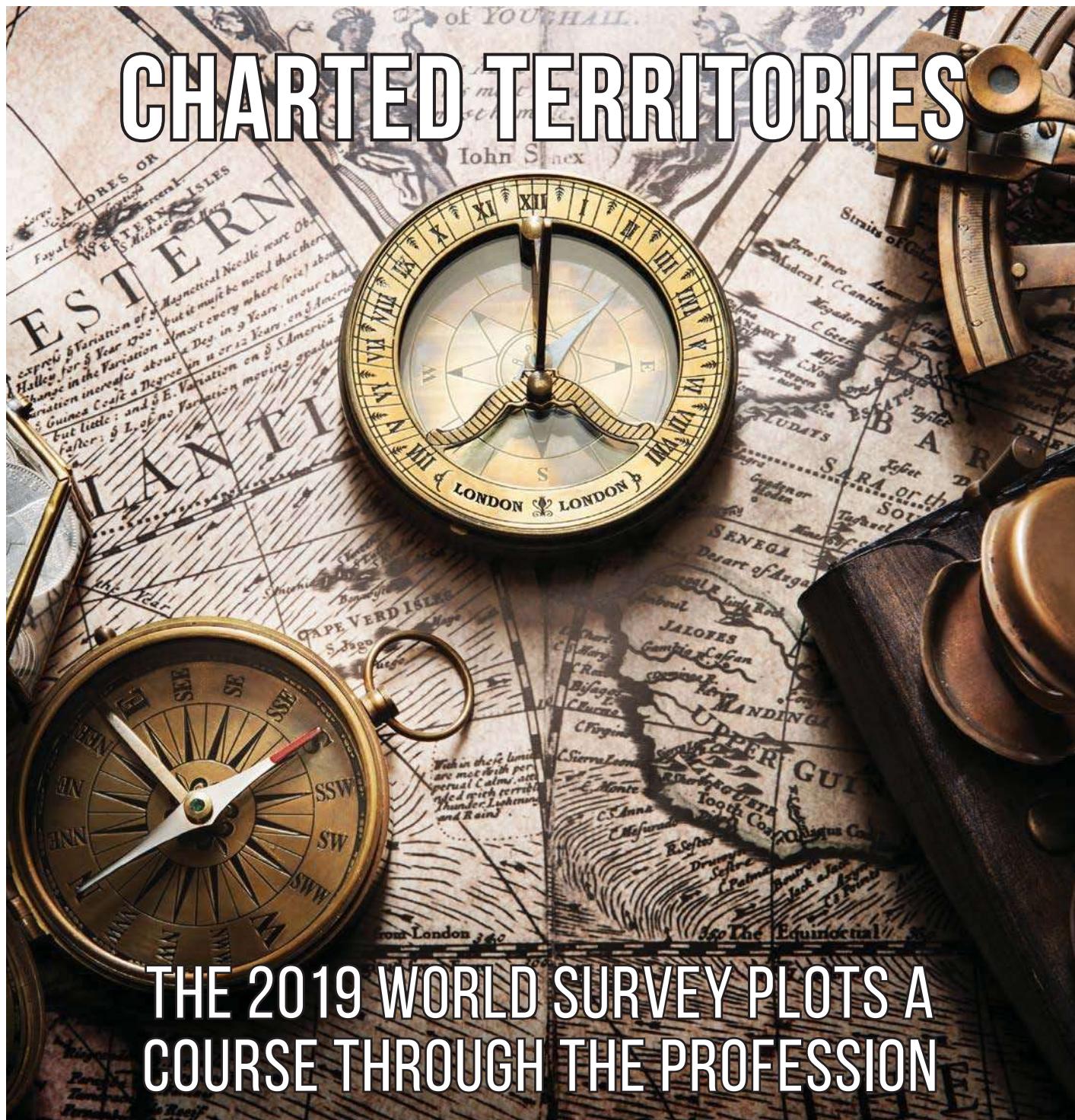


INTERNATIONAL Accounting BULLETIN

CHARTED TERRITORIES



THE 2019 WORLD SURVEY PLOTS A COURSE THROUGH THE PROFESSION

NEWS

Grant Thornton achieves record global revenues of \$5.45bn for 2018

PEOPLE

Amanda Long on how her career has prepared her for a new role at Morison KSi

ANALYSIS

Gender diversity: slow and steady is no longer enough to improve the balance

THIS MONTH



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NEWS

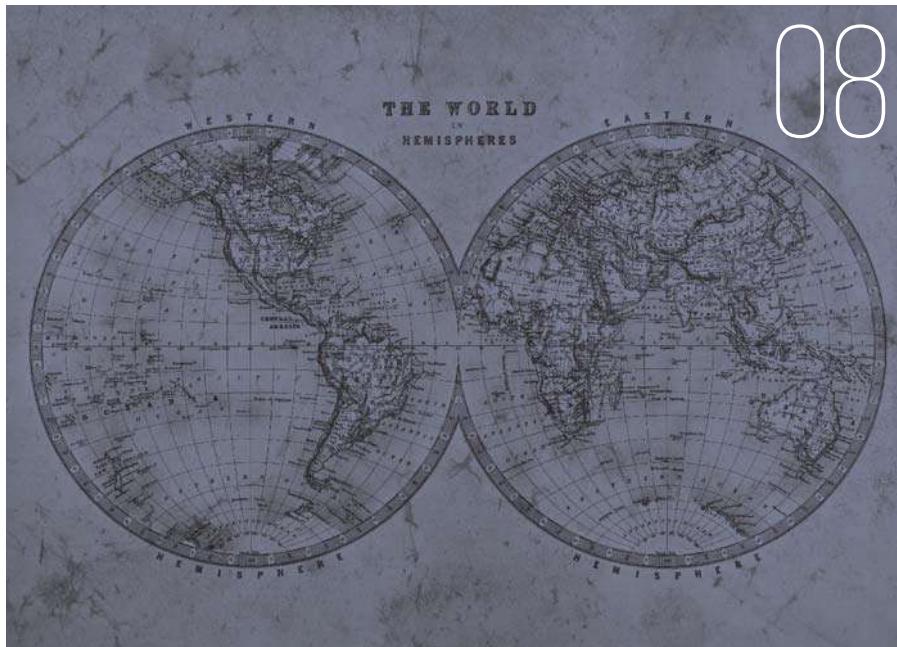
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Chinese economic growth may be slowing, but domestic and international developments created challenges – and opportunities – across other parts of Asia during 2018, and the region's growth potential remains high

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There is always more that can be done to promote gender diversity within accounting, and the profession is constantly talking about how it can be improved. **Joe Pickard** finds out what actions can be taken

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EDITOR'S LETTER THROUGH CHARTED WATERS



Jonathan Minter, Editor

LOOKING BACK THROUGH PREVIOUS WORLD SURVEYS, THERE ARE MORE THAN A FEW RE-OCCURING THEMES THAT SEEM TO KEEP CROPPING UP.

Many of them have cropped up again this year.

These include networks and associations congregating in clusters, with the big generally getting bigger. For the Networks we have the infamous Big Four pulling further away from the mid-tier (the gap between KPMG and BDO is now almost \$2bn).

Further down the tables, the gap between PKF in 15th and UHY in 16th now stands at \$921.6m, compared to a \$758.9m gap last year, and \$527m the year before. If this trend continues another year, the gap will be over \$1bn in next year's World Survey – meaning the gap will have doubled in four years.

There is not quite such a dramatic cut off in the Associations table, where a fall in Morison KSi figures, matched by strong growth from IAPA and MSI Global Alliance reversed the trend of recent years' trends of a growing gap between the number 9 and the 10 positions. Last year there was a \$442m gap between ninth and tenth. This year the gap between Morison KSi in 9th and MSI in 11th is \$182m.

The rise and rise of advisory

Moving on to the service lines, and it should not really surprise anyone that advisory experienced strong growth among a large number of networks and association, as firms increase focus on advisory services in light of digital developments, increasing need for cross border advice as the political situation becomes more uncertain.

In addition, in some cases the growth was the result firms categorising work which was previously classified as 'other' now as advisory.

Unsurprisingly many recorded drops in the other table as a result.

One notable change was 2018 was the year KPMG's advisory arm overtook its audit business in terms of revenue. EY and PwC are still heavier on the audit and accounting side of things, and there was little move in this regards over the past year. It will be interesting to see this continue to evolve as firms find more ways of making money from advisory.

Struggling Latin America

Looking at the regional tables, the Latin American fee table really stands out like a sore thumb. South America has a number of economies with struggling currencies. More than a few networks and associations reported shrinking revenues when reporting in dollars, and when asked why inflation of local currencies was invariably the answer.

Whether the Venezuelan and Argentinian political and economic situations improve in 2019, and how Brazil performs under the populist new president, Bolsonaro and his finance minister, Paulo Guedes, are likely to be key to whether networks and associations are able to post improved results next year.

Despite these struggles, the picture for the accounting industry remains broadly positive. The majority of those in the tables reported global growth – often strong growth. Technology is changing the industry but also presenting new opportunities and firms seem to be finding more and more cross border work.

And on that positive note, I'll leave you with the IAB World Survey. ■

GET IN TOUCH WITH THE EDITOR AT: **JONATHAN.MINTER@VERDICT.CO.UK**

NEWS UPDATE

Grant Thornton achieves record global revenues of \$5.45bn

Grant Thornton achieved a record combined global revenue of \$5.45bn for the year ended 30 September 2018, representing a 9.4% year-on-year increase and its highest rate of growth in six years.

Speaking to the *IAB*, Grant Thornton International CEO Peter Bodin described the results as among the strongest he had seen in the network during his 30 years working there. He added: "This was my first year as CEO, and it is not because of me. But coming in as a new CEO and getting these fantastic results, it gives me a lot of energy and creates a lot of momentum for the organisation."

Bodin said one reason for the growth was clients looking for new markets outside their local territories, and the result of a long-term strategy of investing in people, leadership and culture. Mergers in Japan and South Africa, combined with strong organic growth in Asia-Pacific and Africa of 18.7% and 54.7%, respectively, were particular drivers for the network's results. The largest merger took place in Japan, with the addition of Yusei Audit Co.

and Yamada & Partners Certified Public Tax Accountants' Co. The merger added 900 staff to the network, and developed its tax and audit service lines in the region.

Asia-Pacific revenue was also aided by strong organic growth rates in Indonesia (31.9%), Malaysia (27.2%), Singapore (16.3%) and Thailand (12.6%); across the region, 42% of member firms grew revenues by over 10%.

In Africa, seven member firms grew their revenue by over 20%, and the network also completed a large merger in South Africa with the addition of SizweNtsalubaGobodo, the largest black-owned firm in the country.

Commenting on South Africa, Bodin said: "There has been a lot of noise in that market the last couple of years. We now have a really good firm, a firm that starts to integrate the old parts of the Grant Thornton firm that were there and the new firm, SNG. They are starting to integrate and they are really strong together, with a great fit and culture fit from what I've seen."

In total, mergers and acquisitions worldwide

accounted for over 20% of the network's growth in 2018. Europe had above-average growth of 7.7%, with over half of European member firms growing revenues by over 10%, and with Ireland, Greece and Spain performing particularly well with growths of 24.4%, 23.1%, and 21.3% respectively.

In the Americas, Bodin highlighted Mexico and Brazil as strong performers for the network.

In total Grant Thornton grew its staff by 6.3% to 52,686 across 131 countries.

Looking to 2019, Bodin said: "If I am looking at the economy, I think I see optimism dropping a little bit. I think it is going to be a tougher economy, but hopefully a quite robust one. I think the disruption will, with political uncertainty happening around the world, slow down businesses a little bit; they are worried about the political situation.

"The disruption and change, and creation of new business will accelerate. The fundamentals are still good, but I think we will see some increased risks and volatility." ■

CROWE GLOBAL REPORTS RECORD YEAR



Crowe Global increased its revenues by 14% to \$4.3bn in 2018, with strong performances across the board following a major brand consolidation in the period.

The growth was aided by good performances in the US, Germany, the UK and Singapore, and target acquisition activity from key member firms.

Each of Crowe's regional groups experienced growth, with the Asia-Pacific practice growing by 41%, Africa by 9%, the Middle East by 7%, North America by 6%, Europe by 5% and Latin America by 2%. The development of specific member

firms also contributed to the growth.

In November, Crowe won exclusive membership of Ruihua – one of the biggest firms in China. Previously the firm had been a joint member of Crowe and RSM. Elsewhere in Asia, the acquisition of Toyo in Japan boosted revenues by \$40m.

Some of the best performances came from the network's most well-established members, including the US (9% growth), Germany (17%), the UK (18%) and Crowe BGK Canada (33%). Smaller member firms also achieved strong results, including Hungary (104% growth). ■

RSM GROWS 5.4% IN 2018

RSM International reported revenue of \$5.37bn in 2018, up by 5.4% compared to 2017, with growth spearheaded by increases to consulting services, where revenue rose by 14.5%.

The network said this growth was helped by the introduction of GDPR, increased cross-border trade risk, and the growing threat of cybercrime, which provided new opportunities to extend client relationships. Tax advisory grew by 6%, while accounting services grew 13%.

RSM International CEO Jean Stephens said: "2018 was a year of growth across our network, particularly for our rapidly expanding consulting services. Clients around the world looked to RSM for solutions based on a true understanding of their needs, solid expertise in their market and the agility to move quickly as the business landscape shifts."

"We will continue to focus on realising our global strategy and ensuring that RSM remains the leading adviser to the middle market, wherever we are in the world." ■

MSI joins AGN and DFK in Global Connect



Martin Sharp, DFK (left) and Malcolm Ward, AGN

A year after AGN International and DFK International launched Global Connect, multi-disciplinary association MSI has joined the group.

In response to clients increasingly looking for accountants from specific locations with specific expertise, a year ago AGN International and DFK International launched Global Connect, a formal structure for client referrals between the two associations.

The idea was while the two associations had wide coverage, there were still regions where they might lack a member, or might have a member without the expertise for specific client needs. Through Global Connect, AGN and DFK created a platform where members could potentially find the required expertise in the other association, with an element of trust around the quality of the firm being referred to.

According to both DFK executive director Martin Sharp and AGN CEO Malcolm Ward, the first year has been a success for both parties. According to Ward, part of the reason for this has been the level of symmetry between the two associations. However this also means Global Connect could potentially be missing out on areas it does not have covered. Now Global Connect has added its first new member, with MSI Global Alliance joining the group.

Ward said: "We have both got models that have worked, but we are very mindful of other models out there and the speed of change in the market. Not only does MSI bring us additional accounting strength, but we start to benefit from a mature model where they're doing multi-disciplinary things. That gives us access to trusted expertise."

For MSI CEO Timothy Wilson, Global Connect gives his alliance access to two associations with large accounting arms. He said: "From our point of view, as an association we're about the same size as DFK

and AGN, but we're 50-50 lawyers and accountants and therefore actually, from an accounting reach point of view, our reach is less than the other two. And therefore for us, what it means from an accountant perspective, is that there are actually other options, perhaps in locations where we haven't got a presence, and that's useful in terms of supporting our members, and I think it is useful in terms of AGN and DFK getting additional referrals."

Since Ward and Sharp first began discussing the idea of Global Connect, Wilson had been speaking informally with them on the topic. Initially it was felt that it would be better to trial Global Connect with two businesses, in particular two businesses in which the synergies made most sense for those present.

A year later, Wilson has been able to judge the initial success of Global Connect, and based on that and the continued discussions between the three CEOs, MSI was brought into Global Connect.

With Global Connect averaging around one referral a week, it is certainly a bonus for the association's membership. Sharp noted: "It's not necessarily a referral that is going to be a fee-earning bit of business. It could often be something like: 'My client has asked me a question about tax here,' and then the collaborative nature means people will put in half an hour, 45 minutes, or an hour's work to help with a question to provide an answer."

"The majority of our international enquiries probably don't result in fee-earning engagements, but every now and then there is a big fee earner in it."

Other benefits that Wilson sees from joining Global Connect include the chance to learn from the other. He explained: "Every time the three of us meet, we have an informal discussion on a variety of different things – issues that are not competitive issues, but ways in which we can run our businesses perhaps more efficiently."

With three accounting entities now signed up to Global Connect, Ward said that this is probably enough accountants, unless the market changes. He noted: "Lawyers? Well, that's interesting. What about human resource specialists? What about technology specialists? We do see plenty of ways that Global Connect could develop along the lines that we want."

Part of the problem with expanding is that Global Connect operates through relationships built on high levels of trust. With the current three members, there is a high level of trust, synergy and symmetry, but if more entities are added, maintaining this will become increasingly difficult.

The addition of a third member to Global Connect may quieten voices from outside the organisation that it is just a precursor to a merger between AGN and DFK – something both have denied from the beginning. And while the three are keen to learn from each other, and refer work to each other, they maintain that a merger would not make sense – with each firm maintaining its own distinct ethos and culture.

As Ward put it: "Our members genuinely don't want to merge, but we recognise the rapidly changing market. We cannot do everything everywhere for everybody, but we can actually provide a structure that takes steps towards that and gives us the benefit of increase scale, preserves what we've got, and really works quite well."

This does not mean that, as time goes on, Global Connect will not result in more than just referrals. Ward speculated: "I wonder whether the time will come where we share more around infrastructure and resources. That hasn't really happened in 2018. We have done various things, but they have been more around client service and some inter-firm initiatives."

Sharp added: "We have envisaged joint training initiatives. We think that has been an area we haven't yet got into gear and haven't felt the need, but there are some efficiencies to be gained there in terms of numbers and overheads."

However, as if to emphasize the fact that Global Connect is definitely not a precursor to a merger, he continued: "We need to move very carefully on that because of the importance of keeping separate cultures. A part of the training and getting together of individuals from our firms is to build their linkage within the associations; we would not want to jeopardise that." ■

MORISON KSI: SETTLING IN FOR THE LONG HAUL

Jonathan Minter speaks with Morison KSi's new CEO, **Amanda Long**, about how her career has prepared her for her new role, and her initial plans for the association

Approximately three years after KS International and Morison International merged to create revenue Morison KSi, the association created by the merger faced a new challenge: Liza Robbins, who had been pivotal in ensuring the merger's success, moved on to Kreston International.

The association took its time finding the most suitable replacement, before finding Amanda Long – someone with a wealth of experience leading international membership organisations. This includes time at the International Trade Organisation, where she represented 4,000 firms in export and import business, and most recently as director general of Consumers International, with 250,000 members from 120 countries.

As well as bringing her a commercial background with international membership companies, Long suggests she has an extra edge particularly applicable to the accounting industry: "The other bit of my career which I'm proud of and I think will be valuable to the members of Morison KSI is being a champion of consumer protection, promoting ethics and ethical behaviour, high standards of practise and good governance. They are core to what I was championing for the last five years," she explains.

Looking at the industry she has joined, Long says: "It is a cross between an interesting and an exciting time in the industry because it is facing a lot of challenges. If the association is well placed and the firms are well placed, then they can really do well in that environment."

Long acknowledges that she has joined the association when it is in a position of strength, with a number of different types of growing firms – a "great base to try and develop from", as she puts it.



Amanda Long, Morison KSi

Aside from meeting and building working relationships with as many members as possible, Long has a number of initial plans for Morison KSi. "Something that interested me about Morison KSi is that trust is core to its messaging," she says. "The two organisations that joined [in the merger], trust and working cross-border really were at the core of what they were trying to do. I want to build on that."

"As they've merged, they've grown the number of members. So there are more members to get to know each other, to reach out to each other, to strengthen relationships, to understand how different firms work, quite aside from getting them to be better and better at working across cultures."

As well as this, Long is looking to use her marketing experience to promote some of the skills that firms within her organisation already have, but perhaps are not currently fully exploiting.

"We have expertise in either specific markets or emerging areas, and there is a real cry out for services in things like fintech

and cybersecurity, but there are also real opportunities in markets where we have firms that provide strong services in media, renewables, or in specific areas like corporate funding and raising IPOs," she notes.

"What I want to be able to do is collect those groups together, understand them, and take my marketing skills and look at how we take some very nice branding and a very good story, with that good, strong consistent quality service offer already in place, and how we start promoting ourselves in some of those specific areas."

Finally, she says, she wants to build Morison KSi's core vision and help members understand and work around the association's visions on quality and consistent cross-border service.

CHALLENGES

Casting a fresh eye on the industry, Long identifies a few of the issues the profession is facing, one of which is the aging of the industry.

"That is an interesting challenge," she says. "I look around some of the partners in the member firms, and there are a lot of aging senior players. They are going to retire, and you are getting consolidation through that. So finding exciting ways to bring in our future leaders, and engaging them in the future of the firms, I am excited by that challenge."

"In some ways, some of it is a marketing challenge: some firms will need help with their brand as an employer, as well as what they have to offer through the international picture of the association."

Whether digitisation is an opportunity or a challenge, Long says it makes the industry more exciting. She says: "What is most exciting around digitisation is yes, it does present challenges; yes, that does represent costs, and for many people it can be intimidating trying to keep hope. That bit is where associations can help for a start."

"Then there is the other bit. When you look at this industry and CPA firms, they have to address the need for a greater diversification of services. The interesting thing about digitisation is it can be the thing that helps them free themselves up from the grind to develop those broader, diversified services, and use digitisation and automation to continue providing services that can be commoditised."

"There are small ways to start, which is how you help members share information, or find products and services that help them with automation." ■



WORLD NETWORKS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	Deloitte*	43,200.0	11%	24	-	18	58	-	May-18
2	PwC*	41,280.0	10%	42	-	25	33	-	Jun-18
3	EY*	34,772.0	11%	36	-	26	28	10	Jun-18
4	KPMG*	28,960.0	10%	39	-	22	40	-	Sep-18
5	BDO* (1)	8,999.0	11%	45	15	21	19	-	Sep-18
6	Grant Thornton*	5,444.8	9%	39	-	22	35	3	Sep-18
7	RSM* (2)	5,369.4	5%	39	8	30	22	1	Dec-18
8	Crowe* (3)	4,330.9	14%	48	-	24	22	6	Dec-18
9	Nexia International*	4000.2	10%	44	17	21	10	8	Jun-18
10	Baker Tilly International* (4)	3,630.9	7%	33	15	25	17	9	Dec-18
11	Moore Stephens Int'l* (5)	3,060.6	5%	35	16	28	11	10	Dec-18
12	HLB International* (6)	2,726.8	15%	39	10	26	18	7	Dec-18
13	Kreston International* (7)	2,312.9	2%	39	11	23	11	16	Oct-18
14	Mazars*	1,901.8	13%	44	18	18	19	1	Aug-18
15	PKF International* (8)	1,494.5	15%	43	16	24	5	13	Jun-18
16	UHY International*	572.9	6%	41	19	18	14	8	Dec-18
17	Russell Bedford Int'l*	499.5	9%	29	30	21	8	12	Dec-18
18	SFAI* (9)	496.8	-5%	27	22	16	35	-	Oct-18
19	MGI Worldwide*	463.8	8%	27	32	20	9	12	Jun-18
20	ShineWing International* (10)	454.8	26%	66	7	8	7	12	Dec-18
21	Pan-China International* (11)	450.5	-3%	73	1	4	1	21	Dec-18
22	ECOVIS International* (12)	414.6	11%	19	30	28	13	10	Dec-18
23	UC&CS America* (13)	231.2	12%	29	30	21	8	12	Dec-18
24	Reanda International* (14)	222.4	16%	35	5	13	11	36	Dec-18
25	TGS Global*	188.7	10%	17	48	20	8	7	Sep-18
26	Parker Randall Int'l* (15)	166.8	18%	30	35	20	10	5	Dec-18
27	IECnet*	140.6	15%	26	28	19	13	15	Dec-17
28	Auren*	131.6	16%	26	23	27	17	7	Dec-18
29	SMS Latinoamerica*	76.7	1%	32	16	30	17	5	Dec-18
30	FinExpertiza*	29.0	-8%	40	4	13	17	26	Jun-18
31	Kudos International*	24.9	-6%	33	-	-	-	67	Aug-18
Total revenue/growth		196,048.8	10%						

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. (1) BDO FY18 fee data includes \$2,468.6m from correspondent and alliance members. (2) RSM FY18 fee data includes \$1,093m from correspondent and alliance members. (3) Crowe FY18 fee data includes \$1,052m from correspondent and alliance members. (4) Baker Tilly International-FY18 fee data includes \$8.4m from correspondent and alliance members. (5) Moore Stephens International FY18 fee data includes \$17.6m from correspondent and alliance members. (6) HLB International FY18 fee data includes \$257.5m from correspondent and alliance members. (7) Kreston International FY18 fee data includes \$5.4m from correspondent and alliance members. (8) PKF International FY18 data includes \$9.9m from correspondents and alliance members. (9) SFAI FY18 fee data includes \$43.5m from correspondent and alliance members. (10) Shnewing growth is partly explained by new member firms joining. (11) Pan-China International FY18 fee data includes \$0.7m from correspondent and alliance members. (12) Ecovis International revenue does not include fee income of associated US partners. If it were to do so, the network's combined revenue would be \$1,079.6m. (13) UC&CS America FY18 revenue includes \$73.7m from alliance and correspondent firms. (14) Reanda International FY18 fee data includes \$15m from correspondent and alliance members. (15) PRIL did not carry out any audit to verify the numbers provided by each member firm, and used estimated information where applicable to compile the necessary information

***Disclaimer:** Data relating to non-exclusive member firms is not included

Source: International Accounting Bulletin



WORLD ASSOCIATIONS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	Praxity*	5,834.6	12%	40	12	25	18	5	n.ap
2	LEA Global/Leading Edge Alliance*	3,313.4	2%	39	20	21	17	3	Dec-18
3	Allinial Global* (1)	3,024.2	21%	29	20	25	23	3	Dec-18
4	GGI*	2,698.0	1%	6	19	30	33	12	Dec-18
5	PrimeGlobal* (2)	2,503.7	0%	53	-	28	9	10	May-18
6	BKR International*	1,405.8	0%	34	22	27	10	7	Jun-18
7	DFK International* (3)	1,303.1	10%	30	17	26	18	8	Dec-18
8	AGN International *	1,220.3	7%	23	23	31	13	9	Dec-18
9	Morison KSi* (4)	902.8	-17%	28	19	30	10	13	Dec-17
10	IAPA* (5)	727.4	16%	34	21	23	10	12	Mar-18
11	MSI Global Alliance*	720.8	8%	23	33	25	13	7	Dec-18
12	Integra International* (6)	527.5	0%	40	20	25	15	-	Dec-18
13	CPA Associates Int'l* (7)	463.5	-13%	38	11	31	13	7	Oct-18
14	Alliott Group*	381.1	-4%	36	14	47	3	-	Dec-18
15	Inpact*	281.9	2%	29	24	31	10	7	Dec-17
16	GMN International* (8)	279.8	57%	23	32	27	10	8	Sep-18
17	Antea*	272.3	9%	26	25	23	19	7	Dec-18
18	UC&CS Global* (2) (9)	242.3	15%	29	-	67	4	-	Dec-18
19	JHI Association*	225.7	2%	24	17	36	2	21	Dec-18
20	EuraAudit International* (2) (10)	193.0	0%	71	-	15	7	7	Dec-18
21	Abacus Worldwide* (11)	104.0	42%	26	16	21	14	23	Dec-18
Total revenue/growth		26,625.3	6%						

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. (1) Growth was attributed to addition of 30 new member firms. (2) Accounting services are included in audit and assurance. (3) DFK International FY18 fee data includes \$13m from correspondent and alliance members. (4) Decrease in fee income was attributed to loss of some member firms combined with some members not including some of their services which they did last year. (5) IAPA FY18 fee data includes \$20.6 m from correspondent and alliance members. Increase in fee income was attributed to some of IAPA's commercial associates becoming full members. (6) Integra International FY18 fee data include US\$250m from correspondent and alliance members. (7) Decrease in fees were attributed to loss of some member firms in Europe. (7) Decrease in fees were attributed to loss of some member firms in Europe. (8) Growth in fee income was attributed to addition of five new member firms. (9) UC&CS Global FY18 fee data includes US\$73.6m from correspondent and alliance member. (10) EuraAudit International FY18 fee data includes US\$246 m from correspondent and alliance members. (11) Growth in fee income was attributed to addition of 9 new member firms.

***Disclaimer:** Data relating to non-exclusive member firms is not included.

Source: International Accounting Bulletin



WORLD NETWORKS: STAFF DATA

Rank	Name	Total staff		Growth (%)	Partners	Professionals	Admin	Offices
		2018	2017					
1	Deloitte*	286,000	263,924	8%	n.d	n.d	n.d	n.d
2	EY*	273,430	247,570	10%	11,871	216,897	44,662	700
3	PwC*	250,930	236,235	6%	11,404	200,853	38,673	721
4	KPMG*	207,000	197,263	5%	10,517	162,088	34,445	n.d
5	BDO*	80,087	73,854	8%	6,384	62,590	11,113	1,591
6	Grant Thornton*	52,686	49,601	6%	3,535	40,997	8,154	745
7	Crowe*	42,018	36,540	15%	4,098	32,822	5,098	782
8	RSM*	41,183	43,060	-4%	3,742	31,049	6,392	757
9	Baker Tilly International*	34,495	33,600	3%	2,959	26,560	4,976	740
10	Nexia International*	32,565	30,757	6%	2,887	23,525	6,153	710
11	Moore Stephens International*	30,126	30,168	0%	2,839	23,358	3,929	594
12	HLB International*	27,485	24,923	10%	2,439	20,700	4,346	745
13	Kreston International*	23,891	25,527	-6%	1,980	18,646	3,265	731
14	Mazars*	22,388	20,385	10%	954	18,708	2,726	300
15	PKF International*	18,000	18,513	-3%	1,950	13,479	2,571	412
16	SFAI*	11,739	9,921	18%	728	7,182	3,829	235
17	ShineWing International*	8,258	6,767	22%	405	7,165	688	80
18	UHY International*	8,221	8,145	1%	851	6,146	1,224	308
19	ECOVIS International*	7,225	6,442	12%	933	5,117	1,715	299
20	Russell Bedford*	6,646	6,284	6%	713	4,971	962	341
21	Pan-China International*	6,094	5,894	3%	253	5,513	328	16
22	MGI Worldwide*	5,230	5,038	4%	735	4,495	-	262
23	Reanda International*	3,988	3,567	12%	217	3,042	729	133
24	TGS Global*	3,403	3,190	7%	316	2,683	404	216
25	IECnet*	2,255	2,088	8%	342	1,486	427	149
26	SMS Latinoamerica*	2,172	2,151	1%	198	1,768	206	54
27	Auren*	2,053	1,864	10%	268	1,589	196	59
28	Parker Randall International*	1,911	1,737	10%	256	1,514	141	132
29	UC&CS America*	1,742	2,256	-23%	218	1,272	252	165
30	FinExpertiza*	1,273	1,222	4%	96	956	221	43
31	Kudos International*	660	859	-23%	57	603	-	36
Total staff/growth		1,495,189	1,399,345	7%	74,138	947,757	187,884	12,045

*Disclaimer: Data relating to non-exclusive member firms is not included

Source: International Accounting Bulletin



WORLD ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff		Growth (%)	Partners	Professionals	Admin staff	Offices
		2018	2017					
1	Praxity*	51,983	47,609	9%	3,911	40,691	7,381	744
2	LEA Global/Leading Edge Alliance*	23,235	24,034	-3%	2,450	16,084	4,701	607
3	Allinial Global*	22,419	18,895	19%	4,035	14,927	3,457	538
4	PrimeGlobal*	21,750	23,045	-6%	2,375	15,974	3,401	817
5	GGI*	20,955	20,041	5%	2,187	n.av	n.av	801
6	BKR International*	14,005	13,633	3%	1,221	11,071	1,713	550
7	AGN International*	13,213	13,384	-1%	1,965	11,248	-	685
8	DFK International*	12,727	12,170	5%	1,311	9,299	2,117	419
9	Morison KSi*	10,985	12,430	-12%	1,058	8,181	1,746	305
10	IAPA*	8,644	7,727	12%	960	5,952	1,732	446
11	MSI Global Alliance*	8,291	7,803	6%	879	5,713	1,699	170
12	CPA Associates Int'l* (1)	6,027	7,108	-15%	698	4,377	952	253
13	Antea*	4,609	4,325	7%	547	3,484	578	216
14	Integra International*	4,280	3,750	14%	437	3,298	545	134
15	Inpact*	3,927	3,913	0%	512	2,927	488	65
16	Alliott Group*	3,611	3,739	-3%	451	2,352	808	165
17	GMN International*	3,584	2,948	22%	391	2,598	595	186
18	JHI Association*	2,693	2,785	-3%	287	2,000	406	119
19	EuraAudit International*	2,560	2,697	-5%	296	1,962	302	330
20	UC&CS Global*	2,520	2,649	-5%	271	1,915	334	205
21	Abacus Worldwide* (2)	1,604	921	74%	142	1,229	233	56
Total staff/growth		243,622	235,606	3%	26,384	165,282	33,188	7,811

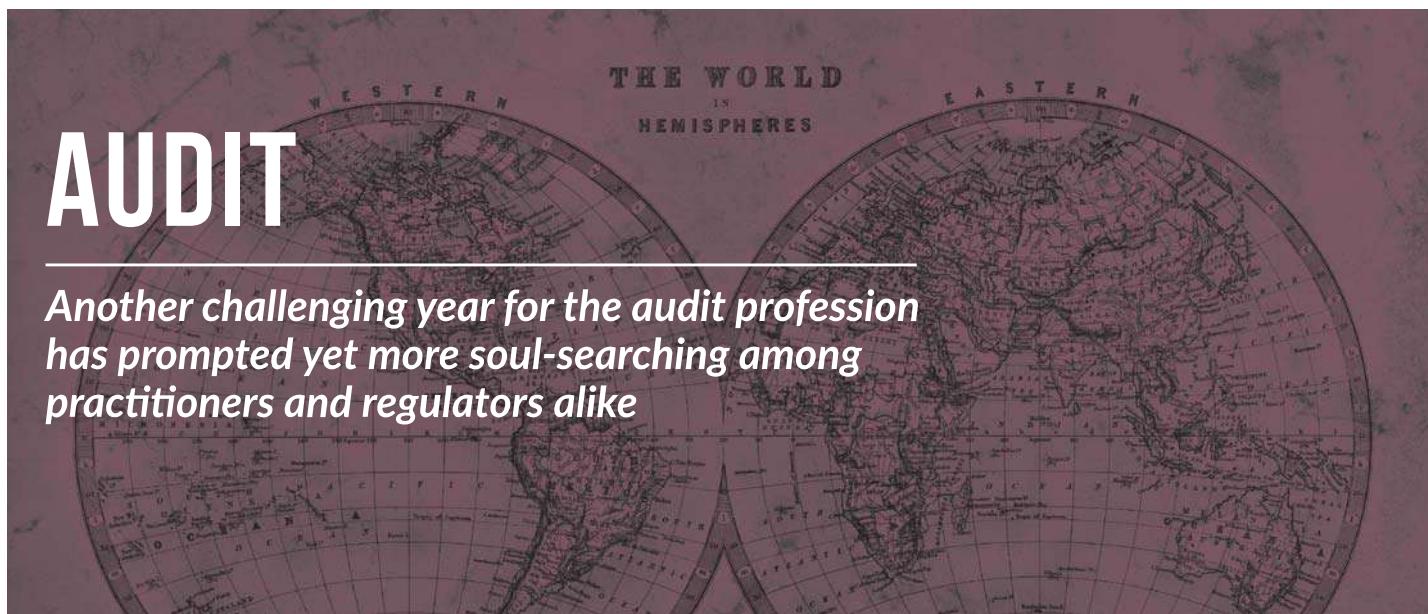
Note: (e) International Accounting Bulletin estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) CPA Associates restated their staff figures for last year as some of their member firms had not provided the up to date figures during submission last year. (2) Growth was attributed to addition of new member firms.

*Disclaimer: Data relating to non-exclusive member firms is not included

Source: International Accounting Bulletin

AUDIT

Another challenging year for the audit profession has prompted yet more soul-searching among practitioners and regulators alike



The audit profession is under a lot of pressure. Fee levels are being constantly threatened, and changes, such as those to auditing thresholds in France, have increased the urgency of the need to address the erosion of traditional revenue streams from audit and other compliance services.

The considerable economic uncertainty that many clients are experiencing adds to the overall impression of a somewhat hostile environment in which audit firms operate. But what might at first glance appear to be a threat should really be regarded as an opportunity, especially when seen in conjunction with technological progress.

That is the assessment of Bettina Cassegrain, partner and international business development leader at Cogep and technical director at HLB, who says the impact of digitisation means basic compliance services – which have formed a large part of the revenue streams upon which many firms have relied for years – will become obsolete within the next five years or so.

“It also means that the audit profession will radically change,” she says. “There are already tools available in the market which allow us to adapt our audit approach in order to make it more efficient and in line with client expectations. The main stumbling block is often the culture in firms.”

According to Cassegrain, this new approach requires hiring different staff profiles; making sure training measures are aligned, within firms but also at universities and training organisations in general; and organising the audit differently to integrate IT specialists such as data analysts into existing teams.

“But, above all, it means freeing up time to explore and offer different services to existing and new clients,” she says. “GDPR and cybersecurity are just two of the growth areas that come to mind. I think the most important message is that technological change does not replace the auditor, but offers us an opportunity to work differently and develop our business.”

Anton Colella, global CEO at Moore Stephens International, reckons 2018 may come to be seen as a watershed period for the audit profession, which was seen to fall short of public and political expectation in a number of jurisdictions.

“This is not the first time that quality and independence issues have arisen over the past three decades, but the heightened awareness among politicians and the public are shining a brighter light on the status quo than ever before,” he says. “We may now see radical change, and this

would not necessarily be a bad thing.”

Colella suggests that this scrutiny, while unwelcome for some within the profession, may force momentum for structural changes to independence and quality which safeguard the reputation of the profession – although, of course, this requires the profession to meaningfully participate in the solutions.

Technology will have an important role to play in the independence issue, he continues. “Firms have often used ‘professional judgement’ as the sword that slays the dragon, but data analytics will eradicate many areas of sampling and remove much of the need for professional judgement. The auditor will be able to review all transactions in a population, thereby removing the inherent uncertainty of an auditor using their judgement.”

Enhanced use of technology will also enable the auditor to see trends and irregularities throughout populations unheard of in the past. While bringing new experts into the field of auditing at the human level and thereby changing the face of the audit profession, technology will bring new, smarter ways of analytical assessment, testing and stress testing, which will provide significantly better evidence to an auditor. Judgement will still be required, but in fewer areas of general auditing and more focused on risk areas where there is greater public interest, adds Colella.

The past 12 months have seen a number of challenges to the role and effectiveness of the audit model, especially in the UK, and the impact of this will become clear over the next year adds Andrew Collier, director of quality and professional standards at Kreston.

In December 2018, the independent review of the Financial Reporting Council (FRC) led by Sir John Kingman published its report to the government, recommending that the FRC be replaced with an independent statutory regulator called the Audit, Reporting and Governance Authority.

“It is intended that the new regulator will take a more robust stance with audit firms, although, as this is designed to ensure that audit firms focus on the quality of work, it could lead to a more confrontational approach,” says Collier.

The suggestion of a move to a joint audit model will not be straightforward, as it is dependent on mid-tier firms being prepared to make the investment to enter this sector of the market, and if they are faced with a more robust regulator, they may decide that the rewards are not sufficient. Many firms are facing resource constraints where

attracting sufficient-quality staff to service existing opportunities is a challenge.

Collier observes that the audit regulatory environment is becoming more diverse, which is difficult for global businesses and firms. There is a possibility that changes undertaken in the UK could be copied by other regulators, he says, adding that 2019 will also see developments on the standard-setting model.

"If the new model is overly focused on setting standards for public interest entities, this could lead to a move away from the use of a single set of auditing standards," says Collier. "This would not be positive

for competition and mobility within the profession, as training would become more segregated by client type. It is important that financing for the new standard-setting model is sustainable and diverse, and is not overly dependent on the profession."

Andrew Griggs, senior partner at Kreston Reeves, says high-profile listed company failures have raised doubts about the probity of the standard of Big 4 audits, with a knock-on effect for public perceptions of audit as a function. With several government and industry reviews ongoing, the shape of audit, and its regulation in the UK in particular, is under review.

IT and communications and business services experienced notable growth in 2018, according to Reeves.

As well as these sectors, the banking, finance and insurance sectors have also seen strong growth.

"In some European markets, mandatory firm rotation is creating opportunities for the middle-market 'challenger firms'. Regulatory change is potentially significant for the UK market in view of regulator intervention, with the introduction of joint audit for FTSE 350 companies.

On the question of how regulatory changes have affected the audit profession, David Chitty, international audit and accounting director at Crowe Global, explains that a competition review is scheduled for the EU for 2019, likely after the parliamentary elections and the

AUDIT: NETWORK DATA			
Rank	Name	Fee income (\$m)	Growth (%)
1	PwC	1,7337.6	9%
2	EY	12,517.9	8%
3	KPMG	11,150.0	7%
4	Deloitte	10,200.0	9%
5	BDO	4,049.6	13%
6	Grant Thornton	2,134.2	4%
7	RSM	2,094.1	6%
8	Crowe	2,078.8	24%
9	Nexia International	1,760.1	14%
10	Baker Tilly International	1,207.4	-1%
11	Moore Stephens Int'l	1,071.2	-3%
12	HLB International	1,055.8	14%
13	Kreston International	902.0	14%
14	Mazars	838.7	11%
15	PKF International	642.6	8%
16	Pan-China International	328.9	-9%
17	ShineWing International	300.1	28%
18	UHY International	234.9	4%
19	Russell Bedford Int'l	144.9	5%
20	SFAI	134.1	-22%
21	MGI Worldwide	125.2	12%
22	ECOVIS International	78.8	10%
23	Reanda International	77.8	13%
24	UC&CS America	67.0	62%
25	Parker Randall Int'l	50.0	-35%
26	IECnet	36.1	29%
27	Auren	34.2	16%
28	TGS Global	32.1	17%
29	SMS Latinoamerica	24.7	2%
30	FinExpertiza	11.6	-12%
31	Kudos International	8.2	-23%
Total revenue/growth		70,728.8	8%

Source: International Accounting Bulletin

AUDIT: ASSOCIATION DATA			
Rank	Name	Fee income (\$m)	Growth (%)
1	Praxity	2,353.1	13%
2	PrimeGlobal	1,327.0	-4%
3	LEA Global/Leading Edge Alliance	1,292.2	29%
4	Allinial Global	877.0	17%
5	BKR International	478.0	-12%
6	DFK International	393.4	15%
7	AGN International	285.6	-42%
8	Morison KSi	248.9	-31%
9	IAPA	247.3	20%
10	Integra International	211.0	0%
11	CPA Associates International	176.1	-1%
12	MSI Global Alliance*	162.9	-16%
13	GGI	161.9	-13%
14	Alliott Group	137.2	-4%
15	EuraAudit International	137.0	-11%
16	Inpact	80.7	3%
17	Antea	70.8	5%
18	UC&CS Global	70.3	66%
19	GMN International	64.4	10%
20	JHI Association	53.1	33%
21	Abacus Worldwide	27.0	-5%
Total revenue/growth		8,855.0	4%

Source: International Accounting Bulletin

appointment of the new commission. This review may also address joint audit. In other areas, tax digitisation has created an expectation from the market that auditors place more focus on the assessment of systems and the testing of controls, creating scope for more work and greater added value.

"The introduction of VAT in the Middle East has enhanced the value of audit, leading to clients being prepared to pay more and move away from perceived lower-quality providers, while in some emerging markets the regulatory environment is steering firms towards the larger networks, if they wish to be seen on certain tender lists," says Chitty.

"The level of regulation and increasing audit exemption thresholds are leading, in some markets, to small firms ceasing to provide audit services, resulting in work moving to larger firms."

Stephen Hamlet, CEO at Russell Bedford International, suggests that more regulation means more work for accountants. "Businesses need additional advice on how to satisfy regulatory requirements promptly and accurately, so they can spend enough time doing what they do best: growing their business," he says. "The accountant is, therefore, becoming the first trusted adviser a business will turn to."

According to Oliver Grosse Brauckmann, international support and regional director at PKF International, technology – in the form of audit automation and artificial intelligence, together with smart optimised audit solutions for smaller corporations – may provide a solution to the twin challenges of improving service efficiency while minimising costs. "Technology will speed up the auditing process and open the space to full data set and continuous audits," he adds. "However, the regulatory landscape is changing with national regulators co-operating more closely via the International Forum of Independent Audit Regulators (IFIAR) and joining forces to enhance a common

approach globally. We can expect this common approach to strongly challenge mid-sized networks – possibly even associations – over the coming years."

Another significant issue is the requirement to maintain independence, says Aiysha Johnson, executive director for the Americas region at BKR International. "Whether a firm is offering outsourced chief financial officer services, business valuations or especially IT consulting, maintaining an independent team to review and attest to client controls is an ongoing discussion in our industry."

This theme is taken up by Peter Varley, chair – global corporate advisors at Crowe Global and partner at Crowe UK, who says increased scrutiny of auditors and concerns around independence continue to occupy the minds of the regulators and the Big 4 accounting firms.

"There is an increased need for auditors to exclude themselves from providing non-audit services for their clients," he adds. "This provides interesting opportunities for the other accounting firms and specialist practices as they seek to offer alternatives."

Inevitably, the impact of Brexit on UK auditors has to be considered. Suzie Doran, partner at PrimeGlobal member firm SingerLewak, describes the recent advice given by the Irish Auditing & Accounting Supervisory

Authority to leading UK audit firms on how to prepare for a no-deal Brexit scenario as a red flag of what is to come.

"If this happens, UK firms will have to register as 'third country' auditors to continue operations in Ireland or for Irish clients," she explains.

"As long as the UK is a member of the EU, UK audit firms cannot register to be third-country auditors. A timeline for that process will be contingent upon the paperwork that needs to be verified, but even if for just a few weeks, it could have a large impact on clients, especially those with reporting deadlines." ■



Aiysha Johnson,
BKR International

ADVISORY

One of the most positive developments for the accounting profession in 2018 was increased focus on advisory services, with the impact of digitisation felt across the board

In 2018, accountants globally started to understand the services that clients were buying from other providers, and began asking clients whether, if they were to offer such services, they would buy those services from them.

In many cases, they discovered that clients would be more comfortable in buying those services from their 'trusted advisors' rather than providers with whom they have virtually no relationship.

According to Jim Bourke, global technology advisory and digital solutions services leader at HLB, this has prompted accountants to offer services such as digital data visualisation, predictive analytics around

data, e-discovery, data forensics and cybersecurity-related advisory and attest – in the US the AICPA released a new SOC for Cybersecurity attest service, with accountants now attempting to own this space as well.

"In addition, accountants are starting to revisit services offered many years ago but now being rebranded and offered using web-based client collaboration tools, such as outsourced CFO and IT managed services," he adds. "We expect 2019 to be the year in which firms start to position advisory as their lead go-to-market service offering. If firms want to remain relevant into and beyond the next generation, they

must embrace this shift and differentiate themselves by offering a slate of advisory services."

A rapidly changing, highly competitive business environment demands timely information and insight. There is no value in telling a client where it all went wrong after the event – successful businesses remain so by always being a step ahead, and advisers must do the same.

The development of effective descriptive analytics platforms that enable firms to efficiently advise clients on their past performance is simply the beginning, suggests Becky Shields, partner at Morison KSi member firm Kingston Smith. The real value – for clients and

therefore for advisers – lies in predictive analytics platforms that not only anticipate what will happen, but also why it will happen, enabling advisers to be at the heart of a client's business, advising on key decisions that can really help shape its future.

"Platform building is the starting point," she says. "The evaluation of the data and analysis of potential growth areas and/or threats to the business is where advisers will really be able to shine. The most successful will be those who demonstrate a keen empathy with their clients, reading between the lines to understand their ambitions and key motivators."

Innovation comes at a price, and successful businesses that are continually reinventing themselves will need the encouragement and support of a trusted adviser as a sounding board for their ideas. To excel at this, advisers will need enhanced communication skills and the ability to effectively persuade and convince a potentially wide range of stakeholders, having successfully identified their motivations and overcome any barriers to their message.

"These skills are not always readily found within more traditional accountancy firms, so planning for the future in terms of recruitment and people development is key, as is the need to develop a workforce with a high level of digital capability – and to ensure that the other basics are in place, including automated processes and the ability to integrate and analyse data," says Shields.

ADVISORY: NETWORK DATA

Rank	Name	Fee income (\$m)	Growth (%)
1	Deloitte	25,100.0	13%
2	PwC	13,622.4	11%
3	KPMG	11,470.0	13%
4	EY	9,736.2	14%
5	Grant Thornton	1,917.5	10%
6	BDO	1,709.8	11%
7	RSM	1,181.3	20%
8	Crowe	952.8	0%
9	Baker Tilly International (1)	631.2	-26%
10	HLB International	481.8	85%
11	Nexia International	400.0	17%
12	Mazars	355.6	11%
13	Moore Stephens Int'l	336.7	-11%
14	Kreston International	254.4	87%
15	SFAI	173.9	95%
16	PKF International	80.7	55%
17	UHY International	80.2	11%
18	ECOVIS International	53.9	20%
19	MGI Worldwide	41.7	8%
20	Russell Bedford Int'l	40.0	24%
21	ShineWing International	31.8	120%
22	Reanda International	24.5	-2%
23	Auren	22.4	16%
24	IECnet	18.8	19%
25	UC&CS America	18.5	198%
26	Parker Randall Int'l	16.7	-21%
27	TGS Global	15.1	-2%
28	SMS Latinoamerica	13.0	1%
29	FinExpertiza	4.9	12%
30	Pan-China International	4.5	-3%
Total revenue/growth		68,790.3	13%

Note: (1) Fall in advisory revenue due to Baker Tilly reclassifying some revenue as 'other'

Source: International Accounting Bulletin

ADVISORY: ASSOCIATION DATA

Rank	Name	Fee income (\$m)	Growth (%)
1	Praxity	1,058.4	3%
2	GGI	890.3	-2%
3	Allinial Global	695.6	32%
4	LEA Global/Leading Edge Alliance	563.3	-3%
5	DFK International	235.3	149%
6	PrimeGlobal	225.3	50%
7	AGN International	159.5	248%
8	BKR International	140.6	151%
9	MSI Global Alliance	91.5	14%
10	Morison KSi	86.6	-18%
11	Integra International	79.1	0%
12	IAPA	72.7	-3%
13	CPA Associates International	60.3	3%
14	Antea	51.7	12%
15	Inpact	28.4	18%
16	GMN International	28.0	162%
17	Abacus Worldwide	14.6	66%
18	EuraAudit International	13.5	40%
19	Alliott Group	11.4	-4%
20	UC&CS Global	9.7	15%
21	JHI Association	4.2	-73%
Total revenue/growth		4,520.1	15%

Source: International Accounting Bulletin

Without these, firms will fall behind their more forward-looking peers, who are already transforming their business models and gaining a competitive advantage from their digital investments. "Looking forward, a perceived lack of digitisation will impede a firm's ability to attract and retain the best, most innovative and digitally capable people," she adds.

Roger Isaacs, MGI Worldwide chair and partner at Milsted Langdon, and Stephen Hamlet, CEO at Russell Bedford International, both agree that digitisation has been a positive development. By alleviating the manual methods of the past, accounting firms are able to spend more time with their clients, truly understanding their businesses and helping advise them in a much more strategic manner, says Hamlet, adding that practices with people who have analytical skills and can build relationships and relate to clients will do well.

"Accountants are working much more closely and collaboratively with their clients making sure information is up to date and meaningful," adds Isaacs. "Because of this, they end up providing more advice."

Member firms are seeking to create an internal framework to better serve clients through technology, as seen with artificial intelligence and data analytics. However, advanced technology will require even more guidance and analysis to help clients translate the data into business decisions.

"For example, in the area of healthcare, artificial intelligence may handle processing of cost reports or audits, but the CPA will still analyse, attest to and present on how the client can leverage the results," states Aiysha Johnson, executive director for the Americas region at BKR International. "Our members are already hiring or planning to hire non-CPA analysts and consultants to support this advisory role."

Digitisation is impacting the advisory market in a number of ways, says Steve Strammello, managing partner at Crowe US. "Firstly, it is creating market opportunities – our clients are all headed down a digital transformation journey, and there are many consulting opportunities being created as a result. This is not isolated to simply the information technology function, and they are all seeking the help and experience of consulting firms."

How consulting firms serve their clients is also changing. As these firms become more reliant on technology, the geographic constraints of serving clients are lessening. Consulting firms are now reaching new geographic markets without having to make significant local investments, enabled by digital marketing as well as digital service delivery.

Data is becoming more valuable to the market and, therefore, to the consultant, adds Strammello. "Consulting firms are focused on how to better use data to deliver services and create new revenue opportunities. However, the world is becoming increasingly concerned around protection of data and enacting tougher regulation to protect it, so these two major trends are in direct conflict with one another."

Of course, the market is not without its challenges. The 2018 Kreston Reeves *Going for Growth* survey of privately owned UK businesses found that although a significant number had set up operations within Europe, which has led to an increase in tax and advisory advice, uncertainty around the outcome of Brexit has encouraged many businesses to delay investment plans, which has consequential effects in deferring tax and advisory work.

Peter Varley, chair – global corporate advisors at Crowe Global and partner at Crowe UK, notes that Brexit is driving conflicting behaviours in UK M&A with uncertainty around cross-border trade, customs unions, tariffs, import pricing and a potentially marginalised

foreign workforce impacting the performance of UK entities who rely on seamless links to a globalised economy, often through the EU.

"For example, there are concerns in the automotive sector as key players consider significant job cuts and relocation of facilities into low-cost regions, where access to EU and global economies will not be disrupted," he explains. "The downstream supply chain impacted by these uncertainties is significant, and the uncertainty arising is dampening an industry which has seen a resurgence in recent years."

Varley feels that many business owners who survived the lows of the global recession in 2008 feel disinclined to go through it again. "Political uncertainty in the UK and concerns surrounding the disruption of a regime change are contributing to a trend of increased mid-market M&A activity. Business owners are seeking to secure value through an exit whilst they are able to do so, perhaps sooner than they may have planned."

There also remains an awful lot of 'dry powder' waiting to be put to work in financial and strategic investments in the UK, and the M&A market remains relatively buoyant with high-quality assets still able to attract significant valuations, he adds.

Elsewhere, tensions between China and the US continue to cause market instability, while faltering growth in China and the mature economies of Northern Europe add fuel to the fire.

"Volatility is impacting capital markets whilst uncertainty is causing others to sit on their hands," says Varley. "This may reduce M&A activity in the short term, although it may also give rise to alternative funding and advisory services as we move through this phase before the next cyclical downturn in 2022."

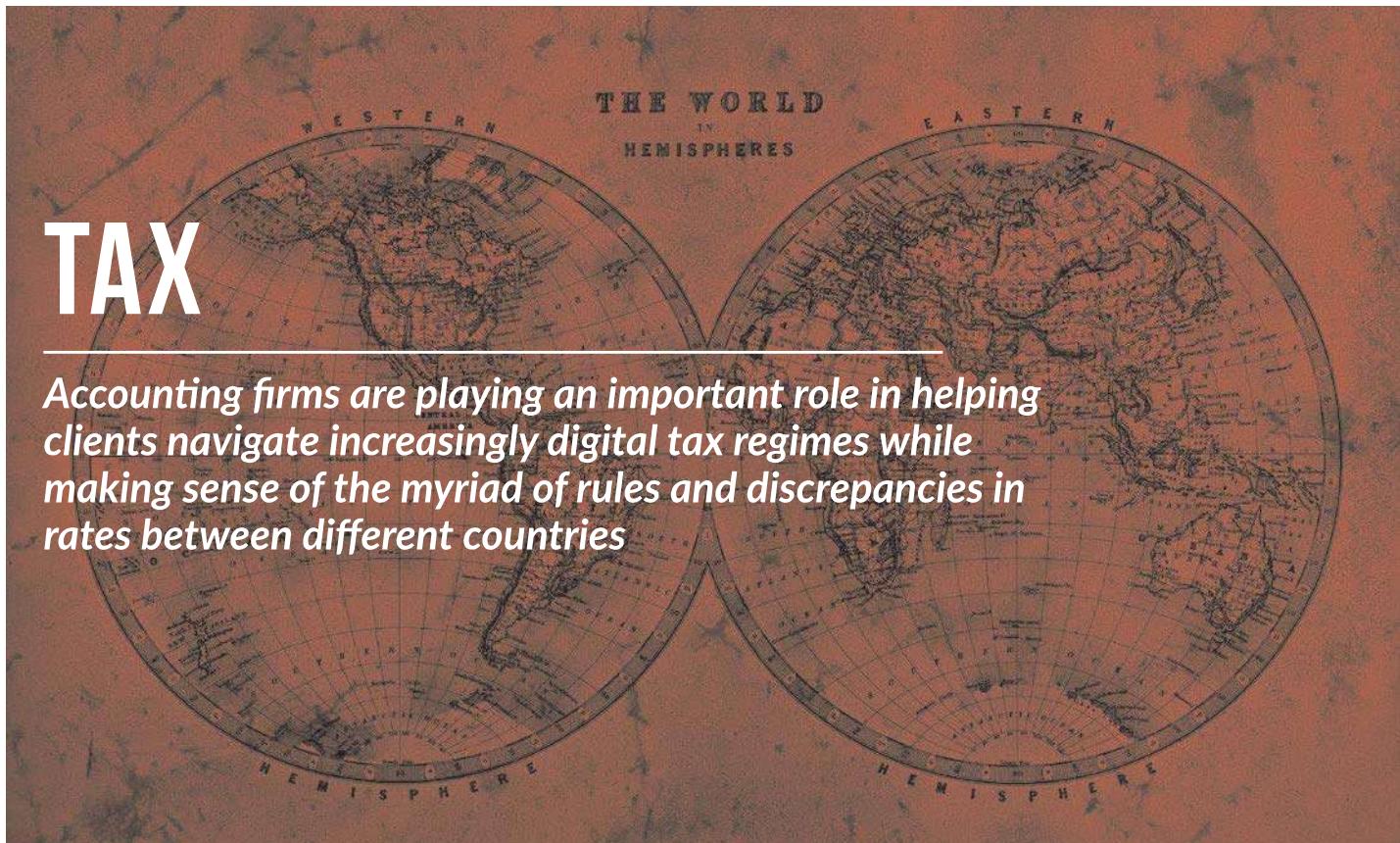
Digitisation also places greater demands on performance, with clients expecting consultants to be available over weekends and during holidays, says Hana Daenhardtová, partner at Czech Republic-based MGI member firm LTA Tax. "However, it also speeds up work, as it is possible to handle more tasks remotely, which is related to the more frequent use and acceptance of messages sent through the data repository," she adds. "I would also mention the development of electronic signatures – especially those that are authenticated and guaranteed – and the value of greater transparency, which makes it easier to monitor the accuracy of work hours calculations for each client."

Adrian Romero, managing partner at Grupo Consultor EFE, observes that while accounting firms in North America are vigorously looking for ways to expand their services into the realm of advisory, firms in Latin America are still a long way from achieving this.

"Market needs have become more challenging, forcing us to find ways to work together on projects even if we are in different locations," he says. "Digitisation has allowed us to bring down barriers. Many firms in the region have not invested sufficient resources in digitisation and are holding on to traditional ways of providing services, but change is inevitable."

For non-Big 4 firms, the biggest challenge lies in aligning their independent members in using common specialised software tools for certain types of advisory service, suggests Oliver Grosse Brauckmann, international support and regional director at PKF International.

"Larger firms certainly put a great effort into common software for efficiency gains, but agreeing and implementing software such as internal audit tools, penetration testing tools, transfer pricing software or corporate finance valuation databases across the larger member firms of a network is challenging," he concludes. "However, that is where the buying power, collaborative and efficiency gains for international engagements are hiding." ■



TAX

Accounting firms are playing an important role in helping clients navigate increasingly digital tax regimes while making sense of the myriad of rules and discrepancies in rates between different countries

Due to a combination of intersecting factors, business taxpayers with customers in multiple locations face a growing cost of doing business.

The continual shift of global economies to a digital platform and economic shortfalls at local, regional and national government level have encouraged jurisdictions to become much more aggressive in their efforts to increase tax revenue. In the US, for example, this has resulted most recently in the landmark US Supreme Court case of *Wayfair v South Dakota*, which means states are now authorised by *Wayfair* to require remote sellers to collect sales tax on in-state sales of goods.

This represents a major shift in state and local tax compliance and planning, explains Peter Seidel, director of PrimeGlobal member firm SingerLewak, who says the case has led to increased compliance costs for taxpayers, increased short term revenue for state and local governments, and new client service and advisory opportunities with clients doing business in a multi-state environment.

Tax authorities in Italy, Spain and soon the UK have embraced technology and the use of digitisation to gather large amounts of data on taxpayers, which appears to be an effective way to mine significant amounts of data to identify red flags and therefore raise tax revenues.

Chris Danes, tax director at Baker Tilly International, expects this trend to spread to many more major economies in the near future, shifting the focus of where firms can add value from being the gatekeeper during tax compliance processes to ensuring tax-sensitive data is captured accurately at the booking stage to minimise red flags, and dealing with any red flags identified by the tax authorities as part of their scrutiny of all the data received.

"Opportunities to assist clients in the tax arena in the near future relate to issues such as minimising the impact of global complexity in relation to transfer pricing compliance and helping clients prepare for digitalisation," he says. "Other key issues include the effect of multilateral instruments on treaty benefits, and the impact of the EU

Anti-Tax Avoidance Directive and other anti-avoidance rules."

While Danes refers to a "race to the bottom" by some countries – most notably the US – in relation to corporate taxation, he also notes that a number of jurisdictions bucked that trend in 2018, with standard corporate income tax rates rising in Ecuador, Oman, South Korea, Taiwan and Turkey. In many countries, companies have begun to prepare returns and reports to tax authorities in accordance with the requirements of the 2013 BEPS action plan.

"Despite the greater complexity resulting from the BEPS changes, one interesting side effect has been on SMEs," observes Anton Colella, Global CEO at Moore Stephens International. "Historically, many were reluctant to spend professional fees on transfer pricing compliance, but they now seem more willing to invest in putting in place comprehensive documentation. This may be driven also by expansion in the number of advisors offering this service and the consequent reduction in pricing."

Taxing the digital economy also gathered momentum during 2018 as a looming major future tax issue. The issue of the EU's proposed directives on taxing a significant digital presence and the interim measure of an EU-wide digital services tax put additional pressure on the OECD to devise a solution that could command widespread support. The UK then raised the stakes further, announcing it would enact its own digital services tax with effect from April 2020, in the absence of a viable multilateral alternative.

According to Colella, there is a real risk that this will lead to many more countries taking unilateral action, with the predictable consequences of retaliatory action and double taxation. "There are other significant intersections of tax and technology such as the increasing use of technology by governments to improve the efficiency and reduce the cost of tax collection and administration," he adds. "Another area is in the delivery of tax services to clients, where technology will soon automate much of the collection and inputting of tax data for the

preparation of corporate tax returns."

Claudia Ortiz, international tax committee chair at Crowe Global and tax partner at Crowe Argentina, reckons regulatory changes will impact the way in which corporate leaders determine tax strategies. "They will need to take into account the current context of the business as part of corporate governance, which includes its commercial and financial strategies - especially for businesses which are part of the artificial intelligence revolution where technology is advancing faster than the tax administration associated with it," she says.

Tax payment must also be considered as a fiscal function, with increased transparency and compliance around fiscal responsibility

requiring disclosure on companies' tax contributions, adds Ortiz. "Going forward, corporate strategy will need to change from finding ways to reduce tax or viewing the tax function as a profit centre to considering how tax can be used as a contribution for the development and benefit of society and its citizens."

Dave Springsteen, global tax leader at HLB, observes that tax risk has now found its way into boardrooms, with formal policies and monitoring in place across most multinational businesses. "Tax compliance has increased – as has the cost of compliance – but countries have also created incentives to attract business to their countries, so tax opportunities do exist," he concludes. ■

TAX: NETWORK DATA

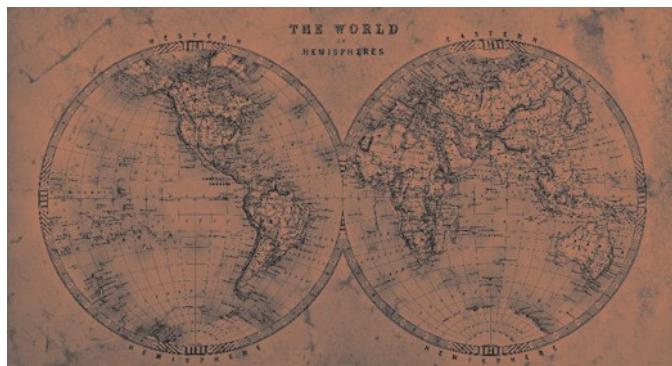
Rank	Name	Fee income (\$m)	Growth (%)
1	PwC	10,320.0	9%
2	EY	9,040.7	11%
3	Deloitte	7,900.0	8%
4	KPMG	6,340.0	9%
5	BDO	1,889.8	6%
6	RSM	1,610.8	11%
7	Grant Thornton	1,191.7	14%
8	Crowe	1,039.4	9%
9	Baker Tilly International	920.9	8%
10	Moore Stephens International	857.0	13%
11	Nexia International	840.0	8%
12	HLB International	722.3	13%
13	Kreston International	532.0	-16%
14	PKF International	352.7	13%
15	Mazars	336.6	11%
16	ECOVIS International	116.1	7%
17	Russell Bedford International	104.9	9%
18	UHY International	103.1	5%
19	MGF Worldwide	92.8	3%
20	SFAI	79.5	-28%
21	UC&CS America	48.5	-69%
22	TGS Global	37.7	37%
23	ShineWing International	36.4	68%
24	Auren	35.5	4%
25	Parker Randall International	33.4	-5%
26	Reanda International	28.9	8%
27	IECnet	26.3	-20%
28	SMS Latinoamerica	23.0	5%
29	Pan-China International	18.0	39%
30	FinExpertiza	3.8	9%
Total revenue/growth		44,682.0	9%

Source: *International Accounting Bulletin*

TAX: ASSOCIATION DATA

Rank	Name	Fee income (\$m)	Growth (%)
1	Praxity	1,445.2	14%
2	GGI	809.4	5%
3	Allinial Global	756.1	26%
4	PrimeGlobal	701.0	4%
5	LEA Global/Leading Edge Alliance	695.8	-14%
6	BKR International	379.6	-13%
7	AGN International	379.0	65%
8	DFK International	344.0	8%
9	Morison KSi	272.5	8%
10	MSI Global Alliance	181.6	9%
11	Alliott Group	179.1	-4%
12	IAPA	167.3	11%
13	UC&CS Global	162.4	1%
14	CPA Associates International	143.7	-44%
15	Integra International	131.9	0%
16	Inpact	87.5	-6%
17	JHI Association	80.8	-4%
18	GMN International	75.5	37%
19	Antea	62.6	21%
20	EuraAudit International	29.0	50%
21	Abacus Worldwide	21.8	66%
Total revenue/growth		7,105.9	6%

Source: *International Accounting Bulletin*



ACCOUNTING: NETWORK DATA			
Rank	Name	Fee income (\$m)	Growth (%)
1	BDO	1,349.9	11%
2	Nexia International	680.0	13%
3	Baker Tilly International	545.1	15%
4	Moore Stephens Int'l	489.7	30%
5	RSM	429.6	21%
6	Mazars	344.2	21%
7	HLB International	279.8	7%
8	Kreston International	254.4	-34%
9	PKF International	231.6	27%
10	Russell Bedford International	149.9	9%
11	MGI Worldwide	148.4	8%
12	ECOVIS International	124.4	14%
13	SFAI	109.3	-28%
14	UHY International	108.9	24%
15	TGS Global	90.6	-1%
16	UC&CS America	69.4	n.ap
17	Parker Randall International	58.4	n.ap
18	IECnet	39.1	34%
19	ShineWing International	31.8	47%
20	Auren	30.3	24%
21	SMS Latinoamerica	12.0	-2%
22	Reanda International	11.1	16%
23	Pan-China International	4.5	n.ap
24	FinExpertiza	1.2	-7%
Total revenue/growth		5,593.4	13%

ACCOUNTING: ASSOCIATION DATA			
Rank	Name	Fee income (\$m)	Growth (%)
1	Praxity	709.5	21%
2	LEA Global/Leading Edge	662.7	2%
3	Allinial Global	604.8	27%
4	GGI	512.6	7%
5	BKR International	309.3	30%
6	AGN International	286.7	14%
7	MSI Global Alliance	238.6	49%
8	DFK International	225.6	19%
9	Morison KSi	174.1	8%
10	IAPA	152.7	11%
11	Integra International	105.5	0%
12	GMN International	89.5	152%
13	Antea	68.1	4%
14	Inpact	66.9	14%
15	Alliott Group	53.4	-4%
16	CPA Associates International	51.0	24%
17	JHI Association	39.4	-23%
18	Abacus Worldwide	16.6	128%
Total revenue/growth		4,367.0	17%

Source: International Accounting Bulletin

OTHER: NETWORK DATA			
Rank	Name	Fee income (\$m)	Growth (%)
1	EY	3,477.2	13%
2	Kreston International	370.1	17%
3	Baker Tilly International	326.4	n.ap
4	Nexia International	320.0	-8%
5	Moore Stephens Int'l	306.1	5%
6	Crowe	259.9	14%
7	HLB International	187.1	-34%
8	PKF International	186.8	20%
9	Grant Thornton	144.9	-7%
10	Pan-China International	94.6	10%
11	Reanda International	80.1	30%
12	Russell Bedford Int'l	59.9	9%
13	MGI Worldwide	55.7	8%
14	ShineWing International	54.6	-20%
15	RSM	53.7	-45%
16	UHY International	45.8	48%
17	ECOVIS International	41.5	0%
18	UC&CS America	27.7	n.ap
19	Mazars	26.6	59%
20	IECnet	20.4	29%
21	Kudos International	16.7	4%
22	TGS Global	13.2	28%
23	Auren	9.2	56%
24	Parker Randall International	8.3	19%
25	FinExpertiza	7.6	-17%
26	SMS Latinoamerica	4.0	-13%
Total revenue/growth		6,198.0	14%

OTHER: ASSOCIATION DATA			
Rank	Name	Fee income (\$m)	Growth (%)
1	GGI	323.8	1%
2	Praxity	269.0	17%
3	PrimeGlobal	250.4	-17%
4	Morison KSi	120.7	-42%
5	AGN International	109.4	-13%
6	DFK International	104.8	-56%
7	LEA Global/Leading Edge	99.4	-49%
8	BKR International	98.4	-22%
9	Allinial Global	90.7	-40%
10	IAPA	87.3	55%
11	JHI Association	48.2	55%
12	MSI Global Alliance	46.9	-30%
13	CPA Associates International	32.4	n.d
14	Abacus Worldwide	23.9	56%
15	GMN International	22.4	26%
16	Antea	19.1	-5%
17	Inpact	18.4	-20%
18	EuraAudit International	13.5	40%
Total revenue/growth		1,778.6	-18%

Source: International Accounting Bulletin



NORTH AMERICA

NETWORKS: FEE AND STAFF DATA

Rank	Name	Fee income (\$m)	Growth (%)	Total staff	Growth
1	Deloitte* (e)	21,934.0	8%	n.d	n.d
2	PwC*	16,360.0	3%	54,781	-6%
3	EY* (e)	15,033.4	9%	n.d	n.d
4	KPMG* (e)	10,650.3	6%	n.d	n.d
5	BDO* (1)	4,349.8	9%	26,643	8%
6	RSM* (1)	3,403.5	6%	16,749	1%
7	Grant Thornton*	2,318.6	6%	12,665	0%
8	Crowe* (1)	2,013.8	6%	9,732	6%
9	Nexia International*	1,945.2	9%	9,939	8%
10	Baker Tilly International*	1,595.6	2%	8,354	-2%
11	Moore Stephens International*	1,379.3	4%	6,551	2%
12	Kreston International* (1)	1,032.0	7%	4,059	-1%
13	HLB International*	759.1	8%	4,624	13%
14	ECOVIS International* (1)	674.9	41%	2,145	28%
15	PKF International*	428.9	16%	1,732	-11%
16	Mazars*	216.1	7%	998	-1%
17	UHY International*	151.8	5%	816	13%
18	Russell Bedford International*	118.0	9%	723	-6%
19	SFAI* (1)	102.3	8%	3,008	-1%
20	MGI Worldwide*	96.1	0%	454	-2%
21	TGS Global*	9.0	7%	84	2%
22	IECnet* (2)	6.4	197%	49	96%
23	Parker Randall International* (3)	1.9	0%	25	0%
24	UC&CS America*	0.9	0%	53	0%
Totals/growth		62,647.2	-21%	164,184.0	1%

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) Alliance and/or correspondent members may be included. (2) Added new member firms. (3) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information.

Disclaimer: Only data from the named member firm or the exclusive member firms within a network/association is included. Data relating to correspondent and non-exclusive member firms is not included.

Source: International Accounting Bulletin

The accounting profession in the US would have expected to do well from a government for whom tax reform was a regular theme on the campaign trail, although structural challenges persist

The Tax Cuts and Jobs Act of 2017 impacted almost every aspect of accountants' work in the US last year. Taxation was impacted by the act in a myriad of areas, such as cost recovery, meal and entertainment expenses, net operating losses and pass-throughs, explains Charles Weinstein, CEO of US Allinial Global member firm EisnerAmper.

Furthermore, there are still areas where IRS guidance continues to be incomplete, he adds. "Examples include the 20% pass-through deduction under new IRC Sec. 199A as well as the global intangible low-taxed income (GILTI) provision. As to the latter, combined with BEPS and transfer

pricing, international taxation has come to the forefront."

The new lease accounting rules and revenue-recognition standards promise to keep practitioners busy in the stalwart area of auditing, while advisory services were bolstered by the introduction of new service offerings to meet client demand.

"One industry niche worth noting is real estate," says Weinstein. "As part of the Tax Cuts and Jobs Act of 2017 there are incentives – temporary deferral of tax on gains, the exclusion of up to 15% of the deferred gains, and the potential exclusion of tax on the appreciation of the qualified



NORTH AMERICA

ASSOCIATIONS: FEE AND STAFF DATA

Rank	Name	Fee income (\$m)	Growth (%)	Total staff	Growth
1	Praxity*	3,180.7	11%	16,012	5%
2	LEA Global/Leading Edge Alliance*	2,528.0	5%	10,862	-7%
3	Allinial Global*	1,892.5	-2%	14,003	10%
4	PrimeGlobal*	1,490.0	6%	7,682	2%
5	GGI* (1)	750.0	6%	5,825	9%
6	DFK International* (2)	663.7	14%	3,077	11%
7	BKR International*	567.0	-1%	3,385	1%
8	AGN International* (3)	536.2	8%	5,511	17%
9	Integra International* (4)	359.0	215%	1,553	97%
10	Morison KSi*	355.6	9%	1,855	4%
11	MSI Global Alliance*	234.9	2%	1,500	7%
12	IAPA* (5)	194.2	47%	1,002	6%
13	CPA Associates International*	181.1	-9%	1,098	-10%
14	Alliott Group* (6)	157.1	-10%	639	-6%
15	Inpact*	101.7	0%	621	-3%
16	JHI Association*	80.1	-7%	500	-11%
17	Abacus Worldwide* (3)	62.0	68%	432	48%
18	GMN International*	45.8	10%	321	-2%
19	Antea* (6)	15.1	-4%	96	-20%
20	EuraAudit International* (6)	9.4	-9%	41	-32%
21	UC&CS Global*	0.9	0%	56	6%
Totals/growth		13,405.1	8%	76,071.5	5%

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimations for their regional data. (2) Growth was attributed to gaining three new member firms in the USA combined with organic growth of the existing members. (3) Growth was attributed to addition of new member firm(s). (4) Integra International FY18 fee data includes US\$250m from correspondent and alliance members. FY17 did not include data from correspondent and alliance members. (5) Increase in fee income was attributed to some of IAPA's commercial associates becoming their full members. (6) Decrease was attributed to loss of member firm(s).

***Disclaimer:** Only data from the named member firm or the exclusive member firms within a network/association is included. Data relating to correspondent and non-exclusive member firms is not included

Source: International Accounting Bulletin

investment—for investments in qualified opportunity zones or designated low-income communities, which has led to a market for qualified opportunity funds."

Another interesting niche is sports and entertainment, thanks to the explosive growth of legalised sports gambling and e-gaming, while financial services continues to see brisk business within the alternative investment market.

A number of important trends within the profession could be identified, against a macroeconomic background that was becoming more uncertain in the second half of the year due to global economic factors and US policy decisions. That is the view of Anton Colella, global CEO of Moore Stephens International, who adds that acquisitions outside non-traditional core audit and tax practices are increasing in focus, for example pure consulting niche practices such as cybersecurity, HR consulting and technology implementation.

"With the ongoing shift in client demand from pure compliance to a high focus on advisory, there is downward pressure on value for the traditional practice model," he says. "Alongside this, there is an increased need for investment in technology as digitisation accelerates, with smaller firms becoming increasingly engaged in this aspect of developing their firms and client offerings. In addition, people challenges on recruitment and retention remain high on the list of priorities for firms of all sizes."

Oliver Grosse-Brauckmann, international support and regional director at PKF International, also warns of uncertainty around how US political actions will impact international business for larger networks and business associations. "Specifically, the relationship with China is to be observed with its strong influence on both the global economy and how long US government tax incentives will support its economy to grow," he says. ■



LATIN AMERICA

NETWORKS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	PwC*	1,092.0	-16%	52	-	31	17	-	Jun-18
2	EY* (e)	572.6	-17%	n.d	n.d	n.d	n.d	n.d	Jun-18
3	KPMG* (e)	449.0	4%	n.d	n.d	n.d	n.d	n.d	Sep-18
4	Deloitte* (e)	116.0	0%	n.d	n.d	n.d	n.d	n.d	May-18
5	BDO* (1)	273.1	10%	45	19	15	21	-	Sep-18
6	Grant Thornton*	175.0	-12%	44	-	18	36	2	Sep-18
7	UC&CS America*	156.6	6%	23	-	73	4	-	Dec-18
8	RSM* (1)	133.9	8%	42	31	18	8	1	Dec-18
9	Crowe* (1)	111.8	2%	65	-	19	9	7	Dec-18
10	Baker Tilly International*	100.0	10%	40	22	16	8	14	Dec-18
11	SFAI* (1)	93.4	3%	30	28	10	32	-	Oct-18
12	SMS Latinoamerica*	76.7	1%	32	16	30	17	5	Dec-18
13	Moore Stephens Int'l*	67.7	-3%	50	19	13	7	11	Dec-18
14	Mazars*	50.1	-2%	34	50	6	10	-	Aug-18
15	HLB International*	48.1	-24%	28	27	17	23	5	Dec-18
16	PKF International*	47.5	19%	62	19	10	4	6	Jun-18
17	Nexia International*	42.0	-19%	55	11	17	13	6	Jun-18
18	Kreston International* (1)	40.7	-22%	38	12	38	3	9	Oct-18
19	Russell Bedford International*	33.5	-8%	34	20	20	9	17	Dec-18
20	Parker Randall Int'l* (2)	33.3	1%	n.d	n.d	n.d	n.d	n.d	Dec-18
21	Auren*	24.2	11%	22	23	20	16	19	Dec-18
22	UHY International*	22.5	16%	39	19	21	14	7	Dec-18
23	MGI Worldwide*	14.5	17%	47	14	13	7	19	Jun-18
24	ECOVIS International*	13.4	0%	30	30	27	7	6	Dec-18
25	TGS Global* (3)	13.2	33%	27	31	24	8	10	Sep-18
26	Kudos International*	8.5	24%	28	-	-	-	72	Aug-18
27	IECnet*	3.6	1%	28	29	21	8	13	Dec-17
Total revenue/growth		1,583.4	1%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available (1) Alliance and/or correspondent members may be included. (2) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information. (3) Added a new member firm.

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Source: International Accounting Bulletin



LATIN AMERICA

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	UC&CS Global* (1) (2)	230.3	56%	23	-	73	4	-	Dec-18
2	LEA Global/Leading Edge Alliance* (3)	114.8	-14%	42	21	23	12	2	Dec-18
3	GGI* (4)	89.0	-2%	n.d	n.d	n.d	n.d	n.d	Dec-18
4	Praxity*	58.7	-5%	37	44	9	9	-	n.ap
5	JHI Association* (5)	58.5	17%	13	1	51	-	35	Dec-18
6	PrimeGlobal* (1)	42.9	3%	54	-	26	10	10	May-18
7	Antea*	33.7	10%	23	28	18	14	17	Dec-18
8	DFK International*	33.6	-12%	42	25	17	11	6	Dec-18
9	Allinial Global* (6)	29.6	47%	32	21	22	14	11	Dec-18
10	Morison KSi*	27.9	-24%	19	37	25	6	14	Dec-17
11	CPA Associates International*	27.4	-13%	35	25	28	12	-	Oct-18
12	BKR International* (3)	19.0	-14%	49	18	24	8	1	Jun-18
13	AGN International* (3)	14.3	-13%	64	9	25	2	-	Dec-18
14	IAPA* (7)	13.3	98%	54	21	9	8	8	Mar-17
15	MSI Global Alliance*	11.0	10%	45	14	22	15	4	Dec-18
16	Integra International*	8.0	2%	10	60	25	5	-	Dec-18
17	GMN International* (3)	7.7	-22%	47	21	25	2	5	Sep-18
18	EuraAudit International* (1) (6)	5.8	37%	70	-	14	10	6	Dec-18
19	Inpact*	4.2	7%	47	23	25	3	3	Dec-17
20	Alliott Group* (8)	3.5	49%	35	10	40	15	-	Dec-18
21	Abacus Worldwide* (3)	2.3	-55%	35	7	15	16	27	Dec-18
Total revenue/growth		401.4	1%						

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. (1) Accounting services are included in audit and assurance. (2) UC&CS Global FY18 fee data in LATAM includes US\$73.6m from correspondent and alliance member. (3) Decrease in fees was attributed to loss of member firm(s). (4) GGI submitted estimations for their regional data. (5) Increase due to organic growth. (6) Growth was attributed to addition of new member firm(s). (7) Growth in fee was attributed to gaining two more profitable members and losing two less profitable members. (8) Increases in fee income was attributed to expansion from one of their member firms through merger.

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Source: International Accounting Bulletin



LATIN AMERICA

NETWORKS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	PwC*	16,441	28%	514	13,187	2,740	n.d
2	BDO* (1)	5,465	1%	280	4,460	725	84
3	Grant Thornton*	4,150	1%	223	3,371	556	60
4	SFAI* (1)	3,987	5%	271	2,928	788	35
5	Crowe* (1)	3,347	0%	192	2,708	447	86
6	RSM* (1)	2,935	3%	219	2,334	382	77
7	Moore Stephens International*	2,697	-5%	179	2,158	360	61
8	Baker Tilly International*	2,321	7%	188	1,806	327	77
9	SMS Latinoamerica*	2,172	1%	198	1,768	206	54
10	UC&CS America*	1,689	-23%	215	1,227	247	161
11	HLB International*	1,598	3%	117	1,242	239	65
12	Kreston International* (1)	1,568	-13%	114	1,207	247	66
13	PKF International*	1,552	13%	126	1,201	225	37
14	Mazars*	1,397	17%	23	1,186	188	21
15	Nexia International*	1,186	4%	109	871	206	57
16	Russell Bedford International*	1,146	10%	100	892	154	45
17	UHY International *	877	-10%	78	614	185	32
18	Auren*	870	6%	67	681	122	25
19	MGI Worldwide*	547	10%	65	482	-	27
20	ECOVIS International*	459	13%	40	377	42	17
21	TGS Global*	454	51%	29	359	66	13
22	Parker Randall International* (2)	397	3%	n.d	n.d	n.d	n.d
23	Kudos International*	277	28%	33	244	-	12
24	IECnet*	221	-1%	41	146	34	16
Total staff/growth		57,753	8%	3,421	45,449	8,486	1,128

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available (1) Alliance and/or correspondent members may be included. (2) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information. *Disclaimer = Only data from the named member firm or the exclusive member firms within a network/association is included. **Disclaimer:** Only data from the named member firm or the exclusive member firms within a network/association is included. Data relating to correspondent and non-exclusive member firms is not included **Source:** International Accounting Bulletin

Political volatility has dogged a number of Latin American countries over the last 12 months, although the evolution of electronic invoicing provided growth opportunities for firms across the region

Electronic invoicing in Latin America has been developing over the last decade, with advanced systems now up and running in Mexico, Brazil and Chile. By the end of this year, it is expected that countries such as Argentina and Uruguay will incorporate all their taxpayers into an electronic invoicing system. Rolled out initially to the largest taxpayers, it is envisaged that electronic invoicing will eventually be implemented for all taxpayers, according to Eduardo Nuñez Duarte, partner at Allinial Global member firm Grupo Consultor EFE in Guatemala. "The Inter-

American Development Bank has expressed in this regard that electronic invoicing is one of the first digital tools for the development of Latin America and the Caribbean, so much that its gradual adoption in the main Latin American economies has been one of the priorities of tax authorities in order to continue strengthening the search for fiscal transparency and improving collection," he says. "In that sense, market participants have responded positively to the demands of different services required by taxpayers who have adopted electronic invoicing, such as systems adapted



LATIN AMERICA

ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	LEA Global/Leading Edge Alliance*	2,430	-2%	146	1,814	470	52
2	UC&CS Global*	1,990	-10%	236	1,485	269	175
3	Praxity*	1,625	7%	37	1,360	228	32
4	PrimeGlobal*	1,438	0%	152	1,039	247	69
5	CPA Associates International*	1,334	32%	129	858	347	29
6	Antea*	1,259	3%	113	959	187	52
7	DFK International*	1,197	-3%	98	851	248	45
8	Allinial Global*	1,115	32%	196	798	121	45
9	JHI Association*	1,007	7%	54	832	121	36
10	Morison KSi*	931	-5%	76	605	250	30
11	GGI*	692	2%	n.d.	n.d.	n.d.	n.d.
12	BKR International*	540	-12%	53	464	23	28
13	AGN International	433	-37%	63	370	-	19
14	MSI Global Alliance*	426	-9%	44	314	68	17
15	GMN International*	424	-20%	47	332	45	22
16	IAPA*	287	-2%	35	207	45	17
17	Integra International*	278	-10%	28	194	56	11
18	Impact*	265	-1%	30	207	28	12
19	EuraAudit International*	201	-2%	41	134	26	13
20	Alliott Group*	163	23%	18	11	134	11
21	Abacus Worldwide*	92	-40%	19	45	28	8
Total staff/growth		18,127	0%	1,615	12,879	2,941	723

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available

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Source: International Accounting Bulletin

to align invoicing and electronic accounting, cloud-based systems and implementation of new audit systems."

This has required firms in the region to develop a broader understanding of the implications of electronic invoicing for clients, which range from the adaptation or search for new accounting systems through to the level of tax compliance that the authority overseeing the different activities will receive.

"Likewise, auditing practices in markets that have adopted electronic invoicing must consider within their audit tests auditing the systems that the clients implement with the purpose of ensuring the information's reasonableness," adds Duarte.

Other aspects that will be developed include extending the concept of electronic invoicing to other areas of tax control, such as the electronic payroll system – as is currently the case in Argentina and Mexico – and new services such as

electronic factoring in Chile. However, there is little denying that high levels of turmoil on both the economic and social fronts took their toll on accounting firms in Latin America during 2018.

Stephen Hamlet, CEO of Russell Bedford International, acknowledges that member firms struggled to retain the revenue levels of the previous year, and that there are clearly a number of countries where volatility is preventing expansion. "Economies that have been very badly hit – obviously Venezuela, but also other parts of Latin America – have made it impossible for some businesses to survive, and when exchange rates are so adversely affected, it makes it difficult for businesses to leave their home territory and invest in other jurisdictions," he concludes.

"So, although we recruited 20 new members in 2018, some existing members in these locations have struggled, losing clients who have been affected by this volatility." ■



MIDDLE EAST

NETWORKS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	PwC*	845.0	21%	27	-	16	57	-	Jun-18
2	Deloitte* (e)	634.4	5%	n.d	n.d	n.d	n.d	n.d	May-18
3	EY* (e)	606.2	23%	n.d	n.d	n.d	n.d	n.d	Jun-18
4	KPMG* (e)	442.5	7%	n.d	n.d	n.d	n.d	n.d	Sep-18
5	BDO* (1)	166.7	16%	51	10	13	26	-	Sep-18
6	Baker Tilly International*	70.1	-1%	34	6	17	35	8	Dec-18
7	Crowe* (1)	59.3	7%	57	-	18	19	6	Dec-18
8	RSM* (1)	43.4	4%	48	6	16	25	5	Dec-18
9	Grant Thornton*	42.8	2%	60	-	8	31	2	Sep-18
10	PKF International*	36.4	16%	61	9	11	7	12	Jun-18
11	SFAI* (1)	34.2	4%	12	61	12	15	-	Oct-18
12	Moore Stephens Int'l*	32.8	0%	55	7	15	16	7	Dec-18
13	HLB International*	28.7	3%	48	16	18	16	2	Dec-18
14	Nexia International*	25.6	18%	40	10	40	6	4	Jun-18
15	Mazars*	23.5	3%	45	19	29	7	-	Aug-18
16	UHY International *	18.5	-18%	51	10	18	21	-	Dec-18
17	Russell Bedford Int'l*	14.0	12%	42	8	30	11	9	Dec-18
18	Kreston International* (1)	13.5	12%	70	4	11	4	11	Oct-18
19	MGI Worldwide* (2)	13.0	129%	54	8	19	8	11	Jun-18
20	ECOVIS International*	8.8	23%	28	19	32	14	7	Dec-18
21	Parker Randall Int'l* (3)	8.8	51%	n.d	n.d	n.d	n.d	n.d	Dec-18
22	TGS Global*	6.2	6%	51	12	26	11	-	Sep-18
23	Reanda International* (1)	6.1	-18%	16	6	10	13	55	Dec-18
24	IECnet*	5.2	11%	36	39	2	4	19	Dec-17
25	Kudos International*	2.3	-44%	74	-	-	-	26	Aug-18
26	Auren*	2.0	n.ap	18	20	22	6	34	Dec-18
27	FinExpertiza	0.4	186%	65	8	-	23	4	Jun-18
Total revenue/growth		3,190.3	13%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) Alliance and/or correspondent members may be included. (2) Added a new member firm (3) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information.

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Source: International Accounting Bulletin



MIDDLE EAST ASSOCIATIONS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	GGI* (1)	140.3	20%	n.d	n.d	n.d	n.d	n.d	Dec-18
2	Praxity*	52.7	3%	50	15	29	5	1	n.ap
3	LEA Global/Leading Edge Alliance*	41.1	-6%	47	15	15	20	3	Dec-18
4	Allinial Global* (2)	32.5	213%	32	11	31	18	8	Dec-18
5	Morison KSi* (3)	24.1	-30%	51	7	14	14	14	Dec-17
6	PrimeGlobal* (2) (4)	16.9	10%	56	-	14	16	14	May-18
7	BKR International* (3)	13.9	-18%	53	13	23	9	2	Jun-18
8	MSI Global Alliance*	13.8	-7%	39	13	17	25	6	Dec-18
9	AGN International	13.4	1%	30	9	10	49	2	Dec-18
10	Inpact*	9.6	19%	74	11	4	7	3	Dec-17
11	DFK International* (5)	8.2	17%	62	8	11	11	8	Dec-18
12	IAPA* (2)	8.0	19%	42	10	25	16	7	Mar-18
13	CPA Associates International*	7.1	-12%	46	11	19	24	-	Oct-18
14	GMN International*	5.8	-5%	55	14	10	12	9	Sep-18
15	Antea*	5.1	2%	35	10	34	6	15	Dec-18
16	Integra International* (3)	4.9	-35%	65	5	15	15	-	Dec-18
17	Alliott Group*	3.4	35%	70	4	14	10	2	Dec-18
18	UC&CS Global* (4)	3.1	19%	26	-	66	8	-	Dec-18
19	JHI Association* (3)	2.9	-15%	65	5	9	2	20	Dec-18
20	Abacus Worldwide* (2)	2.0	43%	77	3	10	10	-	Dec-18
21	EuraAudit International* (4)	1.5	79%	95	-	-	2	3	Dec-18
Total revenue/growth		410.3	9%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimations for their regional data. Growth was attributed to increased demand for corporate finance, M&A and advisory services of firms in the region. (2) Growth was attributed to addition of new member firm(s). (3) Reduction was attributed to loss of member firm(s). (4) Accounting services are included in audit and assurance. (5) DFK International had organic growth and more members reporting this year compared to last year explaining part of their growth.

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Source: International Accounting Bulletin



MIDDLE EAST

NETWORKS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	Deloitte* (e)	4,972	7%	n.d	n.d	n.d	n.d
2	EY* (e)	4,636	6%	n.d	n.d	n.d	n.d
3	PwC*	4,463	7%	221	3,392	850	n.d
4	KPMG* (e)	3,689	4%	n.d	n.d	n.d	n.d
5	BDO* (1)	2,211	5%	108	1,838	265	30
6	Crowe*	986	3%	108	730	148	45
7	Baker Tilly International*	985	14%	100	766	119	34
8	PKF International*	856	-1%	91	653	112	28
9	Moore Stephens International*	811	2%	56	630	125	30
10	Grant Thornton*	753	23%	51	580	122	14
11	RSM* (1)	751	6%	73	575	103	19
12	HLB International*	695	12%	57	548	90	29
13	Nexia International*	605	17%	82	389	134	28
14	Mazars*	465	9%	17	384	64	15
15	UHY International *	364	-16%	27	235	102	9
16	Russell Bedford International*	237	-1%	34	175	28	19
17	Kreston International* (1)	234	16%	23	172	39	21
18	SFAI* (1)	223	32%	12	86	125	8
19	MGF Worldwide*	189	24%	29	160	-	19
20	IECnet*	170	9%	25	115	30	14
21	ECOVIS International*	156	16%	28	106	22	10
22	Reanda International* (1)	153	50%	16	106	31	13
23	TGS Global*	136	-3%	25	90	21	9
24	Parker Randall International* (2)	125	7%	n.d	n.d	n.d	n.d
25	Kudos International*	88	-2%	5	83	-	2
26	FinExpertiza	78	86%	12	53	13	10
27	Auren*	23	n.ap	9	11	3	2
Total staff/growth		29,054	7%	1,209	11,866	2,546	408

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) Alliance and/or correspondent members may be included. (2) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information.

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Source: International Accounting Bulletin



MIDDLE EAST ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	Allinial Global*	1,458	187%	187	1,183	88	46
2	GGI* (1)	1,090	24%	n.d	n.d	n.d	n.d
3	LEA Global/Leading Edge Alliance*	936	2%	128	610	198	56
4	Praxity*	905	5%	58	735	112	37
5	Morison KSi*	505	-27%	58	381	66	25
6	PrimeGlobal*	361	-2%	57	393	98	23
7	MSI Global Alliance*	295	3%	35	64	196	10
8	BKR International*	251	13%	32	187	32	15
9	Impact*	248	6%	24	166	58	13
10	UC&CS Global*	234	1%	7	209	18	8
11	DFK International*	228	25%	26	158	44	17
12	IAPA*	159	12%	21	69	69	16
13	Antea* (2)	153	19%	35	95	23	9
14	CPA Associates International*	143	-13%	15	108	20	14
15	JHI Association*	129	-4%	13	86	30	7
16	GMN International*	120	13%	20	83	17	10
17	Alliott Group*	105	5%	12	77	16	7
18	Integra International*	101	-29%	14	71	16	7
19	Abacus Worldwide*	50	178%	6	32	12	5
20	EuraAudit International*	28	22%	4	23	1	2
-	AGN International (3)	n.ap	n.ap	n.ap	n.ap	n.ap	19
Total staff/growth		7,499	18%	752	4,730	1,114	346

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimates for its regional data. (2) Gained two new member firms in Lebanon and Kuwait. (3) Middle East staff FY18 figures are included in Africa

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Source: International Accounting Bulletin



EUROPE

NETWORKS: FEE AND STAFF DATA

Rank	Name	Fee income (\$m)	Growth (%)	Total staff	Growth
1	PwC	14,782.0	15%	86,688	10%
2	Deloitte* (e)	14,150.0	7%	94,191	7%
3	EY* (e)	12,521.1	16%	87,845	6%
4	KPMG* (e)	10,688.4	18%	68,746	4%
5	BDO* (1)	2,837.6	17%	23,348	9%
6	Grant Thornton*	1,785.4	7%	16,290	5%
7	Nexia International*	1,367.2	12%	9,802	7%
8	Mazars*	1,262.2	16%	10,714	8%
9	RSM* (1)	1,161.2	13%	9,967	4%
10	HLB International*	1,126.0	29%	11,081	22%
11	Baker Tilly International*	1,071.1	9%	9,803	-1%
12	Moore Stephens International*	893.9	12%	8,031	14%
13	Crowe* (1)	875.2	5%	8,375	3%
14	Kreston International* (1)	701.1	8%	8,632	1%
15	PKF International*	617.9	16%	6,350	-16%
16	ECOVIS International*	320.2	11%	3,174	3%
17	Russell Bedford International*	283.5	12%	3,003	0%
18	UHY International*	264.2	11%	2,851	1%
19	MGI Worldwide*	263.2	8%	2,412	-1%
20	TGS Global*	135.7	8%	1,714	9%
21	SFAI* (1)	129.8	15%	1,312	66%
22	Auren*	105.4	15%	1,160	2%
23	Parker Randall International* (2)	101.5	21%	860	18%
24	IECnet*	74.4	8%	819	11%
25	ShineWing International* (3)	66.9	n.ap	486	2938%
26	Reanda International* (1)	33.5	36%	528	33%
27	FinExpertiza	22.5	-27%	1,005	-9%
28	Kudos International*	11.0	-2%	159	-11%
Totals/growth		67,652.1	13%	479,345.6	6%

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. (1) Alliance and/or correspondent members may be included. (2) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information. (3) Shinewing added a European firm this year

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Source: International Accounting Bulletin

Inevitably, Brexit was the single biggest issue exercising the minds of accounting firms and their clients across Europe during 2018, but regulatory requirements also took their toll

Europe is shaken by uncertainty and this will continue – not just in relation to Brexit but also the financial health of Italy and Greece, conflict in the Middle East, public unrest in France and conservative forces in Poland and Hungary, warns Oliver Grosse-Brauckmann, international support and regional director at PKF International.

“Accounting firms will face significant market and political changes in addition to technology disruption and recruiting challenges, and consolidation by merger will accelerate as the baby boomers are now forced out by age and have to hand on their business,” he says.

Accounting and auditing scandals such as those at BHS, Carillion and Patisserie Valerie are panicking regulators who

are likely to take radical steps in the audit sector, adds Clive Bennett, MGI Worldwide CEO. “These may not affect the middle private market as much as the listed market, but firms are preparing for change nevertheless. Regulatory action in the UK may presage change more widely, questioning the function and position of audit.”

Many UK businesses have set up operations in other parts of Europe, which has led to an increase in tax and advisory advice. However, uncertainty around the outcome of Brexit has also encouraged many businesses to delay investment plans, which has consequential effects in deferring tax and advisory work observes Andrew Griggs, senior partner at Kreston Reeves.



EUROPE

ASSOCIATIONS: FEE AND STAFF DATA

Rank	Name	Fee income (\$m)	Growth (%)	Total staff	Growth
1	Praxity*	1,615.2	13%	14,492	7%
2	GGI* (1)	1,324.7	0%	10,289	4%
3	Allinial Global* (2)	903.7	83%	4,251	7%
4	PrimeGlobal* (3)	821.8	-10%	8,701	-15%
5	BKR International* (4)	686.9	5%	6,730	8%
6	AGN International*	554.0	7%	4,538	4%
7	IAPA* (5)	433.6	6%	5,540	17%
8	LEA Global/Leading Edge Alliance*	407.0	-8%	3,517	-4%
9	DFK International*	404.4	0%	4,217	0%
10	MSI Global Alliance*	384.2	12%	4,100	10%
11	Morison KSi*	354.4	-4%	3,124	-4%
12	Antea*	199.6	9%	2,328	3%
13	GMN International* (2)	191.2	114%	1,829	75%
14	EuraAudit International*	166.2	3%	1,847	-6%
15	Alliott Group*	161.1	-9%	2,016	-9%
16	Impact*	119.4	7%	1,198	1%
17	Integra International* (6)	118.6	12%	1,516	14%
18	CPA Associates International* (7)	85.3	-38%	888	-60%
19	JHI Association*	72.1	5%	818	-5%
20	Abacus Worldwide* (2)	20.0	18%	249	30%
21	UC&CS Global* (4)	3.6	7%	74	-3%
Totals/growth		9,027.0	8%	82,261.9	1%

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimates for its regional data. (2) Growth was attributed to the addition of new member firm (s). (3) Decrease in growth was attributed to loss of member firms. (4) Restated staff figures for 2017. (5) Increase in fee income was attributed to some IAPA commercial associates becoming full members. (6) Integra restated its revenue figure for last year as it was not up to date at the time. (7) CPA Associates lost a few larger member firms in Europe, as well as restating its 2017 figures for fees.

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Source: International Accounting Bulletin

"Concerns over the increasing amount of regulation continued in 2018," he continues. "The introduction of the General Data Protection Regulation to protect the personal information of individuals had a short term cost to businesses. In addition, gender pay reporting saw many reports prepared by organisations with more than 250 people in early 2018 and this – together with the increasing impact of having four generations of people in the workforce – has meant that more organisations have focused on what a modern workforce should look like and increasingly adopted agile and flexible working practices."

Crowe Global CEO David Mellor observes that the assumption that volatility automatically leads to lower growth and fewer opportunities for accounting firms and their clients is not always accurate.

"Many business owners, having survived the lows of the global recession of 2008, feel disinclined to go through it again," explains Crowe UK partner Peter Varley. "The political uncertainty which abounds in the UK and concerns surrounding the disruption that a regime change would bring about are contributing to a trend of increased mid-market M&A activity. This is occurring as business owners seek to secure value through an exit whilst they are able to do so, perhaps sooner than they may have planned."

A shared challenge across Europe is the ability to recruit the right people, particularly in the areas of digital technology and services, such as cyber security and blockchain where much of the development of new client offerings are taking place – suggests Moore Stephens International Global CEO Anton Colella. ■



AFRICA

NETWORKS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	PwC*	714.0	2%	59	-	19	22	-	Jun-18
2	Deloitte* (e)	684.3	-2%	n.d	n.d	n.d	n.d	n.d	May-18
3	EY* (e)	603.2	7%	n.d	n.d	n.d	n.d	n.d	Jun-18
4	KPMG* (e)	509.0	7%	n.d	n.d	n.d	n.d	n.d	Sep-18
5	Grant Thornton* (1) (2)	175.8	55%	32	-	8	24	4	Sep-18
6	BDO* (2) (3)	132.7	22%	43	26	11	20	-	Sep-18
7	Mazars*	95.8	9%	49	24	12	15	-	Aug-18
8	SFAI* (3)	93.5	-23%	50	28	12	10	-	Oct-18
9	PKF International*	61.3	18%	53	16	12	2	18	Jun-18
10	RSM* (3)	38.0	-4%	50	13	18	17	2	Dec-18
11	Nexia International*	33.4	0%	63	18	8	7	4	Jun-18
12	Baker Tilly International* (2)	32.1	25%	58	13	10	11	8	Dec-18
13	Moore Stephens International*	31.5	7%	43	22	12	9	14	Dec-18
14	Crowe* (3)	27.9	9%	63	-	14	12	11	Dec-18
15	HLB International*	27.7	6%	39	36	11	11	3	Dec-18
16	Kreston International* (3)	26.3	-23%	59	7	17	1	16	Oct-18
17	MGI Worldwide* (2)	11.1	31%	37	28	8	5	22	Jun-18
18	UHY International*	9.1	11%	52	17	12	16	4	Dec-18
19	IECnet*	8.2	9%	34	31	7	23	5	Dec-17
20	Parker Randall International* (4)	5.8	5%	n.d	n.d	n.d	n.d	n.d	Dec-18
21	Russell Bedford International* (2)	5.5	38%	50	24	12	8	6	Dec-18
22	TGS Global*	4.7	-5%	37	22	11	28	1	Sep-18
23	ECOVIS International*	2.3	14%	37	29	15	15	4	Dec-18
24	Reanda International* (3)	0.9	325%	14	66	1	5	14	Dec-18
25	ShineWing International*	0.6	10%	23	1	73	2	1	Dec-18
26	FinExpertiza*	0.2	99%	61	7	19	6	7	Jun-18
Total revenue/growth		3,335.0	5%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) Service Line split does not add up to 100 because one firm only reported total revenue and not revenue split (2) High growth partly due a mixture of new firms, M&A and/or organic growth (3) Alliance and/or correspondent members may be included.(4) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information

***Disclaimer:** Only data from the named member firm or the exclusive member firms within a network/association is included. Data relating to correspondent and non-exclusive member firms is not included

Source: International Accounting Bulletin



AFRICA

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	Praxity*	99.1	9%	50	24	12	15	-	n.ap
2	GGI* (1)	83.6	8%	n.d	n.d	n.d	n.d	n.d	Dec-18
3	LEA Global/Leading Edge Alliance* (2)	20.3	16%	47	22	15	10	6	Dec-18
4	BKR International* (3)	12.4	-17%	40	22	11	24	3	Jun-18
5	Allinial Global* (4)	12.2	877%	27	35	13	15	10	Dec-18
6	MSI Global Alliance* (4)	11.8	26%	41	25	13	8	13	Dec-18
7	Morison KSi* (3)	10.3	-82%	40	7	39	3	11	Dec-17
8	PrimeGlobal* (5) (6)	8.0	31%	60	-	22	12	6	May-18
9	GMN International*	6.6	2%	30	31	20	11	8	Sep-18
10	Antea* (4)	5.2	102%	9	20	63	4	4	Dec-18
11	Integra International*	5.1	-7%	50	10	25	15	-	Dec-18
12	Alliott Group*	4.5	-9%	61	4	19	3	13	Dec-18
13	DFK International*	4.5	-2%	37	35	11	9	8	Dec-18
14	EuraAudit International* (4) (6)	4.2	28%	75	-	12	12	1	Dec-18
15	Inpact*	3.4	2%	60	13	4	5	18	Dec-17
16	AGN International	3.1	3%	40	29	22	7	2	Dec-18
17	IAPA*	2.5	11%	22	18	24	17	19	Mar-18
18	CPA Associates International* (3)	2.3	-20%	43	22	23	4	8	Oct-18
19	Abacus Worldwide*	0.7	0%	54	10	16	9	11	Dec-18
-	JHI Association*	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap
Total revenue/growth		299.9	-5%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimations for their regional data. (2) The figure for fee income for FY17 for Lea Global in Africa did not include data for one member firm which is included in FY18 figures. (3) Decrease in fee was attributed to loss of member firm(s). (4) Growth in fee income was attributed to addition of new member firm(s). (5) Increase in fee income was attributed to organic growth. (6) Accounting services are included in audit and assurance.

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Source: International Accounting Bulletin



AFRICA

NETWORKS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	Deloitte (e)	11,657	6%	n.d	n.d	n.d	n.d
2	EY (e)	10,873	6%	n.d	n.d	n.d	n.d
3	PwC	10,628	8%	451	8,102	2,075	n.d
4	KPMG (e)	8,509	4%	n.d	n.d	n.d	n.d
5	BDO* (1)	2,993	20%	192	2,371	430	44
6	Mazars*	2,669	2%	120	2,115	434	41
7	Grant Thornton*	2,643	2%	199	1,938	506	43
8	PKF International*	2,295	26%	183	1,702	410	53
9	SFAI*(1)	1,555	-16%	35	550	338	32
10	RSM* (1)	1,323	-1%	112	979	232	42
11	Baker Tilly International*	1,312	26%	83	936	293	27
12	Kreston International* (1)	1,195	-14%	84	950	161	42
13	Nexia International* (2)	1,131	27%	97	816	218	49
14	Crowe* (1)	923	0%	96	669	158	40
15	Moore Stephens International*	903	7%	80	679	144	25
16	HLB International*	714	-18%	81	464	169	46
17	UHY International *	372	2%	46	230	96	22
18	MGF Worldwide*	325	28%	40	285	-	15
19	IECnet*	289	3%	28	204	57	22
20	TGS Global*	282	-1%	19	216	47	14
21	Russell Bedford International*	267	87%	28	195	44	12
22	Parker Randall International* (3)	108	5%	n.d	n.d	n.d	n.d
23	ECOVIS International*	98	23%	9	74	15	6
24	ShineWing International*	72	-20%	5	51	16	2
25	FinExpertiza	53	23%	3	39	11	1
26	Reanda International* (1)	38	46%	5	27	6	3
Total staff/growth		63,227	6%	1,996	23,592	5,860	581

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) Alliance and/or correspondent members may be included. (2) Nexia restated its 2017 figures compared to what it declared last year (3) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information.

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Source: International Accounting Bulletin

Significant inward investment – particularly from China – has helped to boost demand for accounting and related services in Africa over the last 12 months

Africa experienced both positive and negative economic developments during 2018.

On the upside, there was increased focus on agribusiness in order to move away from reliance on food imports, while the acceleration of e-banking and mobile money platforms led to an increase in the value of financial technology and telecommunications companies.

However, in macroeconomic terms, fluctuating oil prices caused economic difficulties for the continent's oil

producers, and commodities such as copper were impacted by the slowdown in global economic growth.

The established trend of Chinese trade and investment with Africa continues to grow, observes Anton Colella, global CEO at Moore Stephens International. "Infrastructure development – rail, ports and airports – is also seeing growing interest from investors. In terms of the main opportunities for the profession, we see expansion in mid-tier clients in the banking, mining, renewable energy,



AFRICA ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	Praxity*	2,728	2%	125	2161	442	43
2	LEA Global/Leading Edge Alliance*	817	0%	71	491	255	34
3	AGN International* (1)	690	70%	104	586	-	7
4	GGI* (2)	650	12%	n.d	n.d	n.d	n.d
5	PrimeGlobal*	536	9%	17	125	57	10
6	MSI Global Alliance*	406	10%	33	292	81	14
7	Morison KSi*	402	-65%	37	298	67	12
8	BKR International*	354	-1%	26	280	48	13
9	GMN International*	286	-2%	37	173	76	19
10	Integra International*	271	-15%	22	218	31	9
11	DFK International*	267	-1%	40	178	49	18
12	Antea*	237	80%	21	165	51	9
13	Allinial Global* (3)	234	2240%	18	178	38	13
14	EuraAudit International*	192	2%	20	141	31	16
15	Inpact*	188	6%	16	152	20	13
16	IAPA*	157	-3%	13	120	24	13
17	CPA Associates International*	104	-10%	14	77	13	8
18	Alliott Group*	81	-8%	17	47	17	5
19	Abacus Worldwide*	32	3%	4	20	8	5
-	JHI Association*	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap
Total staff/growth		8,632	0%	635	5,702	1,308	261

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) AGN restated its FY17 staff figures which were submitted incorrectly last year. Staff growth was attributed to African figures including Middle East for FY18. (2) GGI submitted estimates for its regional data. (3) Growth was attributed to the addition of three new member firms

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Source: International Accounting Bulletin

logistics, leisure, telecoms and fintech sectors. Agribusiness is an important sector requiring a great deal of growth capital to establish it for the future."

Relative stability, natural resources and a youthful demographic are all factors that provide PKF International with comfort that its firms will further expand on the 12% growth they recorded in the Africa region over the last year, says international support and regional director Oliver Grosse Brauckmann, who expresses surprise that the race for geographical coverage in Africa among networks and associations has not really taken off yet.

"China is moving strongly into Africa, and European efforts to decrease migration may have a positive impact on economic development," he adds.

"Being a modest contributor in terms of fees and size, sub-Saharan Africa is not a focus for many, but it should not be ignored: Africa is moving faster and faster, and accountants and advisors have to be there."

Asked to what extent clients were affected by economic and political volatility in 2018, Russell Bedford

International CEO, Stephen Hamlet, says his network recorded 38% growth across the continent. "I believe a lot of this spins from uncertainty within their own jurisdictions, with economic and political volatility leading to businesses having to look elsewhere," he adds.

The network has been approached by several firms in Africa who realise that they have a real need to become global and join an international network, since their clients are looking to branch out across borders. So, if anything, local volatility has made the appeal of globalisation even more prevalent.

"In terms of market sectors, technology companies have been doing well, and several of our firms dealing in personal tax advice for high net worth individuals also had good growth," concludes Hamlet.

"In terms of services, advisory services and specific tax advice continue to do well. Accountancy firms are very much looking to provide more advisory services and specialise to differentiate themselves against their competitors." ■



ASIA-PACIFIC NETWORKS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	PwC*	7,485.0	14%	43	-	22	35	-	Jun-18
2	Deloitte*	6,600.0	14%	n.d	n.d	n.d	n.d	n.d	May-18
3	EY*	5,300.0	12%	n.d	n.d	n.d	n.d	n.d	Jun-18
4	KPMG*	4,880.0	10%	n.d	n.d	n.d	n.d	n.d	Sep-18
5	Crowe* (1) (2)	1,242.9	40%	55	-	9	27	9	Dec-18
6	BDO* (1)	1,239.1	7%	60	12	12	16	-	Sep-18
7	Grant Thornton*	947.1	19%	45	-	24	21	10	Sep-18
8	Baker Tilly International*	762.9	11%	41	11	14	13	21	Dec-18
9	Moore Stephens International*	637.8	2%	56	10	9	6	19	Dec-18
10	RSM* (1)	589.4	-8%	44	12	13	27	3	Dec-18
11	Nexia International*	586.9	14%	48	18	13	11	10	Jun-18
12	Kreston International* (1)	499.3	-9%	51	9	8	6	26	Oct-18
13	HLB International*	479.7	10%	58	11	10	5	16	Dec-18
14	Pan-China International*	449.8	-3%	73	1	4	1	21	Dec-18
15	ShineWing International*	387.3	7%	69	7	5	7	12	Dec-18
16	PKF International*	312.4	17%	59	14	9	7	11	Jun-18
17	Mazars*	254.1	12%	75	15	5	4	1	Aug-18
18	Reanda International* (1)	181.9	14%	37	2	11	12	38	Dec-18
19	UHY International *	106.8	0%	46	19	15	16	4	Dec-18
20	MGI Worldwide*	65.9	6%	29	36	14	10	11	Jun-18
21	ECOVIS International*	60.0	10%	27	31	18	11	13	Dec-18
22	Russell Bedford International*	45.0	1%	51	18	19	4	8	Dec-18
23	SFAI* (1)	43.6	19%	30	29	13	28	-	Oct-18
24	IECnet*	42.7	21%	37	12	16	15	20	Dec-17
25	TGS Global*	19.8	15%	32	14	21	19	14	Sep-18
26	Parker Randall International* (3)	15.5	42%	n.d	n.d	n.d	n.d	n.d	Dec-18
27	FinExpertiza (4)	5.9	1,881%	66	9	6	8	12	Jun-18
28	Kudos International*	3.1	-30%	47	-	-	-	53	Aug-18
Total revenue/growth		33,243.9	12%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) Alliance and/or correspondent members may be included. (2) Growth due to Rui-Hua becoming an exclusive member of Crowe, Crowe replacing its Japanese firm with a bigger one, as well as organic growth in a number of markets. (3) PRIL did not carry out any audit to verify the numbers provided by each member firm and used estimated information where applicable to compile the necessary information. (4) Growth due to new member firms

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Source: International Accounting Bulletin



ASIA-PACIFIC ASSOCIATIONS: FEE DATA

Rank	Name	Fee income (\$m)	Growth (%)	Fee split (%)					Year end
				Audit & accounting	Accounting services	Tax	Advisory	Other	
1	Praxity*	828.3	17%	62	14	8	3	12	n.ap
2	GGI* (1)	310.3	-3%	n.d	n.d	n.d	n.d	n.d	Dec-18
3	LEA Global/Leading Edge Alliance*	202.2	5%	32	21	23	23	1	Dec-18
4	DFK International* (2)	188.7	27%	52	18	12	11	9	Dec-18
5	CPA Associates International* (3)	160.3	4%	n.d	n.d	n.d	n.d	n.d	Oct-18
6	Allinial Global* (4)	153.7	210%	34	24	18	11	13	Dec-18
7	Morison KSi* (5)	130.5	-51%	47	18	13	13	9	Dec-17
8	PrimeGlobal* (6)	124.0	1%	54	-	23	11	12	May-18
9	BKR International* (7)	106.7	-14%	41	23	18	9	9	Jun-18
10	AGN International*	99.0	-1%	25	35	16	8	16	Dec-18
11	IAPA*	75.7	11%	39	14	20	10	17	Mar-18
12	MSI Global Alliance*	65.0	6%	23	28	34	14	2	Dec-18
13	Alliott Group* (4)	51.4	36%	42	9	32	3	14	Dec-18
14	Inpact*	43.7	-8%	30	15	24	9	22	Dec-17
15	Integra International* (7)	32.0	-29%	50	20	20	10	0	Dec-18
16	GMN International*	22.7	-7%	31	29	21	8	11	Sep-18
17	Abacus Worldwide* (4)	17.0	44%	28	11	15	14	32	Dec-18
18	Antea*	13.6	5%	30	40	13	16	1	Dec-18
19	JHI Association*	12.1	-12%	31	18	33	5	13	Dec-18
20	EuraAudit International* (6)	5.9	50%	81	-	10	5	4	Dec-18
21	UC&CS Global* (4) (6)	4.5	466%	46	-	46	8	-	Dec-18
Total revenue/growth		2,647.1	5%						

Notes: (e) IAB estimate, n.d = not disclosed, n.c = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimations for their regional data. (2) Data for last year did not include up to date figures for the two biggest Chinese member firms which are now up to date and included in the current year. (3) CPA Associates restated their figures for last year as one of their member firms had responded incorrectly last year. (4) Growth in fees attributed to the addition of new member firm(s). (5) The reduction was attributed to a larger member firm previously including services which are no longer included in their membership with Morison KSi. (6) Accounting services are included in audit and assurance. (7) Decrease in fees attributed to loss of member firm(s). **Disclaimer:** Only data from the named member firm or the exclusive member firms within a network/association is included. Data relating to correspondent and non-exclusive member firms is not included

Source: International Accounting Bulletin



ASIA-PACIFIC

NETWORKS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	PwC	77,929	14%	2,464	65,305	10,160	n.d
2	Deloitte*	61,541	12%	n.d	n.d	n.d	n.d
3	EY*	51,596	4%	n.d	n.d	n.d	n.d
4	KPMG*	43,207	6%	n.d	n.d	n.d	n.d
5	BDO* (1)	19,427	7%	1,040	15,977	2,410	113
6	Crowe* (1)	18,655	33%	1,103	15,458	2,094	264
7	Grant Thornton*	16,185	14%	919	13,751	1,515	117
8	Baker Tilly International*	11,720	6%	645	9,821	1,254	110
9	Moore Stephens International*	11,133	2%	636	9,486	1,011	122
10	Nexia International*	9,902	10%	685	7,330	1,887	134
11	RSM* (1)	9,458	-21%	487	7,459	1,512	111
12	HLB International*	8,773	4%	585	6,573	1,615	145
13	Kreston International* (1)	8,203	-14%	481	6,640	1,082	173
14	ShineWing International*	7,700	16%	344	6,784	572	57
15	Mazars*	6,145	17%	157	5,440	548	50
16	Pan-China International*	6,094	3%	253	5,513	328	16
17	PKF International*	5,215	5%	419	4,225	571	95
18	Reanda International* (1)	3,269	7%	146	2,533	590	76
19	UHY International *	2,941	4%	224	2,418	299	72
20	MGI Worldwide*	1,303	5%	161	1,142	-	51
21	Russell Bedford International*	1,270	15%	106	898	266	40
22	ECOVIS International*	1,193	12%	120	868	205	48
23	SFAI* (1) (2)	926	236%	38	550	338	32
24	TGS Global*	733	-9%	76	586	71	34
25	IECnet*	707	7%	120	404	183	33
26	Parker Randall International*	396	4%	n.d	n.d	n.d	n.d
27	Kudos International*	248	-34%	14	234	-	9
28	FinExpertiza	137	372%	21	95	21	7
Total staff/growth		386,006	8%	11,244	189,490	28,532	1,909

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. ((1) Alliance and/or correspondent members may be included. (2) Increase caused by changing composition of firms in the region.

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Source: International Accounting Bulletin



ASIA-PACIFIC ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff	Growth (%)	Partners	Professionals	Admin staff	Offices
1	Praxity*	16,221	18%	736	13,939	1,546	165
2	LEA Global/Leading Edge Alliance*	4,673	5%	271	3,106	1,296	133
3	Morison KSi*	4,168	-9%	275	3,240	653	85
4	DFK International*	3,741	8%	254	2,950	537	86
5	PrimeGlobal*	3,032	3%	466	1,978	588	108
6	BKR International*	2,745	-4%	198	2,159	388	75
7	CPA Associates International*	2,460	5%	168	2,036	256	28
8	GGI* (1)	2,411	-5%	n.d.	n.d.	n.d.	n.d.
9	AGN International* (2)	2,041	-33%	179	1,862	-	66
10	MSI Global Alliance*	1,564	0%	131	944	489	21
11	IAPA*	1,499	3%	122	896	481	44
12	Inpact*	1,407	0%	149	1,125	133	59
13	Allinial Global*	1,358	65%	192	908	258	57
14	Abacus Worldwide*	749	219%	33	655	61	12
15	Alliott Group*	607	13%	78	438	91	29
16	GMN International*	604	-7%	64	398	142	30
17	Integra International*	561	-13%	61	411	89	14
18	Antea*	536	15%	37	398	101	25
19	EuraAudit International*	251	5%	27	180	44	19
20	JHI Association*	239	-6%	31	161	47	18
21	UC&CS Global*	166	144%	11	122	33	10
Total staff/growth		51,033	6%	3,483	37,906	7,233	1,084

Notes: (e) IAB estimate, n.d. = not disclosed, n.c. = not collected, n.ap = not applicable, n.av = not available. (1) GGI submitted estimates for its regional data. (2) AGN restated its FY17 staff figures as they were submitted incorrectly last year. Decrease in staff headcount was attributed to losses of some member firms

Disclaimer: Only data from the named member firm or the exclusive member firms within a network/association is included. Data relating to correspondent and non-exclusive member firms is not included

Source: International Accounting Bulletin



ASIA-PACIFIC ANALYSIS

Chinese economic growth may be slowing, but domestic and international developments created challenges – and opportunities – across other parts of Asia during 2018

Asia continues to have the highest growth potential of any region on the back of China's One-Belt-One-Road initiative and the rise of Chinese networks. That is the view of Oliver Grosse Brauckmann, international support and regional director at PKF International, who reckons it is only a matter of time before Chinese networks exclusively work with Chinese companies abroad.

The profession in China saw a focus on professional quality and efficiency last year, with the CICPA defining it as "quality year". Anton Colella, Global CEO at Moore Stephens International, explains: "Clients are demanding more professional services and more diversified services since local enterprises are increasingly being encouraged to self-develop without the need to depend on foreign capacity and capability, perhaps as a consequence of the ongoing trade dispute between China and the US."

In Hong Kong, growth in new listings drove more activity in reporting, internal control review and consulting. However, Colella suggests that a lack of university entrants to the profession is posing challenges in relation to recruitment.

"Cyber-risk and cybersecurity are strong emerging demands from clients, while a strengthening trend is the use of IT for audit data analytics and automation, at present limited to the larger professional firms," he adds. "In Japan, firms experienced growth in demand from clients in the digital economy such as cryptocurrency and new software-as-a-service types of business."

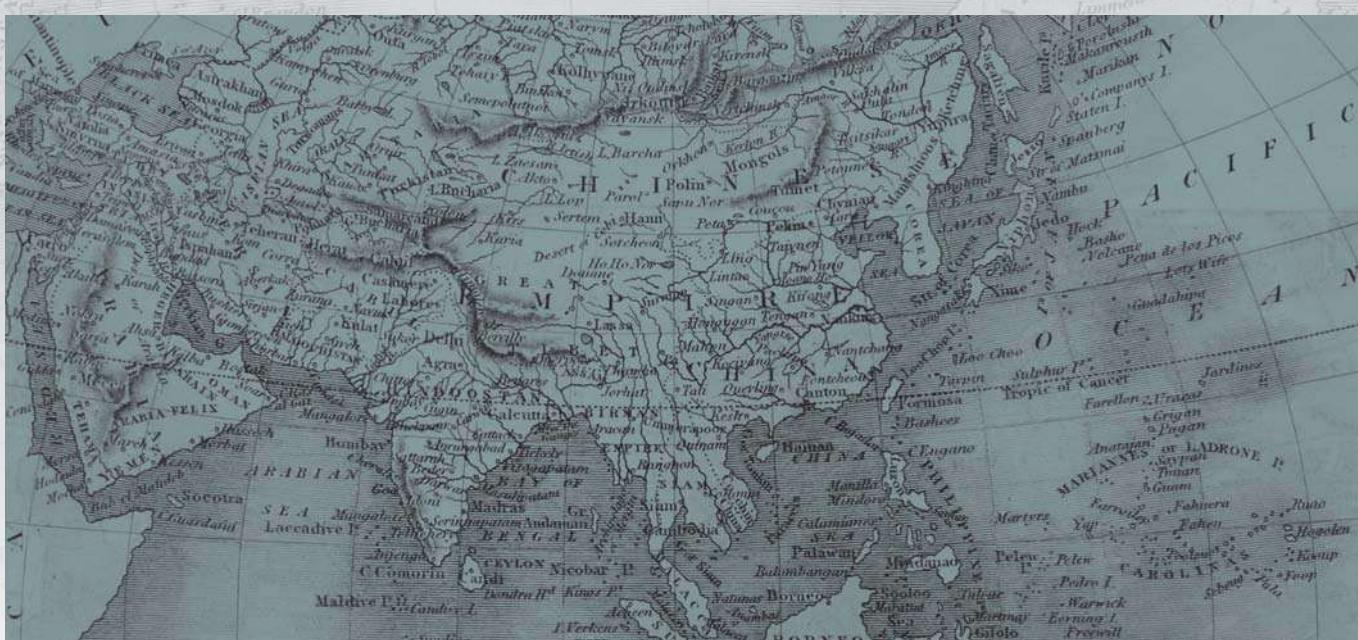
Thanadee Hongratana-uthai, partner at Thailand-based MGI member firm Nathee Audit Co., refers to a shift in

mindset among clients in that country, who in many cases are investing in digitisation and adopting good governance practices as part of the process of passing their business on to the next generation.

Deepak Goil, partner at fellow MGI member firm Tambakad & Goil, refers to the economic uncertainty generated in India by the roll-out of the Goods & Service Tax. "This turmoil arose from moving to a completely different basis of taxation and shoddy implementation that caused great hardship, although the uncertainties surrounding it provided a great opportunity for us in terms of advisory services and assistance in enabling clients to comply with the new regulations," he says. An aggressive Indian tax department seeking to meet unrealistic targets was another source of problems, with clients fending off increasing numbers of enquiries and notices.

"Many countries in our region – such as Cambodia, Singapore and Sri Lanka – have instituted transfer-pricing regulations, and with India having moved to a transfer-pricing regime in 2002, we are exploring opportunities in these countries," adds Goil.

"Reporting requirements have also increased substantially in India, with directors of all companies being directed to file know-your-customer details to the company law department – a huge task in a country with about 5 million company directors – as well as additional reporting requirements for high-value transactions," he concludes. ■



RECRUITMENT

While many of the challenges are uniform, firms in different regions are taking a variety of approaches to improve staff retention, streamline recruitment and ensuring that their workforces are more representative of society and the clients with which they work

One of the most interesting findings of the 2018 Kreston Reeves *Going for Growth* survey of privately owned UK businesses was that businesses were favouring investment in technology, product and service offerings ahead of staff training.

However, with unemployment at historically low levels, the survey also reported an increase in businesses investing in learning and development, to develop their own people. Hana Daenhardtová, partner at Czech Republic-based MGI member firm LTA Tax says honesty is the best policy when it comes to attracting the brightest and the best, suggesting that firms need to be completely upfront with both monetary and job description questions if they aspire to continue to attract high quality graduates.

“Moreover, it is important to be active in environments where graduates are active, hence firms should be present on social networks and share interesting content,” she adds. “This way the business should be able to build a strong brand which would then be recognised among graduates as an appealing employer.”

According to Oliver Grosse-Brauckmann, international support and regional director at PKF International, the profession also needs to drop its traditional conservative image and become younger minded.

“New technologies are the enabler, but it is driven by changing staffing needs which is likely to include a large variety of different individual profiles with a generation who focus on sustainability of the planet rather than pure financial success,” he says.

However, Aiysha Johnson, executive director for the Americas region at BKR International believes that understanding and addressing the challenges of achieving workforce diversity is still important and in an increasingly competitive market, firms that demonstrate that diversity is part of the culture will attract and maintain diverse staff.

“To meet this challenge while dealing with overall talent shortages or visa challenges, we see our member firms becoming more open to recruiting or retaining remote employees,” she says. “Our members are also promoting women to managing partner and shareholder positions, which can increase brand identity among talented, diverse candidates.”

“The clients we serve – which include UK-based and international entrepreneurial businesses, individuals and not for profit organisations – represent a diverse range of backgrounds and we believe it is important that our people reflect that diversity to enable us to best serve our clients,” adds Maureen Penfold, managing partner at Morison KSi member firm Kingston Smith.

In addition to implementing agile working policies to accommodate and support people’s personal lifestyle choices, Kingston Smith has



Hana Daenhardtová,
LTA Tax



Charles Weinstein,
EisnerAmper



Maureen Penfold,
Kingston Smith

also developed a partnership with UK mental health charity Mind (demonstrating its commitment to encouraging a healthy workplace) and has diversified the type of skills it looks for in candidates.

In the US, Crowe has acknowledged that challenges in achieving workforce diversity range from unconscious bias in recruitment to supporting an inclusive workplace and has introduced people resource networks (or PRNs) for African American, Asian, Latino and LGBT employees. It has also designed unconscious bias workshops to help people overcome this issue and expanded job postings to include more diverse sites, which are aligned with more women and minority vendors.

For example, it has changed its approach to attracting trainees. This involves actively inviting school leavers to apply and placing greater focus on attracting candidates with advisory, analytical and interpersonal skills - skills that are crucial in enabling it to provide more added value to clients as advisory services, which are fast becoming of central importance to the profession as a whole.

Brauckmann suggests workforce diversity is less of a challenge. “It is more about offering an attractive work life balance, enhanced by a good work environment and interesting job content. Consider Google - people may wish to work there because it is cool and that is because of the work environment and less about the job in itself. If those aspects are met, then diversity comes into its own as the employment offers an attractive environment, for example to work and handle a young family.”

Michael Miller, COO of PrimeGlobal member firm Miller Grossbard Advisors also refers to the friction caused by consolidation. “People want to be part of a culture and a team,” he concludes. “Then they wake up one day and their firm of 50-100 has joined a firm of 1000+ employees and what they signed up for is not what is now being delivered. Can the culture persist when the nimble and entrepreneurial

firms are rolled up into the next iteration of large regionals and nationals?”

Charles Weinstein, CEO of US Allinial Global member firm EisnerAmper says it is important to try and develop a variety of programmes for staff members. This can be as simple as providing annual flu shots for employees, offering flexi-time for staff who are studying for the CPA exam or have growing families, or instituting bonus programmes for budding rainmakers. Weinstein refers to an increase in recruitment of people with technology, communications and data science expertise.

A radical review of professional education is required says Miller, who says the entire bachelors and masters accounting curriculum needs review “Technology is changing what the entry point skillset needs to be and this will change what skills need to be taught,” he adds. ■

GENDER DIVERSITY: SLOW AND STEADY IS NO LONGER ENOUGH

There is always more that could be done to promote gender diversity within accounting, and the profession is constantly talking about how it can be improved. Joe Pickard finds out what actions can be taken from those conversations

Gender diversity within the profession is improving: the problem is it is not improving quickly enough. Those that the IAB have spoken to believe that the conversations and initiatives are, to some extent, in place to tackle this problem, but the push for greater diversity is going to have to be much more ingrained into the culture of firms for real change to take place.

Kreston International CEO Liza Robbins says: "I think the problem is you have all these ad hoc initiatives which are good on their own; they are good, but they need to be far more joined up. I think everyone is saying the same thing: there needs to be deep understanding between a firm, not a policy that sits on a shelf. It needs to be in the DNA of a firm."

As well as it being embedded within a firm's culture as the ethically correct thing to do, there is also a drive to recognise how it can help improve results. RSM International CEO Jean Stephens comments: "It is more interesting in developmental opportunities for our people when they are working with a diverse range of colleagues, which then of course translates into a more well-rounded and well-trained workforce, which then leads to greater results."

"So that is how for me, from a business angle, it all links together. It is not just a good thing to have: it is a 'must have' if you are going to perform at the highest level."

She continues: "I think up until this point, as a profession, we have done a good job of raising awareness; everyone talks about it and there are some great initiatives in play for doing that, but I think continuing the focus on the reason for it, continuing to drive the diversity and inclusion angle, and teaching people what it means to live that on a regular basis wrapped up with accountability – that is what can be done at a higher pace."

Robbins also notes that looking at the financial benefits of having a diverse workforce can also do much to improve the pace of change. "I think people are broadly rational and people are under a lot of pressure to deliver results," she notes. "I think if you can show why you do this, and that you can get results, people will do it. Maybe that is not the most ethical reason for doing it, but if that is what it takes then we should do it."

QUOTAS

The idea of introducing quotas to improve diversity within the workplace can be a divisive one. It faces arguments such as the notion that it might lead to people recruiting for reasons other than merit. People included in the quotas can also face undue criticism from colleagues through suggestions that they only got the job to make up the numbers.

Reflecting on her changing opinion on the issue, Robbins says: "Twenty years ago I would have told you that I absolutely do not believe in quotas, because of arguments such as: 'You only got here because there was a quota.' I understand those arguments, but the pace of change is so slow that if it takes a quota to speed it up, then let's do it. That is what I now feel. I would not have believed 20 years ago that I would be saying that, but I believe it now. Let's go for some quotas."

Stephens also mentions the use of quotas, but says the profession could stop short of introducing them and address the disparity by using targets instead, arguing that this would encourage a greater level of dialogue on the issue.

ENTRY LEVEL AND C LEVEL

At entry level, many firms have a fairly even split between the number of male and female staff. However, the gap widens significantly as seniority increases, and while there are more female CEOs of firms now than last year, it remains a small percentage.

Stephens comments: "Hopefully we are role models for others saying: 'Yes, within our profession there is a path for us to have a successful and dynamic career, going as far as we want.' I think that is important, so that should change over a period of time."

"I think it is a numbers game, and as you have more and more women who remain in the profession and want to develop and are ambitious, then that will change the numbers at the top."

Robbins suggests a number of reasons why there are a disproportionately low number of women in senior positions compared to entry level. "People in charge of promotion could also have

unconscious bias," she notes. "We all have it. I think you would have to look at all the criteria of diversity."

She also observes that, at senior level, the types of criteria on which leadership is judged have traditionally been skewed towards males.

REGIONAL DIFFERENCES

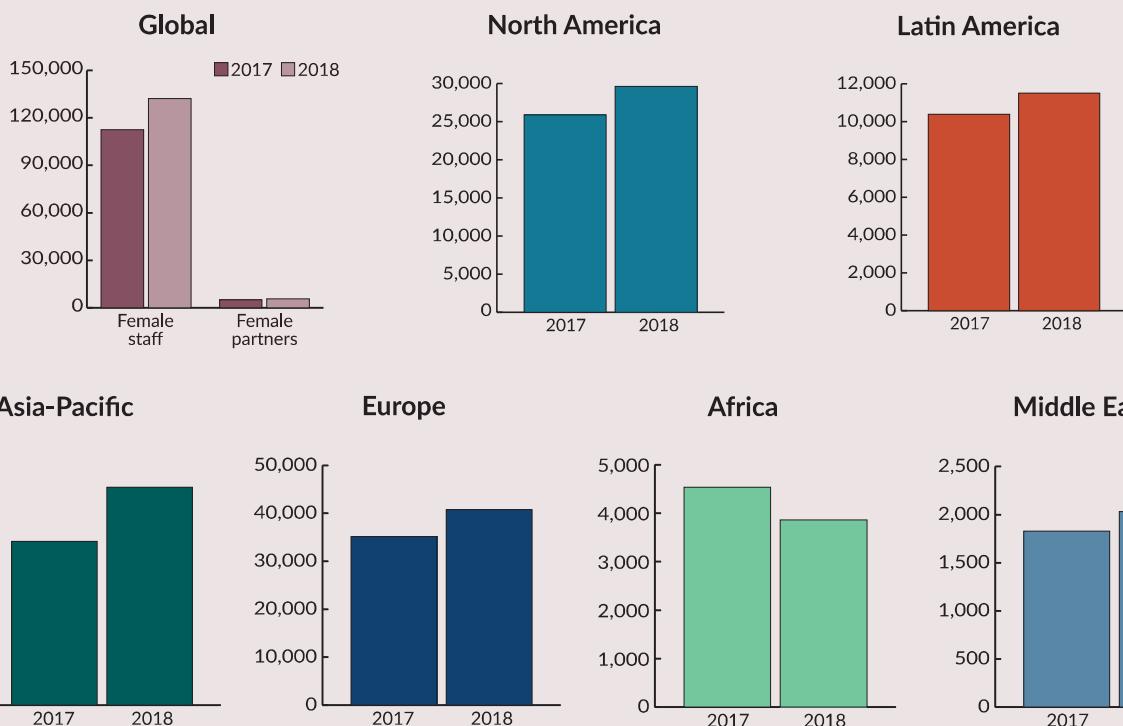
There are significant regional differences in terms of gender diversity, and it can be complicated for global firms to promote workplace diversity in areas where societal views are not favourable to the issue.

Robbins comments: "It is really tough, and I would take the battles in the countries where everyone is talking about it and saying the right things, but not doing them. I would start in the US and the UK, where people are already talking about it."

Stephens adds: "As a global organisation, we are committed to diversity and inclusion and saying that is what is best for our people. We believe that is best for our organisation and development. Our clients are very diverse and they expect to be served by a diverse workforce. As a global organisation we share the benefits of this, so you would hope that others can learn from the journey that has gone before in their colleague firms, and that would then speed up the rate of change."

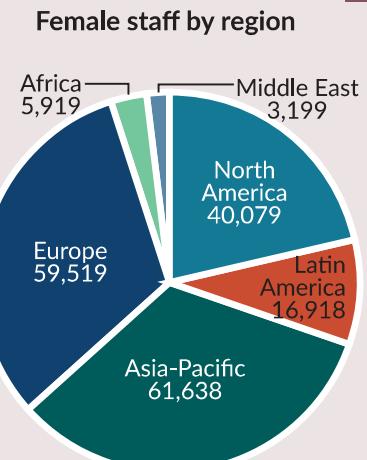
"We would, of course, always respect the laws and regulation in any country in the world. We would never go around that, but we would have the discussion on the importance of diversity and inclusion, and always have the expectation that we are doing everything we can within the boundaries that may exist in a country to expect change, as and when appropriate." ■

FEMALE STAFF BY REGION

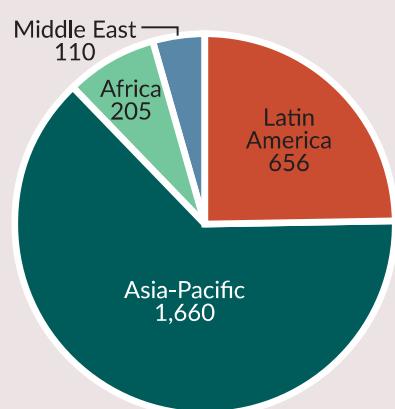


Source: IAB

FEMALE STAFF AND PARTNERS



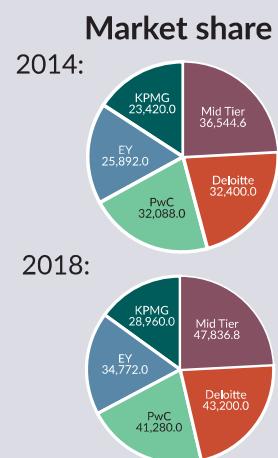
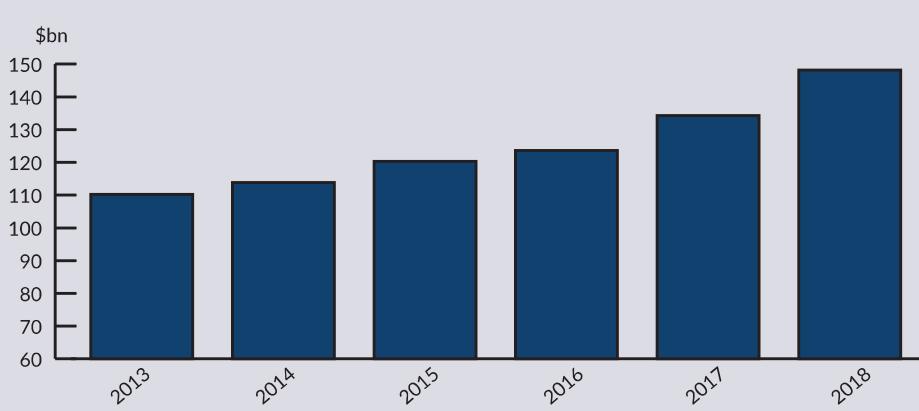
Female partners by region (where figures available)



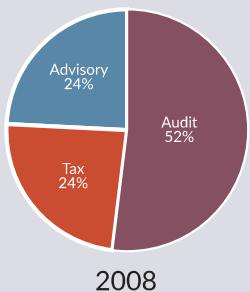
Source: IAB

ANALYSIS

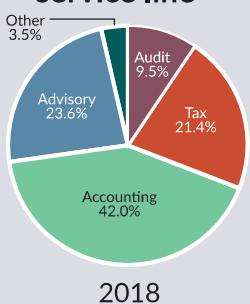
The key data from this year's survey shows the Big Four's revenue growth and how their share of revenue by service line has changed during the last 10 years



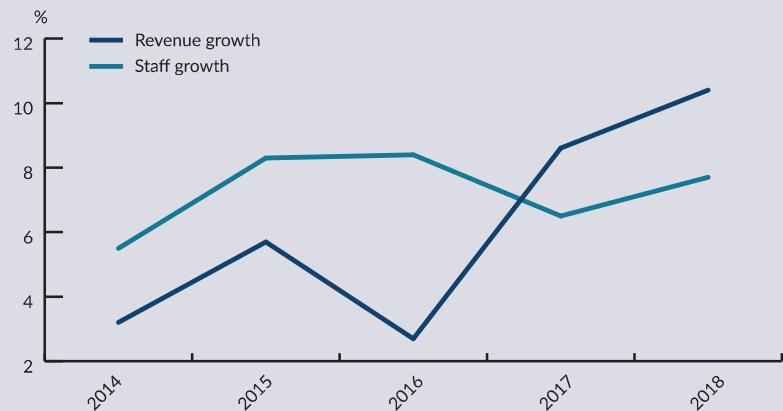
Big Four revenue by service line



Networks 5-10 revenue by service line



Big Four revenue versus staff growth



NETWORK/ ASSOCIATION	FIRM ADDITIONS, MERGERS & ACQUISITIONS
AGN International	<p>Added: DHJJ (USA), Meadows Urquhart Acree & Cook (USA), Activ Audit (Ukraine), Acc Auditores y Consultores (El Salvador), Q Concepts, S Hertogenbosch, Maasricht (The Netherlands), Audit Alliance (Singapore), MultiPlus Audit (Thailand), Economos (Australia), Leonard Curtis (UK), Auditory & Accounts S.A. Adaaccounts (Peru)</p> <p>Lost: Seoil & Company (Korea), Rengi Trevor (Brazil), Thai Audit (Thailand), EPR Saskatoon (Canada), ProVue/Denis Fillion & Associates (Canada), Dixon Wilson (UK and France), Granauditoria LTDA (Colombia), Crowe Morgan (UK), Lingfang (China), Confiance Auditores (Brazil), Santiago (Chile), Audicon (Paraguay), Hazlema Fenton (UK), Dobson Co (Botswana), EJSI (Spain), ACPA (Uruguay), ASAS (Syria), GMJ & Co (India), Fernandez Zeledon (Costa Rica), Jimenez Rodriguez & Asociados Venezuela</p>
Allinial Global	<p>Added: Laxminiwas and Co. Chartered Accountants (India), Tovar Lopez & Co. S.R.L. de C.V. (Honduras), VAG Auditores y Consultores Asociados, SRL (Dominican Republic), LNCO Tax Advisors (UAE), Morar Inc. (South Africa), BIT&T Auditores y Consultores (Ecuador), GSV Asesores Cia (Ecuador), Fintax Consulting SRL (Romania), GSIA (Thailand), ATIPIC Transfer Pricing Solutions SRL (Romania), Al Shaibany CPA (Saudi Arabia), Alfredo López & Cia (Colombia), MyCFO / Practus (India), Audit & Business Services (Tunisia), BTM Audit SARL (Marocco), RDT Dr. Dautel Steuerberatungsgesellschaft mbH & Co. KG (Germany), Reform Consultance Group (Turkey), Sadiq Azeem Aftab & Co. Chartered Accountants (Pakistan), CW CPA (China), T & L Consultores (Costa Rica), Hetchman Group (USA), LJ Soldinger Associates (USA), Spiegel Corporation (USA), Bentleys (Australia), Baldwins Accountants (United Kingdom), BPM (USA)</p> <p>Lost: Saltmarsh Cleaveland & Gund (USA), ACE CPA (China), Rivera Global (Dominican Republic), Creatis Groupe (France)</p>
Alliot Group	<p>Added: GCCA Gulf Centre Consult (Oman), JBS Practice (Singapore), Prasad and Company (Canada), Synergie Audit & Conseil (Tunisia)</p> <p>M&A: NSBN merged with Clifton Larson Allen (US)</p>
Antea	<p>Added: Penguin (Australia), Ashraf Uddin & Co, CA (Bangladesh), Eurofast (Croatia), Zathea (Cyprus), Indigo (Dominican Republic), Hugh McCarthy & Associates (Ireland), Midle East Audit (Kuwait), Orga Audit (Tunisia), Tax Consulting (South Africa), Estudio Morales (Peru), SMA Latam (Panama), Tributario Associato (Italy), Guardamagna e Associati (Italy), Hatem Audit (Lebanon), Kudri & Djamaris (Indonesia)</p> <p>Lost: Harris Bricken (USA), Saturn Consulting (Tunisia), Caldas Miranda (Peru)</p>
Auren	<p>Added: Auren Israel (Jerusalem), Auren Luxembourg (Luxembourg)</p>
BDO	<p>Added: Belize and Turks & Caicos (Belize)</p> <p>M&A: BDO acquired Tomkins Turner Corporate Advisory (Australia), BDO Austria acquired Ebner Hohenauer HC Consult GmbH and Austin BFP Consulting GmbH (Austria), BDO Armenia merged with SOS Audit (Armenia), BDO Belgium acquired PKF-VMB Risk Advisory (Belgium), BDO Canada merged with Ferguson + Mak LLP, KLM Financial, Multi Risk International and Calvista (Canada), BDO France merged with Le BIPE Advisory (France), BDO Gibraltar acquired business of a firm comprising 1 partner and 19 employees from a mid-tier network (Gibraltar), lateral hires from other large and mid-tier firms (India), BDO Ireland acquired Eaton Square (Ireland), BDO Israel acquired Samaan Haviv Accounting, Shafran and Obelisk, Guy Meller Accounting and FinTLV (Israel), BDO Jersey acquired C5 Alliance Group (USA), People & Company merged with BDO Morocco as BDO People & Digital (Morocco), Iversen Revision AS merged with BDO Norway (Norway), BDO South Africa merged with the Cape Town and Port Elizabeth offices of a mid-tier network (South Africa), BDO Switzerland acquired Reiko GmbH (Switzerland), BDO Ukraine merged with Lexel LLC (Ukraine), BDO LLC acquired PBC Advisors LLC, Casterline Associates, Smith & Gesteland LLP, and SWC Technology Partners LLC (USA)</p> <p>Lost: BDO Toyo (Japan)</p>
BKR International	<p>Added: DiSanto, Priest & Co (USA), Fortuny (Guatemala), Nichols, Cauley & Associates (USA), Ronalds & Associates (Kenya), Senior Auditors (Tunisia), SVP Chartered Accountants (Qatar), Yaser Al Tala Chartered Accountants & Consultants (Saudi Arabia)</p> <p>M&A: Blick Rothenberg (United Kingdom) acquired Shelley Stock Hutter, P.C., Borland Benefield, P.C. merged with Lovoy, Summerville & Shelton (USA), Briggs & Veselka Co merged with Pathway Forensics (USA), Briggs & Veselka Co acquired William C. Love CPA (USA), Briggs & Veselka Co acquired William M. Shields (USA), DiSanto, Priest & Co merged with Markarian & Meehan (USA), Exponens Conseil & Expertise acquired Conseil d'Expert (France), Exponens Conseil & Expertise acquired Soderec (France), Gross, Mendelsohn & Associates merged with Gurman & Company (USA), Gumbiner Savett merged with Katz Frani & Co (USA), Rotz & Stonesifer merged with Butler, Gingerich & Company (USA), Rotz & Stonesifer merged with Darlene M. Kelly, Certified Public Accountant (USA), SFC Group merged with COMEP (France), Tri-Mer Services merged with Falzon and Falzon (Malta)</p> <p>Lost: Aref Al-Hasan Auditing Firm (Jordan), Bakodah & Aboulkhair Consultants (Saudi Arabia), Diaz Reyes & Asociados (Guatemala), Dwight Darby & Company (USA), GP Rajbahak & Co Chartered Accountants (Nepal), International Auditing Group (Ukraine), Mayur Batra & Co (India), Vietnam Auditing and Evaluation Company (Vietnam), Yamada & Partners (Japan)</p>
Baker Tilly International	<p>Added: AAC Revision und Treuhand (Liechtenstein), KPMG Sierra Leone, Russell James & Co. (South Africa)</p> <p>Lost: Baker Tilly Gibraltar; Baker Tilly Kaiser (Liechtenstein), Baker Tilly Osiris (Luxembourg), Weaver (US)</p>
Crowe	<p>Added: Consortium Family Office Ltd (Hong Kong), Pioneers Global for Accounting, Auditing & Advisory (Sudan), Crowe ProC.A, (Japan), Horwath Taxation (Cape) Pty Ltd (South Africa), Al-Tillawi & Al-Khateeb Company, Certified Auditors (Jordan), Crowe Horwath - Afghanistan (Afghanistan), Crowe Toyo & Co (Japan), PT Kinarya Lima Kapital (Indonesia), Crowe Horwath svetovanje d.o.o. (Slovenia)</p> <p>Lost: Horwath Thailand Limited (Thailand), Donoway Assurance TAA (Belarus), Yusei Audit & Co. (Japan), Minerva Trust Company (Channel Islands), Audit-Mechta (Kazakhstan), Exaco Amic (Mauritania), ProNexus Taiwan (Taiwan), Experience Provider (Jordan)</p>
DFK International	<p>Added: Tsoukakis Accounting Services (Greece), Plizz (Thailand), Jonad Associates (Ghana), Johnson Lambert (US), Ridout Barrett (US), Lauterbach & Amen (USA), Reynolds & Rowella (US)</p> <p>M&A: Everalls merged with Cox Vearing (Australia), MRSB acquired O'Leary (Canada), Addere Revision acquired a local firm (Denmark), Alfa Accountants acquired De Jongh (Netherlands), Rickenbach & Partner acquired a local firm (Switzerland)</p> <p>Lost: TopSun CPAs (China), Tbilisi (Georgia)</p>
Ecovis International	<p>Added: Ecovis Audit-Avanguard (Russia), Ecovis Jezek, advokatni kancelar (Czech Republic), Ecovis Revisor Companiet (Sweden), Ecovis Audit Algeria (Algeria), Ecovis Fintax Philippines (Philippines), Ecovis Lalkin Weiss (Israel), Ecovis VSDK & Partner (Cambodia), Ecovis Famat Group (Myanmar)</p> <p>Lost: Ecovis VNT Auditing (Greece)</p>
EuraAudit International	<p>Added: Berna Asesoria (Chile), La Pradelle (Democratic Republic of Congo), Meade & Company (Ireland)</p> <p>Lost: Saud Ansari Safdar (Pakistan), Milchram & Stich (Austria), Roberts Nathan (Ireland), Fidec (France), Comexpert (France), Fidexo (Burkina Faso)</p>
FinExpertiza	<p>Added: Consulting-Plus (Kazakhstan), Auditend Legal Services (Georgia), FinExpertiza Serbia (Serbia), Global Audit (Uzbekistan), Audit-Varn (Uzbekistan)</p>
GMN International	<p>Added: Gary Cheng (Hong Kong), Berge & Lundal (Norway), Accon avm (Netherlands), KBHNS (Canada), Partner Auditing Auditores International (Ecuador)</p> <p>Lost: AnViet Auditing (Vietnam), Audit & Law Alliance (Russia), SU Tax Corporation (Japan), CER (Luxembourg), AJ Verna (Bolivia), Goday Novoa (Mexico), Ixcamparij (Guatemala)</p>

NETWORK/ ASSOCIATION	FIRM ADDITIONS, MERGERS & ACQUISITIONS
Grant Thornton	<p>Added: Grant Thornton Austria (Austria), Grant Thornton Cameroon (Cameroon), Grant Thornton Dutch Caribbean (Aruba, Bonaire, Curacao, St. Maarten), Grant Thornton Lebanon (Lebanon), Grant Thornton Malawi (Malawi), Ulaanbaatar Audit Corporation (Mongolia), Grant Thornton SNG (South Africa)</p> <p>M&A: Grant Thornton Belgium merged with De Witte Visele Associates bvba (Belgium), Canada LLP merged with John Parker, F. Kent Williams CA, Stefanson Romaniuk, Hyatt Lassaline, Sovran & Associates, Ross Pope LLP, White Kennedy LLP, McColl Turner, Abakan & Associates and Gord McFarland (Canada), Canada RCGT acquired Richard Dubreuil, Morin Cadieux, CMJLL and J Dube (Canada), Grant Thornton Germany acquired Hanse Consulting and Nachmann (Germany), Grant Thornton Italy Bernoni merged with 2FC Srl (Italy), Grant Thornton Japan merged with Grant Thornton Taiyo LLC and Strategic alliance with Grant Thornton Yamada & Partners (Japan), Grant Thornton Luxembourg acquired Vecitis ACF SA (Luxembourg), Grant Thornton Malaysia merged with MS Wong & Co (Malaysia) Grant Thornton Poland lateral hired Continuum (Poland), Grant Thornton Switzerland Liechtenstein merged with Tebor Treuhand AG (Switzerland)</p> <p>Lost: Grant Thornton Austria (Austria), Grant Thornton Congo (Congo), Grant Thornton Cote d'Ivoire (Ivory Coast), Grant Thornton Pineda y Asociados (Guatemala), Grant Thornton Jordan (Jordan), Grant Thornton Peru (Peru), Grant Thornton Iraq (Iraq)</p>
HLB International	<p>Added: GAAP Expert Corp (Algeria), Cutcher & Neale (Australia), Ekvita (Azerbaijan), Facet Advisors (Canada), Grupo Camacho (Costa Rica), Beierholm (Denmark), Ganteführer Marquardt & Partner (Germany), Affinity Management Services (UK), Analisi (Italy), Shinwoo Accounting Corporation (Republic of Korea), Glocal Tax & Payroll AS (Norway), Avanta (Poland), MN & Associates (Rwanda)</p> <p>Lost: Smith & Gesteland (USA), HLB Mann Judd Gold Coast (Australia), Olimpio Teixeira Auditores Independentes S/S (Brazil), HLB Calderón Sánchez y Asoc (Mexico), RC Consejeros de Negocios (Mexico), HLB Azerbaijan (Azerbaijan), HLB Cinnamon Jang Willoughby & Company (Canada), Dataplan (Norway)</p>
IAPA	<p>Added: R. Arora & Associates (India), Ahuja Velecha & Associates (India), Triade Auditores (Brazil), Fiduciaire Alpha (Luxembourg), Solid4U (Netherlands), DG Denetin (Turkey), Almashourah (Kuwait), Braun Huerin (Mexico), BWT (Germany)</p> <p>Lost: Clark Howes (UK), Tri Thuc (Vietnam), Yong Tan (Malaysia), AAF CPA (USA), Acconsis (Germany), Bass Newman (Australia), Revitrag (Switzerland), Creatis (France), VLH (Mexico), WTE (Austria), Ferrieres (France), G. Pagaspas (Philippines), Bonjour Audit (Hungary), Consilia (Germany), HRP (Germany), Hyatt Lasaline (Canada), RRB (USA), Ramon Ruffner (Peru), Yorum (Turkey)</p>
IECnet	<p>Added: Guzman & Guzman (USA), Olumuyiwa Bello & Co (Nigeria), LPG (Luxembourg), Rewisco (Switzerland)</p> <p>Lost: Otium Consulting (Bolivia)</p>
Integra International	<p>Added: AAF Integrity (Georgia), EBS (Ukraine), LacMontAG (Switzerland), PGS Consulenti (Italy), Experts Chartered Accountants (Oman), Abstracus Chartered Accountants (Ghana), Experts & Entreprendre (France), Pyle Scott & Associates (USA)</p> <p>M&A: Brady Ware (US) merged with Cabinet A&D (France)</p> <p>Lost: GSA & Associates (India), Mirusdesk (Kazakhstan) F&Y Auditors (Qatar), Audit U (Czech Republic)</p>
JHI Association	<p>Added: Audit Assisnace KFT (Hungary), Alsudais CPAs (Saudi Arabia), Datiles, Casedo & Associates CPAs (Philippines), Purboyo Adhi Purnomo (Indonesia)</p> <p>M&A: Duffy Kruspdin merged with Steven Wendorff, and Karl Reinecker (US)</p> <p>Lost: Adbell International (UK), Ashwin Bros (Kenya), KB Partners (Tunisia), Mega Global (Turkey), Suflin OOD (Bulgaria), Navolio & Tallman (US), Stern Cohen (Canada)</p>
Kreston International	<p>Added: SVP Qatar (Qatar), Kreston SA (South Africa), A&D Accountants (Netherlands), Lentink De Jong (Netherlands), Shantou Shante CPAs (China), K&E International (Germany)</p> <p>Lost: GBH CPAs (USA), Calvista (Canada), LHM Casey McGrath (Ireland), Nkonki (South Africa), Storey Blackwood (Australia), The MBA Partnership Pty (Australia), Huapu Tianjian (China), Wuhan Kangli CPAs (China), Garib Accounting Corp (Korea), Wesley Quest (Korea), E-Compta (France), MCFR (Russia), Canales Consultores SA (Chile), Diaz and Zeledon (Costa Rica), VAG Auditores (Dominican Republic), Kreston ZAC (Mexico)</p>
Kudos International Network	<p>Added: Delle Valle Ortiz, (Guatemala), HMS Assurance (Bolivia), Zarate & Co. (Costa Rica), Audit SA (Nicaragua)</p> <p>Lost: Santa I & Co. (UAE), SIA (Italy)</p>
LEA Global/Leading Edge Alliance	<p>Added: Shanghai Linfang Certified Public Accountants (China), Vietnam Auditing and Evaluation Company (Vietnam), Hadi Hesab Rayan Novin (Iran), ACSe (Luxembourg), Gestion y Auditoria Especializada (Colombia)</p> <p>Lost: CLB Coopers (UK), Kleeberg & Partner (Germany), Lurie (US), Tate & Tryon (US), Fiscorp De Mexico, (Mexico), Godoy Novoa & Asociados (Mexico), Isás SC Querétaro (Mexico), Marambio González & Asociados (Venezuela), Philip Stein & Associates (Israel)</p>
Mazars	<p>M&A: Hanrick Curran (Australia), Cummings Flavel McCormack Group (Australia), Alter&Go (France), Stamford Advisory (Taiwan) (who merged with who)</p>
MGI Worldwide	<p>Added: Hoberman & Lesser (USA), Ilyas Saeed CAs (Afghanistan), BFC (Tunisia), Freestone Jacobs (UK), FW Smith Riches & Co (UK), Roberts Nathan (UK), Boubyan Consulting Co (Kuwait), DVA Dukata doo (Serbia), AMF Experts (Haiti), A&BA Group (Macedonia), AND Bagimisiz Denetim AS (Turkey), Haruna Yahaya & Co (Nigeria), Abdullah Al-Hamli Group (Saudi Arabia), Alekim & Associates (Kenya), Mazhandu & Co (Zimbabwe), Consultores Aram SRL (Bolivia), Benko Kotruljic (Croatia), KAL Rupasinghe & Co (Sri Lanka), HEM Associates (Uganda), Fazzari & Partners (Canada), Cassian & Associates (Tanzania), Fiduciary Wealth Management (Gibraltar), Delta Assurance (Bulgaria)</p> <p>Lost: MGI Port Pirie (Australia), MGI North Queensland (Australia), MGI Adam (Kenya), MGI In Salvo (Lithuania), Teague Marquess & Associates (USA), MGI Positif Denetim (Turkey), JH Smilg & Co (South Africa), Al-Subaie CPAs & Consultants (Saudi Arabia), Audecon GmbH (Germany), Jeffrey Crawford & Co (UK), Gatmaitan & Associates (Philippines), Santos Postal & Co PC (USA)</p>
MSI Global Alliance	<p>Added: Lodha & Bhatt (India), Paperchase Business Services (India), Anjaneyulu and Co (India), Simione Macca & Larrow (USA), Grow Audit and Consulting (Azerbaijan), DCA CPAs (USA), Cassian & Associates (Tanzania)</p> <p>M&A: Ragg Weir merged with Morrows (Australia), McDerley & Noonan merged to become Puryear & Noonan (USA)</p> <p>Lost: Munninghoff Lange & Co (USA), Lores Bundino (Mexico), Price Kubecka (Texas), Balakrishna Consulting (India), E&S Accounting and Consulting (Azerbaijan), Greenstein Rogoff Olsen (USA), Cutcher & Neale (Australia), Minerva (Channel Islands)</p>
Morison KSi	<p>Added: WeTec International CPAs (Taiwan), Soter & Partners (Romania)</p> <p>M&A: Hayes Knight acquired Trust Accountants (New Zealand), Suga & Associates merged with Suzuki Tax Accounting to form S-LINK Partners (Japan), S.C. Vasudeva & Co. merged with S.P. Puri & Co. to form SCV & Co (India), KSI Brasil acquired Irmãos Campos e Cerboncini (Brazil), Aprio acquired HPC (USA), Marks Paneth acquired Shedler & Cohen and Dylewsky, Goldberg and Brenner (USA), Marks Paneth acquired Shedler & Cohen and Dylewsky, Goldberg and Brenner LLC (USA)</p> <p>Lost: SNG (South Africa), Grand Namibia (Namibia), Ahmed Zaker & Co Chartered Accountants (Bangladesh), Aliz Pacific (Fiji), Concord JM Certified Public Accountants (Taiwan), Prakash Muni and Associates (India), Shinwoo Accounting Corporation (South Korea), Trusted Adviser (Hungary), Morison AC (Italy), Morison Menon Chartered Accountants (UAE)</p>

NETWORK/ASSOCIATION	FIRM ADDITIONS, MERGERS & ACQUISITIONS
Moore Stephens	<p>Added: Moore Stephens Thynk (South Africa), Moore Stephens Pierre (Trinidad and Tobago), Marcil Lavallée (Canada), Consultores Tributarios de Negocios (Mexico), Alfredo Valdez y Cía (Mexico), Aiyar & Co (Sri Lanka), Moore Stephens Tax & Advisory (Australia), Topel Forman (USA) Mitten Clarke (UK)</p> <p>M&A: BG Associates Phnom Penh (Cambodia) merged with a two partner firm, Moore Stephens South Australia, Adelaide, Australia acquisition P&F Consulting Pty (Australia), Moore Stephens Tax and Advisory merged with Davies Knox Maynards Pty Ltd and Powers Accountants & Advisors Pty, Moore Stephens Interaudit Wirtschaftsprüfung GmbH acquired an accounting and tax firm (Austria), Moore Stephens City Treuhand GmbH acquired a small business, Moore Stephens, s.r.o., Prauge merged Tax Consulting Brno and TAZ Partners, Moore Stephens KPWT AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft merged a firm specialised in International Tax and another including a local firm (names of the firms) (Germany), Moore Stephens Rotterdam BV merged with BRG Accountants & Belastingadviseurs BV, MA Partners acquired M&A Partners (UK), Mitten Clarke, Stoke on Trent acquired accountancy, tax and audit departments from Moore Stephens Stoke (UK), Mitten Clarke, Stoke on Trent acquired tax and audit departments from Moore Stephens (UK), AG Accounting & Consulting, Panama City acquired an accountancy firm, (Panama), Lurie, Minneapolis acquisition a firm (name?) (USA), Brown Smith Wallace acquired accounts of sole practitioner (USA), Citrin Cooperman & Company acquired the partners and staff of Sharkansky, Michael Hecht & Company and D&H Global Tax (USA), Moore Stephens Doeren Mayhew acquired Emerson & Partner US Tax GmbH (USA), DMCL Chartered Professional Accountants, Vancouver acquired Jackson & Company (USA)</p> <p>Lost: SC&H Group (USA), Moore Stephens Advisory Sdn Bhd (Malaysia), Moore Stephens TNT (Malaysia), Lixin Zhonglian CPAs (PRC), Moore Stephens OOD (Bulgaria), Balance (Russia), Gabriel Montiel, Olmedo y Cía (Mexico), SC&H Group (USA), SC&H Group (USA), Moore Stephens OS, (Guatemala), Estilo Consultoria (Brazil)</p>
Nexia International	<p>Added: STC International (Zimbabwe), Santa Fe (Uganda), D&G Management Consultants (Zambia), Belrus Audit (Belarus), Zaharinova & Partners (Bulgaria)</p> <p>Lost: Carr Stranger Gitau (Kenya), Diz Cart Management (St Kitts), Ukey Audit (Russia), Al Tala (Saudi Arabia), First Names Jersey (Jersey)</p>
Parker Randall Int'l	<p>Added: RPG Crouch Chapman (UK), MAC Group (UK), OA Assurance PAC (Singapore), Emad Alhabri (Saudi Arabia)</p>
PKF International	<p>Added: PKF Audit Azerbaijan (Azerbaijan), PKF Calgary (Canada), PKF Francophone West Africa (Cote d'Ivoire), PKF Djibouti (Djibouti), PKF William (France), PKF Fi.Solutions (France), PKF Croatia (Croatia), PKF Shiodome Partners (Japan), PKF L'Alliance Revision (Luxembourg), PKF Audit & Conseil (Luxembourg), PKF T.R. Upadhyा & Co. (Nepal), PKF Bredin McCormack Newcastle (New Zealand), PKF Hamilton (New Zealand), Kendons (New Zealand), TCRA Associates (Puerto Rico), Hutchinson and Bloodgood (USA), PKF Octagon (South Africa), PKF Pretoria (South Africa)</p> <p>Lost: PKF HRT (Luxembourg), PKF Consultor (Romania), Abdul Aziz Al-Mogren (Saudi Arabia), PKF revizija (Slovenia), EKS&H (US)</p>
Praxity	<p>Added: Shorts (UK)</p> <p>Lost: Springfords (UK), Audex (Russia)</p>
RSM	<p>Added: RSM Cyprus (Cyprus), Huapu Tianjian Certified Public Accountants (China)</p> <p>M&A: RSM Argentina acquired OCAR (Argentina), RSM Brasil Auditores Independentes S/S and RSM Brasil CCA Continuity Auditores Independentes S/S acquired Bexcell (Brazil), RSM Canada established an alliance network - RSM Canada Alliance (Canada), RSM Canada acquired three Collins Barrow offices (Canada), RSM TACOMA, RSM Infinity and RSM TACOMA Family Office merged into one company - RSM CZ a.s. (Czech Republic), RSM GmbH merged with AWT, Zitzelsberger and PKF Frankfurt (Germany), RSM Norge acquired FSS Revisjon AS (Norway), RSM Spain acquired Peñafort Abogados (Spain), RSM Switzerland AG, RSM Gva, RSM Lausanne, RSM Audit Switzerland and RSM Audit Zurich AG merged into one practice - RSM Switzerland (Switzerland), RSM UK acquired First Hosted (UK), RSM US acquired Secure State and Explore Consulting (USA)</p> <p>Lost: Ruihua (China)</p>
Reanda International	<p>Added: Safwat Nour El Din Management Consultants (Egypt), Scope Audit & Assurance BV (Netherlands), Grupa Gumulka (Poland), Cascais SAC - Sociedade Unipessoal (Mozambique), SMAR Outsourcing Solutions (Belarus)</p>
Russell Bedford International	<p>Added: MM Rahman & Co (Bangladesh), Albanian Consultancy (Albania), Akhvlediani (Georgia), Van der Meer Accountants (Netherlands), Grupo Maciel (Brazil), Sarmiento y Asoc. (Honduras), Luis Acosta Peche & Asoc. (Peru), KDLT (St. Vincent), Assure Consulting (Bahrain), Matrix Oman (Oman), Ashwin Bros. (Kenya), JKLC (Nigeria), Kasegenya & Co. (Tanzania), Cray Kaiser (USA)</p> <p>M&A: Hallidays acquired David Stonefield & Co (UK)</p> <p>Lost: RB Audit Italia (Italy), GEword (Georgia), ValuConcept (Brazil), Barzola & Asoc (Peru)</p>
SFAI	<p>Added: Eurex (France), Aitech (Uruguay), Investsys (Argentina), Studio Puglise (Italy), SFAI Brazil (Brazil), Socovho International (Belgium), Integralaudit (Ecuador), Sages Consult (Mauritania) Accmin Consult And Servicess (Laos), Axess Accounting Office (Japan), SRD & Co. (Philippines), Fernandez Aguja Law Firm (Philippines), Hsk Vietnam Audit Company (Vietnam), Kris Chan and Co (Malaysia), Platinum Intelligent Consulting (Qatar), Pt Tilyanpristka (Indonesia), S Devkota & Company (Nepal), Saji George Yohannan (UAE), Samdo Accounting Firm (South Korea), SFAI Kazakhstan (Kazakhstan), Rami Khaled Al Kheder Firm (Saudi Arabia), Ty Tech International (Singapore)</p> <p>Lost: Street Accountants (UK), Berdugo Metoudi (France), Costanzo E Associati (Italy), Lampe Und Kollegen (Germany) Grlp (USA), Tax & Consulting (Ecuador), Bashaem and Associates (Saudi Arabia)</p>
ShineWing Int'l	<p>Added: AARK (India), SWTW (Taiwan), JWS (Thailand), Dornbach (Germany)</p>
TGS Global Network	<p>Added: Tgs (Hellas) Certified Auditors Accountants SA (Athens, Greece); TPG Fidexpert Partnership (Bucharest, Romania); Studio Associato Carbone Frascati (Italy), Athena (Italy), Tgs Ecuador (Ecuador), TGS Sarrio & Asociados (Peru), Arva Contadores (Panama), Howlader Maria & Co (Bangladesh), DBA Group (Philippines), CharterNet (Australia)</p> <p>Lost: Studio Holzmiller & Partners (Italy), Creatrust sarl (Luxembourg). Audit & Tax GmbH Wirtschaftsprüfungsgesellschaft (Germany), Enlighten Business Consult Co. (Thailand), La Fiduciaire Conseil du Maroc (Morocco)</p>
UC&CS América	<p>Added: DNN Corporation (Panama), VR Group (Brasil), Despach Muñoz y Asociados (Costa Rica), RHC Account Advisers (Colombia), LQ Revisores Fiscales Auditores Externos (Colombia), Consultora y Gestora Facility Spa (Chile), Corporativo Empresarial y De Servicios Martinez Ramirez (Mexico)</p> <p>Lost: JPM Business (Mexico)</p>
UC&CS Global	<p>Added: DNN Corporation (Panama), VR Group (Brasil), Despach Muñoz y Asociados (Costa Rica), RHC Account Advisers (Colombia), LQ Revisores Fiscales Auditores Externos (Colombia), Consultora y Gestora Facility Spa (Chile), Corporativo Empresarial y De Servicios Martinez Ramirez (Mexico)</p> <p>Lost: JPM Business (Mexico)</p>
UHY International	<p>Added: Berthín Amengual (Bolivia), Saeed Mathani Mustaq (Afghanistan), Hadi Hesab (Iran), UHY Suvod Associates (Nepal), UHY Consultoria Integral (Paraguay), UHY Centra Management (Sri Lanka), UHY LLC (Georgia)</p> <p>Lost: UHY Saxena (UAE), H. Baldívieso & Luna SRL (Bolivia), UHY Rozo y Parra (Colombia), Ngwe Inzaly Audit Firm (Myanmar)</p>

04 PROFILE: JEAN STEPHENS

Jean Stephens is one of the most influential women in the accounting profession today. RSM International's first female leader takes time out to discuss career, gender issues, ambition and what matters most in her life

Looking back to

2009

05-07 NEWS

- Deloitte fails to block Parmalat class action
- Jongstra takes E&Y Netherlands helm
- Grant Thornton advisory focus shifts

08-15 COUNTRY SURVEY: UNITED STATES

The US profession remained resilient in 2008 despite increasing strains on the general economy. Nicholas Moody discovers that firms are cost-cutting and right-sizing in anticipation of lean times ahead

LEGAL

Investor knives come out for auditors of Madoff feeder funds

Several prominent audit firms are being targeted in lawsuits against feeder funds to the largest Ponzi scheme in US history.

Investors that lost money placed in Bernard L Madoff Investments Securities (BMIS) have brought a spate of class actions against hedge funds and their auditors for failing to detect the fraud.

Madoff was charged with securities fraud after allegedly confessing to investigators that he directed a Ponzi scheme that paid off early investors with money from later participants. The scheme is estimated to have conned investors out of \$50 billion.

KPMG, Ernst & Young, PricewaterhouseCoopers (PwC) firms, McGladrey & Pullen and BDO Seidman all audited feeder hedge funds that were not part of BMIS but had significant amounts invested with the brokerage. They will now defend their actions in courts across the US. Proceedings could take months, if not years, to progress.

Deep pocket syndrome?

A partner at the London law firm Reynolds Porter Chamberlain, Jane Howard, believes these cases are an example of how investors are increasingly attempting to raid the pockets of auditors, especially in the instances where primary targets, i.e. the perpetrators of corporate fraud, cannot cover damages.

"It is inevitable that you are going to get this second wave just because of the telephone number sums that are at stake. It is a bit like Parmalat, I guess, where the Italian auditors very quickly had no money then people started looking around for other targets," Howard said.

Complaints have only been filed in the past few months so it is too early to predict what might or might not happen. However, it is clear that one of the most important questions for auditors is whether it is within the scope of their audit duty to investigate the activities where the actual fraud occurred.

"Absent special circumstances or knowledge, it should not be," Howard added.

Firms named in court filings have argued that it was not within their scope to probe Madoff's books and they conformed to all

■ MADOFF FRAUD

At a glance

What: Largest Ponzi scheme in US history. Investors were duped out of \$50 billion.

Who: Bernard L. Madoff Investments Securities (BMIS)

Orchestrator: Bernard Madoff (71 years old)

Audit firms targeted in lawsuits: KPMG US, Ernst & Young, PricewaterhouseCoopers Canada, PricewaterhouseCoopers Ireland, BDO Seidman and McGladrey & Pullen.

Why: Lawyers claim that auditors of BMIS feeder funds should have detected the fraud by picking up several red flags. Auditors argue they followed professional standards and were not responsible for the detection of fraud and the affairs of a non-client.

Legal viewpoint:

"I think it does smack of deep pocket syndrome. The assumption is '[the auditors] were on the scene and, therefore, should have been responsible for pointing everything out'. I think the auditors would be well advised to argue that it wasn't within the scope of their retainer."

*Jane Howard,
Reynolds Porter Chamberlain*

Source: *International Accounting Bulletin*

professional standards in their audits of feeder fund clients.

Howard said she does not believe it is reasonable or fair that auditors be held accountable for Madoff's activities or for investment decisions.

"I think it does smack of deep pocket syndrome. The assumption is '[the auditors] were on the scene and, therefore, should have been responsible for pointing everything out'. I think the auditors would be well advised to argue that it wasn't within the scope of their retainer," she said.

"But until one actually sees the specific

*Moore Stephens legal case, turn to page 3
Parmalat update, turn to page 5*

SATYAM

Satyam class actions pile up against PwC

Four class actions have been launched in US courts against PricewaterhouseCoopers International (PwC) and an Indian member firm in relation to the Satyam Computer Services fraud.

The scandal emerged on 7 January when Satyam founder and chair Ramalinga Raju admitted to fraud totalling more than INR7,000 crore (\$1.44 billion). Share prices of Satyam's American Depository Receipts (ADRs) plunged 90 percent to 93 cents before the opening of the New York Stock Exchange on 7 January. The exchange immediately halted trading on the stock. Satyam's stock in India lost near 77 percent in value.

Shareholders have begun legal action to recover their losses, launching class actions against Satyam; Ramalinga Raju; Satyam co-founder and former chief executive Rama Raju; former Satyam chief financial officer Srinivas Vadlamani; PwC; PwC's Indian member firm PricewaterhouseCoopers Pvt; and the Indian firm's audit arm Price Waterhouse, Satyam's external auditor since 2001.

The complaints filed list as plaintiffs investors who bought Satyam securities in periods between 1 January 2004 and 6 January 2009. The most wide ranging complaint was filed by solicitors Wolf Haldenstein Alder Freeman and Herz in the Southern District of New York Court on 22 January.

It seeks damages, interest and costs for investors who bought Satyam securities on any exchange between 29 January 2004 and 6 January 2009.

The other three actions seek damages only for investors who bought ADRs of Satyam.

A complaint filed by solicitors Cotchett, Pitre & McCarthy on 16 January said they believe there are hundreds of thousands of class members. Three of the complaints alleged PwC is, as the parent firm of Price Waterhouse, liable for the acts and omissions of Price Waterhouse. The complaint filed by Cotchett, Pitre & McCarthy alleged that Price Waterhouse "apparently missed the fact that over 90 percent of Satyam's reported assets were imaginary".

PwC did not respond to a request for comment at the time this publication went to print. ■

Carolyn Canham