)	PKF (UK) LLP	9.2
5(7)	RSM Tenon	7.3
6(10)	Smith & Williamson	5
7(9)	Moore Stephens UK	3.8

TAX INCOME

Rank**	Firm	£m
1(1)	PwC	634
2(2)	Deloitte	511
3(3)	Ernst & Young LLP	360
4(4)	KPMG	350
5(5)	Grant Thornton (UK) LLP	93
6(6)	BDO LLP	83.2
7(7)	Baker Tilly	53
8(8)	RSM Tenon	48.6
9(10)	PKF (UK) LLP	33.7
10(9)	Smith & Williamson	32.4
11(12)	Moore Stephens UK	24.3
12(11)	Mazars	21.3
13(13)	Haines Watts Group	20.6
14(-)	Frank Hirth plc	14
15(15)	Saffery Champness	13.5
16(16)	Crowe Clark Whitehill	12.9
17(-)	SJD Accountancy	12
18(18)	Buzzacott LLP	11.1
19(17)	UHY Hacker Young Group	10
20(20)	Chantrey Vellacott DFK	7.8

CONSULTANCY*

Rank**	Firm	£m
1(4)	PKF (UK) LLP	23.3
2(5)	Moore Stephens UK	12
3(8)	Kingston Smith LLP	6.1
4(6)	Menzies LLP	5
5(-)	Duncan & Toplis	3.6
6(10)	Wilkins Kennedy	3.3
7(-)	Cooper Parry	2.9
8(9)	Haines Watts Group	2.9

* Due to the way they report on their service lines, the Big Four firms have been excluded from this table in 2011 – see separate table for breakdown of Big Four firms by service lines. Note: Big Four firms were included in these tables in 2010

** Prior year in brackets

PARTNERS SURVIVE THE CULL

MORE JUNIOR STAFF HAVE BORNE THE BRUNT OF REDUNDANCIES, SAYS **LIZ FISHER**



The full effect of the recession can be seen starkly in the personnel statistics of the Top 60 firms, and confirm persistent rumours that firms have cut back sharply on headcount over the past year. By far the biggest casualties, though, have been salaried staff.

The figures show that the Top 60 firms employ around 11% fewer staff in total than employed by the Top 60 this time last year. In last year's survey we highlighted a 4% fall in overall staff numbers on the previous year. During healthier times, the Top 60 firms combined tended to increase total staff numbers by around 5% a year.

At the same time, however, partner numbers have remained almost constant, increasing by 0.5% to 5,669 – perhaps reflecting the view that it is a cheaper option to lay off salaried staff than it is to cull equity partners. That said, PwC, Deloitte and KPMG have moved against the trend, reducing their partner numbers (by 4.5%, 10.1% and 4% respectively), while continuing to increase their staff numbers.

It appears, though, that the reduction in partner numbers at these firms has largely been down to natural turnover as partners reach retirement age, as opposed to a wholesale

ACCOUNTANCY TOP 60 – PERSONNEL PROFILE

Position (prior year in brackets)	Firm	Fee income £m	Partners	Female partners	Staff	Fee/partner ratio £000s
1 (1)	PwC	2,331	845	118	16,533	2,758
2 (2)	Deloitte	1,953	681	95	11,413	2,868
3	KPMG	1,602	545	76	10,499	2,939
4 (4)	Ernst & Young LLP	1,356	533	91	8,414	2,544
5 (5)	Grant Thornton (UK) LLP	379.7	228	36	3,686	1,665
6 (6)	BDO LLP	312.2	203	22	2,538	1,538
7 (7)	Baker Tilly	191	117	16	1,609	1,632
8 (9)	RSM Tenon	190.4	306	34	2,878	622
9 (8)	Smith & Williamson ¹	169.4	214	35	1,234	792
10 (10)	PKF (UK) LLP	140.4	94	7	1,533	1,494
11 (11)	Moore Stephens UK	138.2	156	17	1,404	886
12 (12)	Mazars	103.8	108	0	1,060	961
13 (15)	Begbies Traynor Group plc	69.1	103	8	712	671
14 (16)	Haines Watts Group	55.7	103	11	766	541
15 (17)	Saffery Champness	52.1	61	13	452	854
16 (18)	Crowe Clark Whitehill LLP	47	74	14	531	635
17 (19)	UHY Hacker Young Group	45.4	92	9	586	493
18 (20)	Kingston Smith LLP	42.7	59	10	460	724
19 (21)	MacIntyre Hudson LLP	31.2	39	2	387	800
20 (24)	Menzies LLP	27.7	34	2	335	815
21 (23)	Chantry Vellacott DFK	27.6	49	5	299	563
22 (22)	Wilkins Kennedy	27.5	48	6	373	573
23 (25)	Johnston Carmichael Chartered Accountants & Business Advisers	26.9	46	2	413	585
24	HW Fisher & Company ²	22.9	28	1	202	818
25 (26)	Buzzacott LLP	22.1	23	3	210	961
26 (28)	Littlejohn	17.8	29	5	147	614
27 (27)	Armstrong Watson	17.3	27	4	340	641
28	TaxAssist Accountants ³	16.9	189	27	550	89
29 (30)	Francis Clark	16.87	33	4	248	511
30 (31)	Streets	16.4	20	3	118	820
31 (35)	Duncan & Toplis	16.3	28	1	318	582
32 (32)	Haysmacintyre	15.7	23	5	146	683
33 (36)	Price Bailey LLP	15.7	23	0	216	683
34	Frank Hirth plc ⁴	15	13	4	154	1,154
35 (33)	Cooper Parry LLP	14.9	23	1	180	648
36 (34)	Reeves & Co LLP ⁵	14.8	43	4	271	344
37 (38)	Shipleys LLP ⁶	14.3	19	n/d	132	753
38 (41)	Hazlewoods	14.2	17	2	194	835
39 (42)	Larking Gowen	13.6	21	2	204	648
40 (39)	Lovewell Blake	13.4	21	1	208	638
41	Renaissance Group	13.1	35	8	155	374
42 (40)	Target Chartered Accountants	13	11	n/d	185	1,182
43 (43)	Scott-Moncrieff	12.6	17	2	163	741
44 (44)	Mercer & Hole	12.1	19	6	134	637
45 (49)	SJD Accountancy ⁷	12	see note	see note	150	see note
46 (45)	Anderson Anderson & Brown LLP and Group	11.8	12	3	148	983
47 (46)	Barnes Roffe LLP	11.3	17	1	102	665
48 (48)	Beever and Struthers	11.3	26	5	180	435
49 (47)	Simmons Gainsford LLP	11	17	1	71	647
50 (50)	Bishop Fleming	10.6	18	3	170	589
51 (51)	Hillier Hopkins LLP	10.5	21	2	104	500
52	Henderson Loggie	10.4	20	4	194	520
53 (53)	Moore and Smalley LLP	10.2	17	5	203	600
54 (55)	James Cowper LLP	10.1	14	3	135	721
55 (54)	Campbell Dallas LLP	10	19	3	145	526
56	Montpelier Chartered Accountants	9.7	19	5	195	511
57 (52)	Rothmans	9.61	19	2	141	506
58	Cowgill Holloway LLP	9.6	16	3	144	600
59 (57)	Silver Levene LLP	9.6	17	1	94	565
60 (58)	Thomas Westcott	9.3	17	3	173	547
Totals		9,816	5,669	756	63,537	51,224

NOTES TO TABLE

1. 'Partners' are fee-earning directors
2. Firm provided figures for 2009
3. 'Partners' are franchisees
4. Average staff for year ended June 2010
5. Previously Reeves & Neylan, merged with FW Stephens on 1.6.10. Fee income is for year ended 31.05.10. Staff and partner numbers are most recent and include FW Stephens. Rebranded on 22.9.10
6. Two female principals out of 21, according to its website
7. Company has a single managing director

clearing out of senior staff through redundancy. Most of the larger firms have continued to appoint partners during the recession, perhaps mindful of the need to maintain continuity of leadership. PwC pointed out in its annual review that it admitted 19 direct-entry partners during 2010 and promoted a further 38 to partner level from within the firm over the summer.

While it is clear that the firms have trimmed headcount during the recession, generally the profession has not repeated the mistake of the previous recession during the 1990s, when many firms cut back sharply on middle-ranking staff and on graduate training, only to find that they were struggling to find well trained staff once the conditions improved.

Instead, many firms attempted to ride out the downturn this time without resorting to large-scale redundancies. Cost cutting and a focus on reducing overheads, particularly around travel and other expenses, has been an ongoing feature of the past few years, and some firms have turned to more imaginative solutions. Back in 2009, KPMG announced that it had asked its partners to voluntarily take a three-month

STAFF AND PARTNER NUMBERS AT THE TOP 60 FIRMS

	2010 survey	2011 survey
Partners	5,642	5,669
Female partners	736	756
Staff	71,677	63,537

sabbatical or work a four-day week, which resulted in more than 80% of its partners applying for the scheme. Other firms offered a similar scheme, albeit on a far smaller scale.

As we have seen from the wider fee income results, many firms have found the past two years very hard-going and have had to fight hard for revenue and profits. One of the indications that firms have worked hard to maintain their staffing levels as far as they can during the recession can be seen in the level of fees per partner. Overall, 24 of the Top 60 firms reported a lower fee-per-partner ratio than last year, with a further two reporting an unchanged fee/partner ratio.

A CLEARER VIEW OF PROFIT

AS MORE FIRMS CONVERT TO LLP STATUS, THE TREND TOWARDS BETTER FINANCIAL DISCLOSURE CONTINUES, SAYS **LIZ FISHER**



This year, 25 firms chose to disclose their pre-tax profits, compared with 18 firms in last year's survey. With well over half of the Top 60 now producing published annual accounts, and only 14 partnerships remaining in the Top 60 (compared with 34 LLPs), we expect the trend for greater financial disclosure to continue.

PwC's pre-tax profits were down on the previous year by 2.5%, while Deloitte reported a 4.6% increase in its pre-tax profits, up from £564m last year to £590m. Ernst & Young's bottom-line profits on an equity basis were up 4.5% from £313m in 2009. Meanwhile, KPMG reported an impressive 10% increase in its pre-tax profits to £428m while Grant Thornton's pre-tax profits soared 40% to £77.6m. Further down the table there were mixed fortunes, with Smith & Williamson reporting a fall in its profits of 9.5% but the renamed Crowe Clark Whitehill reporting a leap in its profits of 26%.

PARTNERSHIP PROFITABILITY (COMPANIES EXCLUDED)

Rank	Firm	Fee income £m	Profit before tax £m	Partners
1	PwC	2,331	665	845
2	Deloitte	1,953	590	681
3	KPMG	1,602	428	545
4	Ernst & Young LLP	1,356	327	533
5	Grant Thornton (UK) LLP	379.7	77.6	228
6	BDO LLP	312.2	62.6	203
8	RSM Tenon	190.4	24.1	306
9	Smith & Williamson	169.4	23.8	214
13	Begbies Traynor Group plc	69.1	8.7	103
16	Crowe Clark Whitehill LLP	47	13.5	74
19	MacIntyre Hudson LLP	31.2	8.6	39
20	Menzies LLP	27.74	8.1	34
26	Littlejohn	17.8	4.4	29
32	Price Bailey LLP	15.7	3.8	23
34	Frank Hirth plc	15	1.2	13
35	Cooper Parry LLP	14.9	4.3	23
36	Reeves & Co LLP	14.8	4.1	43
37	Shipleys LLP	14.3	5	19
45	SJD Accountancy	12	5	1
47	Barnes Roffe LLP	11.3	4.4	17
49	Simmons Gainsford LLP	10.9	3.1	17
51	Hillier Hopkins LLP	10.5	2.9	21
54	James Cowper LLP	10.1	1.7	14
56	Montpelier Chartered Accountants	9.7	0.7	19
57	Rothmans	9.6	2.7	19