

TOP OF THE PILE

THE LAST YEAR HAS BEEN EVEN TOUGHER ON THE NATION'S LEADING ACCOUNTANTS, DESPITE THE ECONOMY EMERGING FROM RECESSION, WRITES **PAUL GRANT**

TOP 50

If you thought that 2009 had been a tough year for the UK's top accounting firms, it's got nothing on 2010.

The picture emerging from the 2010 *Accountancy Age* Top 50 + 50 survey is that the going has become even harder over the last 12 months, despite the UK economy emerging from recession.

Turnover for the largest 50 firms grew just 3% over the past year, and the situation was even worse for the next 50 practices in our survey (see page 16). But even this nominal growth figure fails to tell the whole story of what has been an incredibly difficult time for almost all firms.

Of the 29 firms that managed to register any rise in turnover this year, only seven posted double-digit percentage growth on the last twelve months. More worryingly, two firms saw revenues stagnate while 17 experienced falls—double the number of firms that registered negative growth in 2009.

Among the Big Four the situation was no better. Last year's combined turnover of £7.16bn was surpassed by just 1%, growing to £7.23bn, largely down to a strong performance by Ernst & Young. The smallest of the Big Four grew fee income by nearly 8% to £1.38bn.

By comparison, the country's second largest firm, Deloitte, saw revenues slip back below the magic £2bn mark, down 2% to £1.97bn, following big drops in its take from tax and corporate finance services. The fall has given leading firm PwC some breathing space at the top of the table, much needed as PwC could only manage growth of 0.2% to £2.25bn. KPMG could soon see E&Y snapping at its heels after dropping 1.6% to £1.63bn.

There were some positive stories to emerge from the Top 50. RSM Tenon, following the acquisition of Bentley Jennison, overtook Baker Tilly and Smith & Williamson to place 7th in our table. Figures provided by the firm show a huge 49% growth in turnover to £225m, although this is 6.5% lower than the combined totals of the two businesses from last year's survey.

Moore Stephens in 11th position also saw strong growth, up 10% to £139m. Impressive upswings in tax and audit more than made up for some big falls in consultancy and corporate finance fees.

Insolvency specialists Begbies Traynor (14th) also thrived as the

number of administrations skyrocketed over the last year, growing turnover by 13% to £70m. Reeves + Neylan also performed admirably, jumping five places in the table to 40th on 14.5% growth and revenues of £14.8m.

Undoubtedly one of the biggest success stories from this year's Top 50 is the continued rapid rise of London-based Frank Hirth. Just two years ago, the listed accounting company languished at number 56 in our table. Having broken into the Top 50 last year following 12% growth, it has now jumped again to 39th with an impressive income rise of 31% to £15.6m. The firm has continued to capitalise on serving US financial services expats now working in the City.

There have also been some new entrants into the Top 50. After several years of knocking on the door, SJD Accountancy has finally made it into the big league, registering revenues of £12m, 9% up on last year. Turn-around specialists MCR and tax advisers TaxAssist Accountants are new participants and have entered the table at 27th and 34th respectively. Both posted strong double-digit growth in their first appearance in the table. Others have had a much tougher time.

Haslers just managed to cling on to its Top 50 status. Last year, the firm placed 38th in the table, but could only manage 49th this year following a 19% drop in revenue to £11.9m. Large falls in income from tax and corporate finance were to blame, while audit also suffered.

Baker Tilly (8th) also suffered drops in the same service lines, with revenues overall down 7% to £190m, while Armstrong Watson (31st) saw falls of 8.5% to £17.3m.

Across the service lines, the story was all too predictable. From the figures provided by the firms, both consultancy and corporate finance saw overall drops—down on average 0.6% and 6.8% respectively. Insolvency, unsurprisingly, saw an average boost of 6.7% while audit held up well (3.8%) and tax was largely stagnant (0.4%).

There is still hope among the firms, however. Most believe credit facilities have not worsened over the last year, few expect there to be a double-dip recession, and more than half expect partnership profits to improve next year. Next week's Budget could easily change those views, but for now the firms are cautiously optimistic about the future.

TURN OVER FOR THE TOP 50 TABLE. +50 ON PAGE 16



BEST OF THE REST

IT'S BEEN A HARD YEAR FOR THE +50 FIRMS, WITH MANY STRUGGLING TO GROW AND MOST AREN'T EXPECTING IMPROVEMENT ANYTIME SOON, WRITES **PAUL GRANT**

+50

While the Top 50 accountancy firms have been struggling to cope with the tough economic conditions, things are even worse for the firms below them. Our second annual +50 table shows that growth for those firms ranked from 51 to 100 has virtually ground to a halt. The average growth rate for those that responded to the survey was just 0.3%. Just 21 firms managed to record revenue rises over the last twelve months while 23 saw their income fall.

Many expect little to change in the coming months. When asked for their outlook on the next twelve months, most believed the economic situation remained "challenging" with others saying they expect "another tough year ahead". As a result, most anticipate the number of professional and support staff to remain broadly the same during the next twelve months. However, only two respondents actually expect their revenue figures to fall, while 24 hope to see some growth.

The situation may also be worse than the table shows. There are a few new faces in the +50 and several of those that featured last year declined to complete the survey. Some were quite open in their reason for not participating – their results had been very poor and they didn't want to make their figures public.

By contrast, the new members of the +50 recorded some of the most impressive figures.

ASE only just failed to make the Top 50 as a new entrant, ranking 51st with growth of 17% and revenues of 11.1m. Moore and Smalley debut in 59th position with revenues of £10.2m and growth of 2% while Montpelier Chartered Accountants make their mark in 62nd position, growing 13% to £9.7m. A massive income rise of 29% meant that Cumbrian accountants Lamont Pridmore also sneaked into the +50 table at 97 with revenues of £2.1m.

Others haven't been so fortunate this year. Rothman Pantall, based in the South of England, dropped 10 places to 67th after turnover fell 14.5% to £8.8m. Big falls in its tax and consultancy lines were at the heart of the problem.

Critchleys fell six places to 74th after bringing in £7.4m, 9% below its 2009 figures. Jeffreys Henry also slid down the table to 80th place. Its £5.5m fee income was 10% lower than last year.

Given the economic pressure heaped on the firms and their smaller size, other issues such as the environment and diversity have taken a back seat for now. Only five of the +50 admitted to having a dedicated diversity director at the firm, while just 12 have a company wide policy on reducing their corporate carbon footprint.

Another tough year ahead is predicted, and while many in our +50 table will be hoping to move up into the big league, most will simply be happy to keep their heads above water.

+50 TABLE		UK FEE INCOME (£m)	% CHANGE	YEAR END	NO. OF PARTNERS (FEES PER PARTNER (£))
RANK 2010 (2009)					
51 (-)	ASE	11.10	17.0	31/12/09	5 (2,220,000)
52 (50)	Simmons Gainsford	10.95	0.7	31/03/10	17 (644,000)
53 (49)	Barnes Roffe	10.83	-5.5	31/12/09	17 (660,000)
54 (53)	Bishop Fleming	10.81	3.4	30/04/10	17 (636,000)
55 (54)	Beever and Struthers	10.80	6.9	30/09/09	26 (415,000)
56 (51)	Hillier Hopkins	10.54	-1.9	31/03/10	22 (479,000)
57 (55)	Henderson Loggie	10.40	3.0	30/11/09	20 (520,000)
58 (60)	Silver Levene	10.30	9.6	31/05/09	17 (606,000)
59 (-)	Moore and Smalley	10.20	2.0	31/03/10	17 (600,000)
60 (58)	James Cowper	10.03	1.0	30/04/10	15 (670,000)
61 (56)	Campbell Dallas	9.90	-1.0	31/05/10	17 (582,000)
62 (-)	Montpelier	9.71	12.9	31/12/09	21 (460,000)
63 (61)	Thomas Westcott	9.30	1.0	30/04/10	17 (540,000)
64 (62)	Barber Harrison and Platt	9.24	2.0	31/12/09	15 (559,000)
65 (65)	Forrester Boyd	9.10	5.1	02/04/10	14 (650,000)
66 (59)	French Duncan	8.90	-3.0	30/04/10	21 (450,000)
67 (57)	Rothman Pantall	8.81	-14.5	31/03/10	23 (269,000)
68 (64)	Spofforths	8.80	1.1	31/12/09	20 (400,000)
69 (66)	Brebners	8.10	-1.2	05/04/10	19 (426,000)
70 (67)	Berg Kaprow Lewis	7.95	-5.4	31/03/10	13 (612,000)
71 (69)	Scrutton Bland (*)	7.94	0	31/03/10	12 (661,000)
72 (72)	Dains (†)	7.59	4.1	31/03/10	10 (698,000)
72 (70)	Mitchell Charlesworth	7.59	-3.5	30/04/09	16 (470,000)
74 (68)	Critchleys Accountants	7.40	-9.0	31/05/10	12 (616,000)
75 (73)	Whittingham Riddell (*)	7.11	0	31/03/10	13 (546,000)
76 (71)	Goodman Jones	7.10	-2.7	31/05/09	15 (474,000)
77 (75)	Chiene & Tait	6.20	-4.6	30/09/09	7 (886,000)
78 (74)	Rayner Essex	6.12	5.6	30/09/09	11 (556,000)
79 (77)	Martin Greene Ravden	5.80	-3.3	31/03/10	14 (414,000)
80 (76)	Jeffreys Henry	5.54	-10.0	30/04/10	8 (693,000)
81 (80)	Harris Lipman	5.26	9.5	31/03/10	10 (526,000)
82 (78)	Creaseys (*)	5.19	0	30/04/10	9 (576,000)
83 (79)	Bird Luckin	4.90	-3.9	30/09/09	15 (327,000)
84 (81)	Adler Shine (*)	4.70	0	31/03/09	9 (522,000)
85 (-)	Wingrave Yeats	4.50	-8.5	30/06/09	7 (647,000)
86 (83)	Taylor Cocks	4.33	7.0	31/12/09	9 (482,000)
87 (82)	Broomfield & Alexander	3.90	-5.8	31/03/10	7 (557,000)
88 (88)	Moore Thompson	3.78	2.1	31/12/09	9 (404,000)
89 (85)	EQ Chartered Accountants	3.60	-6.5	31/03/10	9 (400,000)
90 (89)	Raffingers Stuart	3.56	-3.0	31/12/09	8 (508,000)
91 (-)	Bennett Brooks & Co	3.50	7.6	31/08/09	6 (576,000)
92 (90)	SMP Accounting and Tax (‡)	3.33	-8.1	31/12/09	6 (555,000)
93 (91)	Hartley Fowler	3.22	-4.7	31/03/10	7 (460,000)
94 (93)	HWB	3.19	-0.6	31/05/09	6 (530,000)
95 (92)	Lambert Chapman	3.10	-6.0	30/06/09	7 (470,000)
96 (95)	Welldon Turnbull	2.67	4.4	30/06/09	2 (1,337,000)
97 (-)	Lamont Pridmore	2.10	28.7	31/03/10	3 (700,000)
98 (96)	Begbies Chettle Agar	1.82	-6.6	31/03/10	4 (455,000)
99 (98)	TWP Accounting	1.60	0.0	31/03/10	5 (320,000)
100 (99)	Dunkley & Co	1.50	0.0	30/04/10	1 (1,500,000)

* Income figure estimated by Accountancy Age. †Partners and directors included in fees per partner calculation. ‡ IOM is not part of the UK but is part of the British Isles



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