

nificant growth opportunities,” Hoffman says.

Advisory and consulting services have proved a mixed bag for firms. The Big Four grew their advisory services by an average of 16%, while the six-largest mid-tier firms only grew advisory revenue 0.3%.

PKF International reported a 35% drop in advisory revenues to \$602m. Hofmann says in 2011 PKF firms reported very low advisory levels but it should start to pick up this year.

“It is very much depending on the economy and when it becomes better we can also see more work in advisory. [At present] it is very difficult,” Hofmann says.

Nally says that PwC is looking to build advisory services through niche acquisitions, which has been a trend of the Big Four.

“We had a number of different acquisitions over the last several years,” Nally says.

“We will continue to look for what we refer to as ‘strategic acquisition’ – those acquisitions that will really add the kind of recourses that are responsive to the need of the market place.”

Salzberg says good advisory growth was mainly down to a pick up in M&A activity.

Van Roekel says BDO’s 3% growth in advisory was on par with expectations.

“Without any doubt the Big Four are very strong in the larger economies of the world where normally the big part of the revenues resulting from advisory services come from,” he says. “It is fair to say that they have heavily invested into those areas and due to that investment in the past four years their [Big Four] revenues have significantly grown in advisory.”

#### West to East, North to South

Although the US and Europe remain the

main sources of revenue for global accounting firms, it is the booming emerging markets that will power growth in the future.

For the first time, this year’s survey includes regional breakdowns that show how strong networks and associations are in each continent (*turn to pages 12-13*).

PwC is the market leader in Europe, Asia-Pacific and Middle East/Africa, while Deloitte dominates the Americas. BDO is the largest mid-tier network in all continents except North America, where RSM International is the largest outside the Big Four.

Firms in Europe (43%) and North America (40%) bring in the largest slices of revenue in the world. While Asia-Pacific contributes only 12% of revenue, it has 22% of the global workforce, and counting.

All of the major networks are investing heavily in BRIC countries and other key emerging economies. ▶

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### Leading accounting associations: fee data

| Rank                                     | Name                           | Fee income (\$m) | Growth rate (%) | Fee split (%)      |              |                       |                   |                               |                    |       | Year-end |
|--|--------------------------------|------------------|-----------------|--------------------|--------------|-----------------------|-------------------|-------------------------------|--------------------|-------|----------|
|  |                                |                  |                 | Audit & Accounting | Tax services | Management consulting | Corporate finance | Corporate Recovery/Insolvency | Litigation Support | Other |          |
| <b>ASSOCIATIONS OF INDEPENDENT FIRMS</b> |                                |                  |                 |                    |              |                       |                   |                               |                    |       |          |
| 1  | Praxity*(1)                    | 3,687.8          | 12              | 64                 | 22           | 8                     | 1                 | 1                             | 1                  | 3     | n/a      |
| 2  | Leading Edge Alliance*         | 2,590.2          | 9               | 42                 | 32           | 22                    | 1                 | 1                             | 1                  | 1     | Dec 11   |
| 3  | IGAF Polaris*                  | 2,021.8          | -               | 58                 | 22           | 12                    | -                 | -                             | -                  | 8     | May 11   |
| 4  | Geneva Group International*(2) | 1,813.0          | 10              | 31                 | 28           | 22                    | 5                 | 5                             | 3                  | 6     | Dec 11   |
| 5  | AGN International*(3)          | 1,490.0          | 2               | 55                 | 26           | -                     | -                 | -                             | -                  | 19    | Oct 11   |
| 6  | BKR International(4)           | 1,360.0          | -2              | 59                 | 28           | -                     | -                 | -                             | -                  | 13    | Jun 11   |
| 7  | DFK International*(5)          | 1,088.7          | 0               | 48                 | 31           | 7                     | 2                 | 3                             | 3                  | 6     | Sep 11   |
| 8  | IAPA*(6)                       | 1,002.6          | 6               | -                  | -            | -                     | -                 | -                             | -                  | -     | Mar 11   |
| 9  | Morison International*         | 711.8            | 44              | 57                 | 18           | 8                     | 5                 | 2                             | 3                  | 7     | Dec 11   |
| 10                                       | CPA Associates International*  | 640.0            | 2               | 47                 | 32           | 12                    | -                 | -                             | -                  | 9     | Oct 11   |
| 11                                       | MSI Global Alliance*           | 542.2            | 5               | 51                 | 20           | 9                     | 4                 | 9                             | 7                  | -     | Dec 11   |
| 12                                       | Alliott Group*                 | 539.5            | 42              | 31                 | 22           | 20                    | 13                | 14                            | 0                  | -     | Jun 11   |
| 13                                       | MGI*                           | 500.2            | 3               | -                  | -            | -                     | -                 | -                             | -                  | -     | Jun 11   |
| 14                                       | KS International*(7)           | 317.9            | 6               | 48                 | 17           | 8                     | 3                 | 2                             | 0                  | 22    | n/a      |
| 15                                       | EuraAudit International*       | 291.6            | -25             | 59                 | 23           | 9                     | 1                 | 0                             | 0                  | 8     | Dec 11   |
| 16                                       | Enterprise Worldwide*          | 279.9            | 7               | 45                 | 36           | 9                     | 3                 | -                             | 2                  | 5     | Dec 10   |
| 17                                       | Integra International*         | 269.8            | 1               | 50                 | 35           | 10                    | 2                 | 1                             | 2                  | -     | Oct 11   |
| 18                                       | INPACT Group*                  | 258.6            | -17             | -                  | -            | -                     | -                 | -                             | -                  | -     | Dec 10   |
| 19                                       | GMN International*             | 185.0            | 19              | 60                 | 20           | 8                     | 1                 | 1                             | 1                  | 9     | Dec 11   |
| 20                                       | UC&CS Global*(8)               | 138.9            | 228             | 53                 | 33           | 14                    | -                 | -                             | -                  | -     | Dec 11   |
| 21                                       | Parker Randall International*  | 131.5            | -7              | 55                 | 15           | 25                    | 5                 | -                             | -                  | -     | Dec 11   |
| 22                                       | ACEE*(9)                       | 22.4             | -9              | 45                 | -            | -                     | -                 | -                             | 12                 | 43    | Dec 11   |
| <b>Total revenue/growth</b>              |                                | <b>19,883.4</b>  | <b>8</b>        |                    |              |                       |                   |                               |                    |       |          |

Notes: \*Disclaimer = Only data from the exclusive member firms within the network is included. Data relating to correspondent and non-exclusive member firms is not included. (1) Praxity 2011 year-end is the latest available year-end of participating firms; (2) Geneva Group International figures refer only to accounting/audit firms within GGI and not law firms; (3) Other includes management consulting, corporate finance, corporate recovery/insolvency; (4) Other includes IT, write-up and miscellaneous services; (5) DFK 2011 fee income includes exclusive members only, while 2010 fee income includes \$20.2m from correspondent and non-exclusive members; (6) Revenue for IAPA member UK 200 Group includes only their accounting firms; (7) KS International member firms have various 2011 year-ends. Other includes company wealth management, company secretarial and trust services; (8) UC&CS Global revenue includes \$102m from an exclusive strategic alliance. The inclusion of alliance revenue was the major driver of growth; (9) ACEE revenues do not include legal services: if it were too, revenues would be \$38.4m. Source: *International Accounting Bulletin*

enue rise of 7% to \$5.6bn in the year to 30 September 2011.

BDO International chief executive Martin van Roekel says the network is pleased with the growth it achieved despite the difficult economic conditions.

“We have continued with a steady high growth in the Asia-Pacific region. We are pleased to see more traditional regions doing OK. We have done well in Africa and Middle East,” he says.

Sixth-placed network RSM International reported a slight increase of 1%, which is mostly organic, says global chief executive Jean Stephens.

“Despite having a more flat performance we have had significant increase in interna-

tional clients and referral work,” she says.

Outside the top 10, Nexia International leapfrogged Moore Stephens International into 11th place following a recent merger between large US firms Clifton Gunderson and LarsonAllen.

While only one network reported a decline in revenue, five associations reported a drop. This is often caused by firms switching groups and not a reflection of organic growth. The average growth of associations was a healthy 8%, which is a 10% turnaround on last year's report.

MSI Global Alliance reported a 5% increase to \$542m. MSI Global Alliance chief executive James Mendelsohn says the association has observed a volatile market

and lost a number of firms.

“We largely anticipated the loss of the firms, but we've gained quite a lot of firms too and that shows to me that people are becoming much more critical buyers of network and association services,” he says.

An association joining the *International Accounting Bulletin* world survey this year is Geneva Group International, which is placed fourth with \$1.8bn in revenues in 2011. Geneva Group is a multidisciplinary association but all legal revenue has been removed from its results.

### Audit sees calmer waters

Despite ongoing pressure on audit fees in the West, eight of the top 10 networks by ▶

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### Leading accounting networks: fee data

| Rank                                 | Name                             | Fee income (\$m) | Growth rate (%) | Fee split (%)      |              |                       |                   |                               |                    |       | Year-end |
|--------------------------------------|----------------------------------|------------------|-----------------|--------------------|--------------|-----------------------|-------------------|-------------------------------|--------------------|-------|----------|
|                                      |                                  |                  |                 | Audit & Accounting | Tax services | Management consulting | Corporate finance | Corporate recovery/Insolvency | Litigation support | Other |          |
| <b>NETWORKS OF INDEPENDENT FIRMS</b> |                                  |                  |                 |                    |              |                       |                   |                               |                    |       |          |
| 1                                    | PwC*(1)                          | 29,223.0         | 10              | 48                 | 26           | –                     | –                 | –                             | –                  | 26    | Jun 11   |
| 2                                    | Deloitte*(2)                     | 28,800.0         | 8               | 43                 | 20           | –                     | –                 | –                             | –                  | 37    | May 11   |
| 3                                    | Ernst & Young*(3)                | 22,880.0         | 8               | 46                 | 26           | –                     | –                 | –                             | –                  | 28    | Jun 11   |
| 4                                    | KPMG*(2)                         | 22,710.0         | 10              | 46                 | 21           | –                     | –                 | –                             | –                  | 33    | Sep 11   |
| 5                                    | BDO*(4)                          | 5,672.3          | 7               | 61                 | 19           | –                     | –                 | –                             | –                  | 20    | Sep 11   |
| 6                                    | RSM International*(5)            | 3,899.0          | 1               | 48                 | 29           | 15                    | –                 | –                             | –                  | 8     | Dec 11   |
| 7                                    | Grant Thornton International*(2) | 3,788.0          | 3               | 50                 | 22           | –                     | –                 | –                             | –                  | 28    | Sep 11   |
| 8                                    | Baker Tilly International*       | 3,222.1          | 5               | 52                 | 26           | 11                    | 3                 | 4                             | 1                  | 3     | Jun 11   |
| 9                                    | Crowe Horwath International*     | 2,894.9          | 6               | 50                 | 25           | 10                    | 1                 | 1                             | 0                  | 13    | Dec 11   |
| 10                                   | PKF International*(6)            | 2,621.2          | 7               | 49                 | 28           | 10                    | 6                 | 2                             | 1                  | 4     | Jun 11   |
| 11                                   | Nexia International*             | 2,330.0          | 11              | 52                 | 22           | 11                    | 3                 | 1                             | 3                  | 8     | Jun 11   |
| 12                                   | Moore Stephens International*    | 2,298.0          | 7               | 53                 | 27           | 6                     | 2                 | 2                             | 1                  | 9     | Dec 11   |
| 13                                   | HLB International*               | 1,794.9          | 6               | 45                 | 29           | 10                    | 2                 | 2                             | 1                  | 11    | Dec 11   |
| 14                                   | Kreston International*(7)        | 1,757.4          | 5               | 46                 | 23           | 7                     | 2                 | 2                             | –                  | 20    | Oct 11   |
| 15                                   | Mazars*                          | 1,333.1          | 12              | 48                 | 10           | 2                     | 40                | –                             | –                  | –     | Aug 11   |
| 16                                   | UHY International*               | 633.5            | 9               | 63                 | 17           | 8                     | 1                 | 1                             | 1                  | 9     | Dec 11   |
| 17                                   | Russell Bedford International*   | 377.0            | 0               | –                  | –            | –                     | –                 | –                             | –                  | –     | Jun 11   |
| 18                                   | ECOVIS International*(8)         | 272.3            | 7               | 39                 | 27           | 7                     | 1                 | 2                             | 3                  | 21    | Dec 11   |
| 19                                   | IECnet*(9)                       | 107.6            | –10             | 57                 | 29           | 6                     | 4                 | 1                             | 3                  | –     | Jun 11   |
| 20                                   | Reanda International*            | 87.3             | 42              | 65                 | 10           | 13                    | –                 | 5                             | –                  | 7     | Dec 11   |
| 21                                   | SMS Latinoamerica*(10)           | 60.3             | 8               | 47                 | 28           | 18                    | 1                 | 3                             | –                  | 3     | Dec 11   |
| 22                                   | UC&CS America*                   | 34.3             | 103             | 53                 | 33           | 14                    | –                 | –                             | –                  | –     | Dec 10   |
| <b>Total revenue/growth</b>          |                                  | <b>136,796.2</b> | <b>8</b>        |                    |              |                       |                   |                               |                    |       |          |

Notes: \*Disclaimer = Only data from the exclusive member firms within the network or association is included. Data relating to correspondent and non-exclusive member firms is not included. (1) Other includes consulting and financial advisory services; (2) Other includes advisory services; (3) Other includes advisory and transaction services. (4) BDO revenue includes \$1.39bn from two exclusive alliance networks; (5) RSM International revenue includes \$941m from member firms that belong to an exclusive alliance network; (6) PKF International revenues include only exclusive members. Exclusive correspondent members contribute \$640.9m of total revenue; (7) Kreston International's revenue excludes full members that belong to another international group. In 2011, non-exclusive members generated revenue of \$111m; (8) ECOVIS International does not include fee income of associated US partners. If it were to, the combined revenue of the network would be \$420.1m; (9) IECnet is part of an alliance that includes CPA-US and EPR. Only IECnet figures have been included; (10) SMS Latinoamerica fee income includes only exclusive members. Exclusive correspondent members contribute \$2.3m. Source: *International Accounting Bulletin*