



INTERNATIONAL ACCOUNTING BULLETIN (IAB) GLOBAL LEAGUE TABLE ANALYSIS

The International Accounting Bulletin (IAB) survey continues the distinction introduced in 2008 between a 'network' and an 'association'. 30 of 52 participating organisations in this year's IAB survey categorised themselves as a 'network'. For external use, UHY communicates only its global network ranking. For internal purposes, UHY evaluates the amalgamated data of networks and associations to give a more complete and meaningful competitor analysis – see page 2.

UHY NETWORK DATA

UHY NETWORK DATA	
TURNOVER	USD 515m
STAFF	7,852
COUNTRIES	99
OFFICES	325
GLOBAL RANKING	16*

MARKETING MESSAGING

All marketing and business development templates made available to member firms via the [UHY Exchange](#) and the [UHY Brand Centre](#) are updated annually and include the most up to date network information and ranking.

Member firms are required to update all their individual firm's marketing materials to reflect the most recent network data, such as:

- The relevant pages of a firm's website
- Brochures, presentations and flyers
- External presentations and pitch documents to clients, etc.

Please share with your relevant staff the following guidance documents:

- [A PowerPoint presentation with high level network data can be used externally.](#)
- The March 2017 issue of the '[Marketing Best Practice](#)' publication will include a specific focus on new network data/ranking and relevant messaging. The resource also covers marketing, branding, business development and PR best practice guidelines, ideas and tools.

* UHY ranks globally 16 in the top 25 global networks' table by fee income (including the Big Four).

UHY's regional rankings in the top 20 mid-tier global networks are:

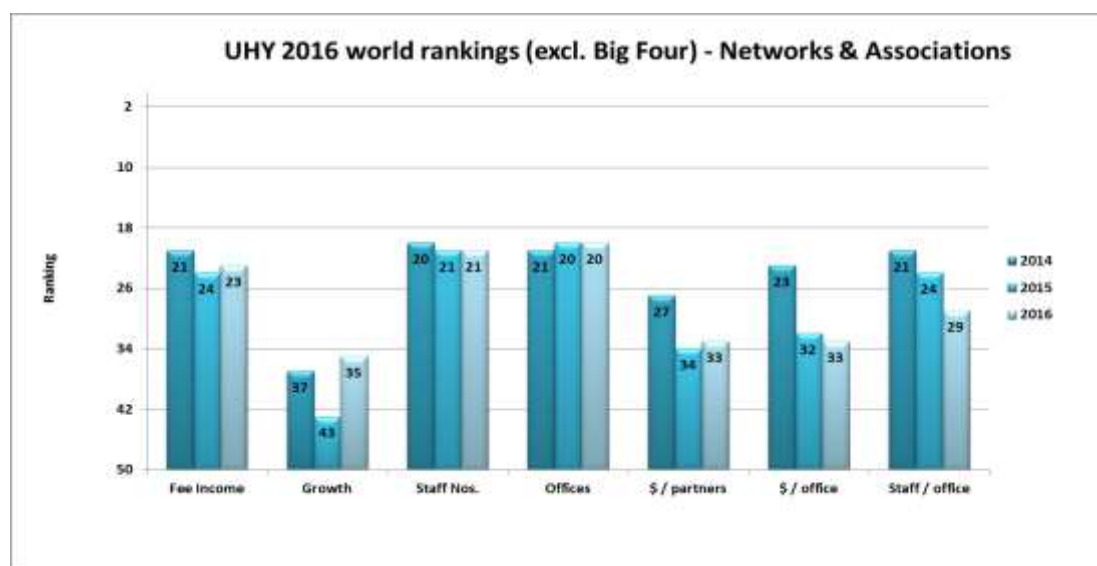
- 17th in North America
- 20th in Latin America
- 17th in Europe
- 17th in Africa
- 15th Middle East
- 19th in Asia-Pacific

COMMENTARY ON IAB GLOBAL SURVEY RESULTS - INTERNAL RESULT ANALYSIS

FOR INTERNAL INFORMATION ONLY – NOT FOR PRESENTATION TO CLIENTS

IAB ANALYSIS OVERVIEW

For internal benchmarking purposes, UHY continues to analyse the amalgamated data of networks and associations to have a more complete and meaningful competitor analysis. Therefore all rankings mentioned in these accompanying notes are based on a survey pool 46 of 50 accountancy organisations (network and associations), excluding the Big Four, Mazars and Shinewing (both member networks of Praxity (an association) and are included in Praxity's reporting data).



FEE INCOME

UHY ranked 23 overall according to fee income (24 in 2015). The number of organisations reporting a decrease in fee income are significantly less in 2016: nine in 2016 and 25 in 2015, outlined in more detail under the growth heading below.

The key changes in fee income are Deloitte overtaking PWC again into first position globally, Crowe Horwath International overtaking Baker Tilly International, and PrimeGlobal overtaking Kreston and HLB. The fee income and ranking of some of our nearest competitors: Morison KSi almost doubled due to the merger of Morison with KS International, CPA Associates International (-10%) and MGI Worldwide (-20% - changed from association to network).

Three rising networks are SFAI - (Santa Fe International) (142%), Kudos International (30%), and UC&CS America (25% growth). The association Integra International (91%) is also reporting strong fee income growth. Alliot Group and ACEE did not report.

Many organisations' reported fee income conversion affected by the strength of the US dollar which diluted strong local growth.

GROWTH

In general, businesses and member firms continue to face complexities: increased regulation, increased public scrutiny, Brexit, the US elections, technological challenges and so on.

Average growth among networks and associations positioned UHY at 35, gaining 8 positions from 2015. Overall, the average growth reported for networks and associations is 7% (10% in 2015). Associations' revenue is up 5% and for networks we see an average 4% year-on-year growth. 37 networks/ associations reported positive growth (only 10 in 2015), ranging from one to 142% (21 in 2015 ranging from 1% to 300%). 30 networks/associations reported growth ranging from 1 to 10%, and seven reported growth ranging from 13% to 142%.

Consolidation still continues with the trend of organisations making strategic acquisitions to strengthen capabilities (including the attraction of more technologically knowledgeable professionals), streamlining of management and regulatory cost still continues.

STAFF

- UHY's overall staff ranking has remained status quo at 21
- The revenue \$/partner ranking increased by one position to 33. The UHY \$/partner is USD 634K compared to USD 674 in 2015
- The \$/office has increased by one positions to 33.

Firms need to take proactive steps to ensure that the next generation of talent has the skills required for the future, as well as broadening the attractiveness of the profession: development of the most efficient talent model by actively expanding the skills and capabilities of their people, creating a more diverse talent pool and ensuring that training efforts focus on enabling people to become even more connected, responsive and insightful. Firms that are committed to helping their people grow and develop, while providing flexibility they need to maintain their lives in and outside work, will have the upper hand.

SERVICE LINES

AVERAGE FEE SPLIT:

Average Fee Split (%) All Participants				
	2008	2014	2015	2016
Audit & Accounting	53	50	48	41
Tax	24	24	26	24
Advisory	23	26	26	31
Other	n.av.	n.av.	n.av.	4

Source: International Accounting Bulletin

Average Fee Split (%) Big Four					
	2008	2013	2014	2015	2016
Audit & Accounting	52	43	42	38	36
Tax	24	23	23	23	23
Advisory	24	34	35	39	39
Other	n.av.	n.av.	n.av.	n.av.	2

Source: International Accounting Bulletin

Average Fee Split (%) Top 10 Networks					
	2008	2013	2014	2015	2016
Audit & Accounting	53	48	46	44	39
Tax	23	23	24	24	23
Advisory	24	29	30	32	35
Other	n.av.	n.av.	n.av.	n.av.	3

Source: International Accounting Bulletin

AUDIT

Enhanced reporting, technological developments and fee pressure impact audit practitioners now and the trend will continue in 2017:

- The enhanced audit report is going global for all December 2016 year-ends
- The level of audit tendering has increased in many markets as rotation rules have been introduced with some audit firms lowering their fees to alarmingly low levels – leaving perhaps the audit standards open for different interpretation.
- Technology is disrupting all areas of business and audit is not immune. New technologies such as artificial intelligence, blockchain and robotic process automation are revolutionising the industry. Navigating the upside of these disruptive technologies is critical in responding to the evolving needs of business, regulators and investors.

TAX

The tax world continues to be impacted by political change creating considerable uncertainty around tax regimes; Brexit, US elections just to name a few key influences. Overall an increasing focus on international tax compliance, particularly for large corporates, and a continued move towards transaction based taxation can be seen.

- High VAT complexity, a strong call for clearer tax laws and a pronounced trend towards digitalising tax administration were the key findings to emerge from the ICAEW/EGIAN report Tackling Taxes – Business Perspectives from across Europe.
- India will introduce a goods and services tax (GST) in April 2017 and others will follow suit. Even the Middle East is looking to introduce an indirect tax. An ongoing trend to help governments raise revenue and an embracing of transaction based taxation
- The roll-out of the G20/OECD-led Base Erosion and Profit Shifting (BEPS) project is expected to gain momentum in 2017 and countries will be encouraged to implement changes to double tax treaties by ratifying the multilateral convention.
 - EU's implementation of domestic law changes under BEPS starts in 2019 as the Anti-Tax Avoidance Directive comes into action
- Global eyes will be on the potential tax reform in the US combined with the global trend for governments to reduce headline rates for business. There is also much debate around tax regimes: repatriation and worldwide versus territorial tax regimes. If the US changes its tax regime, it remains to be seen how US based multinationals will act on this.
- In the UK, multinationals will be eager to plan for prospective changes following the governments notice in March under article 50, that the UK will leave the EU. What the shape of a new relationship will bring remains to be seen.

ADVISORY SERVICES

It is worth noting the continuing trend of significant revenue increases for all participants in the global survey. The client expectations to deliver value added specialist advisory services and consultancy resulting in growth and client satisfaction have increased significantly. Technology also continues to have a growing influence on both the delivery of advisory services and the service providers. The following trends have been identified:

- Companies need comprehensive control systems for managing cyber risk, including security and privacy issues, industry specific compliance and regulatory requirements, etc. Solutions are high in demand.
- The increase of clients' cross border activities led to growth in transaction advisory with the implementation and integration of technology systems for a more streamlined global approach
- Cloud accounting is helping many small to medium sized practices move into offering more business advisory services

TECHNOLOGY

The development of a digital business continues to be one of the most important issues for accounting professionals in 2017 as outlined above under the various service lines.

COMMENTARY ON UHY'S ANNUAL REPORTING IN RELATION TO IAB RESULTS

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113 UHY members firms reported overall average of growth rates of 13% in 2016 (8% in 2015), whilst the total network growth in absolute terms is -0.3%. 58 member firms reported positive growth, in local currency, with an average of 30% (61 in 2015, average of 21%). There are some factors to take into account in terms of global and regional growth, outlined below. In addition, member firms were reminded to report the fee income of all their respective entities and for all their service lines as part of the UHY annual reporting process.

SERVICES

(*) In 2016, the IAB introduced a change in the reporting of services which saw 'Audit and accounting' being replaced by Audit & Assurance with a separate 'Accountancy services' category. Advisory services were also introduced, grouping together Management consulting, Corporate finance, Corporate recovery, Litigation Support and Other advisory services. This change has been reflected in the annual reporting and the resume table below:

UHY FEE INCOME/SERVICE LINE	2016 - m/USD	%	2015	Difference +/-
Audit & Accountancy (2015 only)	(*)	(*)	320.5	
Audit & Assurance	227.0	44.0%	n/a	-1.8%
Accountancy Services	87.8	17.0%	n/a	
Tax services	98.0	19.0%	87.9	11.5%
Total Advisory Services:	71.6	14.0%	61.6	16.2%
- Management consulting	41.0	8.0%	44.0	-6.8%
- Corporate finance	10.3	2.0%	7.8	32.1%
- Corporate recovery	5.0	1.0%	5.2	-3.8%
- Litigation Support	5.0	1.0%	4.6	8.7%
- Other advisory	10.3	2.0%	n/a	n/a
Other services	31.0	6.0%	47.0	-34.0%
TOTAL network revenue:	515.4	100%	517.0	-0.31%

EMEA REGION

UHY EMEA region's turnover decreased by 1.35%. The Middle East & Africa region saw again an increase of 10% in turnover aligned with the continuing expansion of UHY in this region, whilst Europe reported a decrease of 2.71%. Significant local growth (> 150%) was achieved by Kuwait, Mauritius (merger) and Nigeria (UHY Maaji & Co) followed by very strong growth (>20%) in Angola, Ghana, Turkey and Uganda. Whilst another 18 countries reported growth (<10%), 10 to 20% growth was reported by another 11 countries.

Office/affiliate expansion in the region was achieved in Belgium, Croatia, France, Germany (Dr. Leyh, Dr. Kossow & Dr. Ott KG), Greece, , Ireland, Italy, Norway, Spain, Uzbekistan. In addition to the entry of Bahrain, Cameroon, Georgia, Germany (UHY Wahlen & Mannsky), Mozambique, Palestinian Authority and Seychelles, we also saw M&A activity in Mauritius. This was offset by 26 member firms in the region reporting a decrease in growth and the

departure from the network of three member firms in the region: UHY Handson & Partners in Belgium, UHY Brain Storm Consult Ltd in Bulgaria and UHY ARG Group in Georgia.

ASIA-PACIFIC

Turnover in Asia-Pacific decreased by 2.2%. Significant local growth has been reported (>20%) by our member firms in Malaysia, Pakistan and Thailand followed by strong growth (>10%) in Australia, Bangladesh, India (Chandabhoy & Jassoobhoy) and Rep. of Korea. Moderate local growth was reported by another six member firms in the region.

In addition to the entry of Afghanistan and Myanmar (Associate member), office/affiliate expansion was achieved in China, Japan and New Zealand. This was offset by five member firms in the region reporting a decrease in growth.

AMERICAS REGION

The Americas region's turnover increased by 2.7% (5.6% in North America and -11.47% in Latin America). Very significant local growth was achieved (> 100%) by Venezuela. Further very strong growth (>20%) was reported by Costa Rica, Honduras and Ecuador, whilst another two countries reported growth (<10%) and six countries (10% to 20%).

The addition to the entry of Bolivia (Associate member) and Chile (UHY Guiñazú & Asociados SpA.). This was offset by some decreases for six member firms and the departure of UHY Dawgen in Jamaica, two affiliates in Peru and UHY Macro Consultores in Chile.

ADDITIONAL COMMENTS

EMEA REGION - ANNUAL DATA RETURN COMPILATION 2016 - ANNEX 1

- **The following member firms reported the most significant growth out of 35 (38 in 2015) firms reporting positive growth in 2016:**

– United Kingdom - UHY Hacker Young	(5.97% growth, 27.77% of total reg. rev.)
– Norway - RevisorGruppen AS	(12.58% growth, 6.55% of total reg. rev.)
– Denmark - inforevision	(10.04% growth, 5.89% of total reg. rev.)
– Netherlands - Govers Accountants/Consultants	(8.82% growth, 5.84% of total reg. rev.)
– Spain – UHY Fay & Co	(11.19% growth, 3.70% of total reg. rev.)

These five member firms combined contribute 49.90% of combined regional income.

- **It is worth noting an exceptional number of member firms achieving >30% growth in 2016:**

– Kuwait - UHY Fawzia Mubarak Al-Hassawi	(505.66%)
– Mauritius - UHY & Co	(223.17%)
– Nigeria - UHY Maaji & Co	(157.19%)
– Angola - UHY A Paredes e Associados-Angola	(49.40%)
– Uganda - UHY Thakkar & Associates	(42.79%)
– Ghana - UHY Godwinson	(30.76%)

Their impact on total revenue for the region is 2.48% combined.

- **Looking at the absolute figures and real growth in this region, the following member firms showed the most significant contribution to the reduction in growth out of 26 (20 in 2015) member firms reporting negative growth in 2016:**

– Switzerland - Balmer-Etienne AG	(-4.14% reduction, 6.56% of total reg. rev.)
– Germany - Kullen Müller Zinser Treuhand GmbH	(-4.34% reduction, 2.36% of total reg. rev.)
– Germany - Clostermann & Jasper Partnerschaft mbB	(-7.41% reduction, 1.97% of total reg. rev.)
– Germany - Dr. Leyh, Dr. Kossow & Dr. Ott KG	(-17.24% reduction, 1.42% of total reg. rev.)

These four member firms combined contribute 12.31% of combined regional income.

- **Other member firms recording a downturn in revenue >15% in 2016 include:**

– Luxembourg - UHY Fibetrust S.à.r.l.	(-16.38% reduction, 0.45% of total reg. rev.)
– Qatar - UHY Ammo & Co	(-45.36% reduction, 0.30% of total reg. rev.)
– Slovak Republic - AUDITOR SK s.r.o.	(-15.04% reduction, 0.21% of total reg. rev.)
– Croatia - UHY RUDAN d.o.o.	(-16.10% reduction, 0.14% of total reg. rev.)
– Cyprus - UHY Antonis Kassapis Limited	(-19.89% reduction, 0.11% of total reg. rev.)
– Kenya – UHY Kenya	(-15.05% reduction, 0.11% of total reg. rev.)
– Slovenia - UHY d.o.o.	(-58.62% reduction, 0.05% of total reg. rev.)

These seven member firms combined contributed 1.49% of combined regional income.

ASIA-PACIFIC- ANNUAL DATA RETURN COMPILATION 2016 - ANNEX 2

- **The following member firms showed the most significant growth out of 13 (14 in 2015) firms reporting positive growth in 2016:**

– Australia - UHY Haines Norton	(13.74% growth, 19.78% of tot. reg. rev.)
– Korea, Rep of - UHY Seil Accounting Corp	(17.92% growth, 6.7% of tot. reg. rev.)
– Japan - UHY Tokyo & Co.	(4.27% growth, 4.93% of tot. reg. rev.)
– India – Lodha & Co.	(8.67% growth, 4.68% of tot. reg. rev.)
– Malaysia – UHY	(35.20% growth, 3.95% of tot. reg. rev.)

These five member firms combined contribute 40.03% of combined regional income

- **The remaining member firms with growth, though with lesser impact on total regional revenue in 2016 are:**

– Singapore - UHY Lee Seng Chan & Co	(2.94% growth, 6.39% of tot. reg. rev)
– India - Chandabhoy & Jassoobhoy	(11.83% growth, 1.93% of tot. reg. rev)
– Bangladesh - UHY Syful Shamsul Alam & Co.	(15% growth, 1.35% of tot. reg. rev)
– Pakistan - UHY Hassan Naeem & Co	(24.06% growth, 1.30% of tot. reg. rev)
– Thailand - UHY Yongyuth Accounting and Son	(31.13% growth, 0.68% of tot. reg. rev)

These five member firms combined contribute 11.65% of combined regional income

- **Looking at the absolute figures and real growth in this region, the following member firms showed a significant contribution to the reduction in growth out of five member firms reporting negative growth in 2016:**

– China - ZhongHua Certified Public Accountants LLP	(-11.11% reduction, 30.10% of tot. reg. rev.)
– Vietnam - UHY ACA Auditing & Consulting Co. Ltd.	(-4.46% reduction, 3.70% of tot. reg. rev)
– Hong Kong - UHY Vocation HK CPA Limited	(-12.46% reduction, 2.01% of tot. reg. rev.)
– Hong Kong – Tai Kong CPA Limited	(-2.07% reduction, 1.95% of tot. reg. rev.)
– Taiwan - UHY L&C Company, CPAs	(-8.75% reduction, 1.68% of tot. reg. rev.)

These five member firms combined contribute 39.44% of combined regional income

AMERICAS REGION - ANNUAL DATA RETURN COMPILATION 2016.ANNEX 3

- **The following member firms showed the most notable growth out of 10 (9 in 2015) member firms reporting significant positive growth:**

– US - UHY Advisors	(7.27% growth, 79.46% of tot. reg. rev.)
– Venezuela - UHY Servicios Legales & Trib.	(143.22% growth, 3.48% of tot. reg. rev.)
– Uruguay - UHY Gubba & Asociados	(19.10% growth, 1.49% of tot. reg. rev.)

These three member firms combined contribute 84.43% of combined regional income

- **Other member firms of notable growth, though with lesser impact on total regional revenue in 2016 are:**

– Argentina - UHY Macho & Asociados	(16.20% growth, 0.88% of tot. reg. rev.)
– Ecuador - UHY Assurance & Services Cia. Ltda.	(21.26% growth, 0.76% of tot. reg. rev.)
– Guatemala - UHY Pérez & Co	(12.31% growth, 0.49% of tot. reg. rev.)
– Honduras - UHY Auditores y Consultores, S.A.	(36.79% growth, 0.16% of tot. reg. rev.)
– Costa Rica - UHY Auditores y Consultores, S.A.	(40.30% growth, 0.16% of tot. reg. rev.)

These five member firms combined contribute 2.45% of combined regional income.

- **Looking at the absolute figures and real growth in this region, the following member firms showed a significant contribution to the reduction in growth out of a total of six member firms reporting negative growth in 2016:**

- Canada - McGovern, Hurley, Cunningham (-10% reduction, 3.53% of tot. reg. rev.)
- Brazil - UHY Moreira – Auditores (-21.32% reduction, 1.98% of tot. reg. rev.)
- Puerto Rico - UHY Del Valle & Nieves PSC (-1.78% growth, 1.50% of tot. reg. rev.)

These three member firms combined contribute 7.02% of combined regional income.

- **Other member firms recording a downturn in revenue in 2016 include:**

- Panama - UHY Botello & Marquez (-1.75% reduction, 0.25% of tot. reg. rev.)
- Bahamas - UHY Bain & Associates (-7.84% reduction, 0.13% of tot. reg. rev.)
- Colombia - UHY Auditores & Consultores S.A. (-7.99% reduction, 0.10% of tot. reg. rev.)

These three member firms combined contribute 0.48% of combined regional income.

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