BENCHMARK INTELLIGENCE FOR THE ACCOUNTING INDUSTRY

INTERNATIONAL Accounting BULLETIN

February 2017 Issue 570

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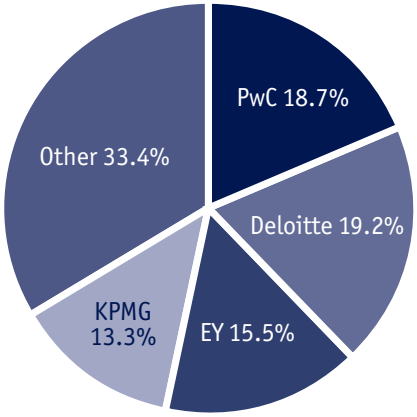
World survey: what an uncertain world

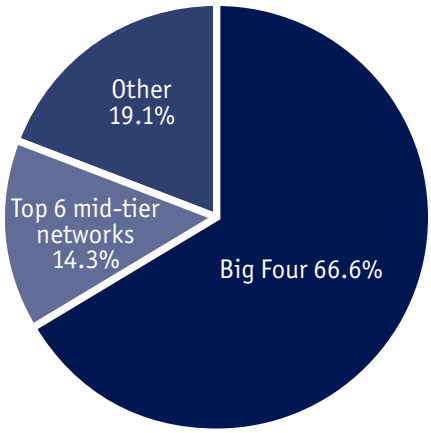
- IAB world rankings
- Trends in audit, tax, advisory
- Regional breakdown
- Challenge in recruitment

MARKET SHARES – THE BIG FOUR vs OTHERS



Source: *International Accounting Bulletin*

THE BIG FOUR vs THE NEXT SIX AND OTHERS



Source: *International Accounting Bulletin*

AVERAGE FEE SPLIT (%) TOP 10 NETWORKS IN 2008, 2013 TO 2016

	2008	2013	2014	2015	2016
Audit & accounting	53	48	46	44	39
Tax	23	23	24	24	23
Advisory	24	29	30	32	35
Other	n.av	n.av	n.av	n.av	3

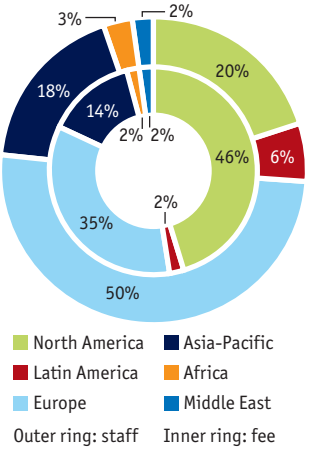
Source: *International Accounting Bulletin*

AVERAGE FEE SPLIT (%) BIG FOUR 2008, 2013 TO 2016

	2008	2013	2014	2015	2016
Audit & accounting	52	43	42	38	36
Tax	24	23	23	23	23
Advisory	24	34	35	39	39
Other	n.av	n.av	n.av	n.av	2

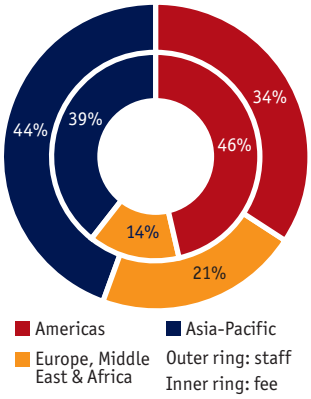
Source: *International Accounting Bulletin*

REVENUE AND STAFF SPLIT BY REGION MID-TIER AND ASSOCIATIONS



Source: *International Accounting Bulletin*

REVENUE AND STAFF SPLIT BY REGION BIG FOUR



Source: *International Accounting Bulletin*

AVERAGE FEE SPLIT (%) ALL PARTICIPANTS 2008, 2014 AND 2016

	2008	2014	2015	2016
Audit & accounting	53	50	48	41
Tax	24	24	26	24
Advisory	23	26	26	31
Other	n.av	n.av	n.av	4

Source: *International Accounting Bulletin*

WORLD SURVEY 2016

Countries	Average growth of firms in local currency(%)		
	2014	2015	2016
Argentina	-	-	36
Australia	5	10.3	12
Brazil	13	9.1	-16
Canada	1.4	5.8	4
Chile	-	-	53
China	18	6.5	22
Colombia	-	14.2	32
Denmark	-	-	15
Finland	-	-	31
France	4	6	5
Germany	5	5.5	11
Hong Kong	-	-	15
Iceland	-	-	2
Italy	4.6	4.9	14
India	-	-	22
Japan	4	3	5
Malaysia	-	-	10
Mexico	7.4	11	44
Netherlands	-0.7	2.2	10
Nigeria	19	-4.5	18
Norway	-	-	7
Peru	-	-	16
Russia	5.8	18	17
Singapore	-	7.2	11
Saudi Arabia	-	-	31
South Africa	8.4	-10.7	7
South Korea	0.6	2.8	9
Spain	4	4.8	8
Sweden	-	-	5
Turkey	12	13	20
UAE	-	-	6
UK	4.9	7.2	7
USA	7	7.9	8
Venezuela	-	-	142
Vietnam	-	-	48
Regions	**Average growth of firms in $(%)**		
Africa	-	-	-9
Asia-Pacific	-	-	6
Europe	-	-	2
Latin America	-	-	-8
Middle East	-	-	-2
World	6	2	4

Notes: Average growth rates are taken from *International Accounting Bulletin* country surveys in calandar year 2016

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Bring back the clown

In October 1980, French stand-up comedian, Coluche, announced his candidacy for the French presidential election in those terms:

"I call all the lazy, dirty, drug addicts, alcoholics, homosexuals, women, parasites, young, old, artists, prisoners, lesbians, trainees, blacks, pedestrians, Arabs, French, hairy people, crazy, transvestites, former communists, those convinced in election boycott, all those who don't count for the politicians, to vote for me, go register and carry the news.

All together to kick them in the ass, with Coluche.

The only candidate who has no reason to lie."

Coluche: " If there was a tax on stupidity the government will self-finance."

It was a joke of course. But one that quickly became reality. Suddenly Coluche was credited with 16% of the votes in the polls.

To be an official candidate in France, one has to receive the endorsement of at least 500 town mayors. While it is not confirmed, it is widely accepted that Coluche had enough support and could have run. But he revealed his bluff before that and after having received death threats.

I have often thought of him in the last few weeks, for two reasons. First, he would be a great asset in today's world, to call out this growing trend in the western world putting at risk democracy, a trend clearly identified by former USA President Barack Obama in his farewell address:

"For too many of us, it's become safer to retreat into our own bubbles, whether in our neighborhoods or on college campuses, or places of worship, or especially our social media feeds, surrounded by people who look like us and share the same political outlook and never challenge our assumptions. The rise of naked partisanship, and increasing economic and regional stratification, the splintering of our media into a channel for every taste — all this makes this great sorting seem natural, even inevitable. And increasingly, we become so secure in our bubbles that we start accepting only information, whether it's true or not, that fits our opinions, instead of basing our opinions on the evidence that is out there."

And the second reason, far less high level, is that Coluche reflecting on his presidential bid once said that while he was campaigning he would receive visits from representatives of all parties, from the far left to the far right.

They all wanted to see what was happening in his headquarters, and test the seriousness of his bid while trying to convince him to withdraw. "They all said the same things," Coluche recalled. "You know you have nothing to fear from us, but we can't say the same for all the other parties..."

In a way it is very similar from all the calls and emails *International Accounting Bulletin* receives around the time of the publication of the World Survey, when everyone tell us the same things along the lines: "We really are giving you the real figures without lying, but other participants... there is a lot of creative accounting going on there... but we are really the honest ones."

As mentioned in my editor's letter of last year's February issue, we know where the figures are dubious and which participants are more transparent than others. And we know that our rankings might not be perfect but they are as close as they can be - and as close as participants allow it to be.

So here is the latest *International Accounting Bulletin* World Survey, taking the whole of this month's issue. Hope you enjoy the read and we look forward to your feedback.

Vincent Huck
vincent.huck@uk.timetric.com

BIG FOUR MERRY GO ROUND IN SPAIN

KPMG in Spain hired a team of 70 consultants from fellow big four firm EY who were working on advisory projects for listed energy company Gas Natural, financial newspaper Expansion first reported.

The EY consultants are led by partners Luis Buzzi and Leandro Mazón, whose firm won the audit contract of Gas Natural. Due to the EU Audit market reform, EY wouldn't be allowed to be the statutory auditor and consultant of the company at the same time. Therefore, as Expansion reported, KPMG will integrate the 70-strong team of consultants within its management consulting business line, while EY will become Gas Natural's new auditor, replacing PwC.

NIGERIAN PRESIDENT DISSOLVES THE BOARD OF THE NATIONAL REGULATOR

The President of Nigeria's Federal Government, Muhammadu Buhari, suspended the application of the national Corporate Governance Code and dissolved the board of the Financial Reporting Council (FRC) of Nigeria.
A new chairman and a new executive secretary were appointed. The FRC of Nigeria is self-described as a federal government agency under the supervision of the Federal Ministry of Industry, Trade and Investment, which is responsible for developing accounting and financial reporting standards to be observed in the preparation of financial statements of public entities in Nigeria.
Adedotun Sulaiman, former managing partner of Arthur Anderson (later Accenture) was appointed FRC chairman. Daniel Asapokhai, a partner and a financial reporting specialist at PwC Nigeria, was named executive secretary replacing Jim Obazee.
Nigeria's Corporate Governance Code had been recently issued but was received with mixed reactions. Some in the Nigerian corporate and investment sectors called it "business unfriendly" and "inimical to further investment", as reported by national media.
The FRC produced three separate codes: one for the private sector; another for not-for-profit entities and a third code for the public sector.

BT RESTATES REVENUE LOSS FOLLOWING KPMG INDEPENDENT REVIEW

Following an accounting scandal in its Italian business, BT Group has announced a write down of £530m ($661m) on its balance sheet.
BT Group had initially announced a write down of £145m but following an independent review by KPMG, it restated the loss.
KPMG's independent review was part of a broader investigation into BT's Italian operations. BT said in a statement: "These investigations have revealed that the extent and complexity of inappropriate behaviour in the Italian business were far greater than previously identified and have revealed improper accounting practices and a complex set of improper sales, purchase, factoring and leasing transactions. These activities have resulted in the overstatement of earnings in our Italian business over a number of years."
A KPMG spokesperson told International Accounting Bulletin that the firm was unable to comment due to client confidentiality.
PwC and its predecessor firms have been BT's auditors since BT listed on the London Stock Exchange in 1984. A spokesperson for PwC said that they were unable to comment due to client confidentiality.
Vincent Papa, director of financial reporting policy at CFA Institute, commented: "It is hard to claim auditor culpability without a deeper probe to the facts and circumstances. Whether it was a case of wrong judgement (i.e. incompetence) or whether it is the deceptive management misrepresenting the nature of transactions to all, including the auditors. Investors would judge the auditors harshly if it was the former."
Papa continued: "At face value, it is hard to conclude with limited facts that auditors were privy to management's intent to misrepresent financial performance. In situations where management fraudulently conceals or misrepresents the nature of transactions to the auditors then it is hard to blame the auditors."
The head of BT's Continental European operation, Corrado Sciolla, is expected to resign according to numerous media reports. From 2006, Mr Corrado was chief executive of BT Italy before his remit expanded in 2011 to include France, and since January 2013, he has been the president of BT's Continental Europe operations.
Two senior executives of BT's Italian business were suspended last September, including former chief executive Gianluca Cimini and chief operating officer Stefania Truzzoli, through the launch of an internal investigation into the financial irregularities, as reported by The Telegraph.
BT has appointed a new chief executive for the Italian business branch who will take over from 1 February 2017. The company said that the new chief executive would review the local management team and "will work with BT Group ethics and compliance to improve the governance, compliance and financial safeguards".
"We are deeply disappointed with what we have found in our Italian business," Gavin Patterson chief executive of BT Group said in a statement. "We have undertaken extensive investigations and are committed to ensuring the highest standards across the whole of BT for our customers, shareholders, employees and stakeholders."
T-Mobile has been the major shareholder, holding almost 1.2bn shares, which is 12% of BT. Deutsche Telekom (parent company of T-Mobile) was unable to comment except that it is following developments at BT closely.
Shareholders are worried that it could get worse, which might be enough to wipe over £7bn in value from the company in minutes. Since the warning, shares have plunged more than 19% to 209p, which has wiped off around £7.2bn in value.

KEY HIGHLIGHTS OF INDIA UNION BUDGET 2017

The Union Budget 2017 for India was presented in Parliament on 1 February by finance minister Arun Jaitley.
His speech at Lok Sabha, the lower house of India's two-tier Parliament, outlined new income tax rules, demonetisation and a push towards a digital economy.
The Budget announced a reduced corporate tax rate of 25% (versus the normal 30% rate) for Small and Medium Enterprises (SMEs) having annual turnover for tax year 2015-16 of less than S$10m.
The finance minister explained that India is largely a tax non-compliant society, due to the predominance of cash, which enables tax evasion. Net tax is expected to increase from demonetisation, due to the increase in data received. The time period for revising tax returns will be reduced to 12 months.
Demonetisation has been undertaken in measures over the past two years, with long term benefit potential for GDP, and to help transfer resources from tax evaders to the government. However, the drop in economic activity due to remonetisation is expected to have only a transient effect, and Jaitley expects that it will soon reach comfortable levels.
In the financial sector, the Foreign Investment Promotion Board (FIPB) is to be abolished, whilst a new exchange-traded fund (ETF) is to be launched, and over 16,000 new enterprises have been set up. Also, a computer emergency response team is to be set up for cyber security, as India is 'at the cusp' of a digital revolution.
A centralised pension distribution system will be established and the government will also introduce laws to confiscate assets of economic defaulters.
Jaitley stated that the government was elected amidst huge expectations and that now the government is seen as a trusted custodian of public money. He also mentioned the uncertainty of the world economy, along with the challenges emerging economies face.
The budget proposals were divided into 10 themes: financial sector; digital economy; public service; prudent fiscal management; and tax administration; farmers; rural population; energizing youth; poor and underprivileged; and infrastructure.
The total budget expenditure is Rs21 trillion (£250.8bn), and the defence expenditure excluding pensions is Rs2.74 trillion. The fiscal deficit for FY18 was pegged at 3.2% of GDP and the revenue deficit for FY18 at 1.9%.
Gagan Malik, international director, India tax desk at Asia-Pacific Tax Centre, EY said: "The Finance Bill has proposed to exempt indirect transfer taxation - investors who directly or indirectly invest in Foreign Portfolio Investors (FPIs), categories I and II; essentially regulated and government funds. This is a huge step forward and would be a big relief for FPI investors out of Singapore."
Mazars' report examined the Bill and pointed out the amendment of the Indirect Transfers of shares of Foreign Institutional Investors (FIIs), and Investors (FPIs) not taxable in India. Explanation 5 was inserted below Section 9(1)(i) regarding the tax transfer of shares of a foreign company which shares derive their value substantially from the assets located in India. It is not applicable in the case of transfer of shares held in a Foreign Institutional Investor / Foreign Portfolio Investor by a non-resident.

LONDON SCHOOL OF BUSINESS & FINANCE SIGNS PARTNERSHIP WITH PWC

The London School of Business and Finance (LSBF) has signed a partnership with PwC Central and Eastern Europe (CEE) to become the official provider of ACCA tuition material for the PwC CEE Academy. Under the partnership, LSBF will provide trainings of ACCA qualification to thousands of PwC staff across 29 countries.

Comment: Big, bigger, bollocks...

Does size really matters? GGI Global CEO Michael Reiss von Filski gives his thoughts

Whilst in the accounting profession, global networks and associations are ranked according to their (financial) size, it is not always evident what this means for the quality of services provided. At least, this is the advantage of the accounting profession, the figures available to compare different networks and associations are a rather reliable and measurable way of accountability. It is generally accepted that a larger entity, organisation or alliance cannot be that bad. Some go even so far as to preach that the bigger the better.

I have always wondered why this concept of supremacy of the biggest is not applied to restaurants, hotels, shopping malls or nurses. Imagine a business partner refusing to dine in one restaurant because it has only 12 tables, or to stay in a hotel because it has only 50 rooms. Is a shopping mall better if it is larger? Or a nurse, because she is taller?

The legal profession tries to jump on the band wagon of rankings too, although often enough, no reliable data is public – ludex non calculat. We are pretty sure which are the four biggest accounting networks in the world, but which are the biggest law firms in the world? When we try to identify the biggest law firm networks in the world, the data becomes more esoteric. In the last couple of months, the prestigious chambers of Dentons, which claims to be the largest law firm in the world despite its structure as a Swiss Verein, has avidly promoted its own law firm network Nextlaw. Soon thereafter, they self-proclaimed it as the biggest referral network in the world, thus without the accountability required thereto. Or if you prefer, in a more legalistic way: without any clear evidence. Recently, Nextlaw has even deleted the directory from its website and now its member firms are invisible. This made it more difficult to substantiate the label as the biggest law referral network, but it shows that lawyers take professional secrecy very seriously.

Having just returned from a trip to London, I confess having thoroughly enjoyed a beefsteak tartare in a restaurant in Mayfair. Neither the tartare nor the restaurant were amongst the biggest in London, or even in Mayfair, however I believed that my dinner was amongst the best I ever had. Size is not as important as quality, at least when it comes to tartare. ■

Tax advisors in the eye of the storm

Tax advisors' role in tax avoidance is increasingly being scrutinised by governments and tax authorities. In January, the conclusions of a report published by the European Parliament group, Greens/EFA, as well as the highlights from a meeting of 30 tax authorities from around the world, indicate that a regulatory crackdown is on its way. For now accountants, lawyers, bankers and other intermediaries are in the eye of the storm.

The role of intermediaries in tax evasion has been revealed by the Greens/EFA who scanned through the data of the Panama Papers, the Offshore Leaks and the Bahamas Leaks.

The report took information from a database of banks, accountants and lawyers, the majority (90%) with a base in the EU, to find out more about their possible offshore businesses.

The database was created by the International Consortium of Investigative Journalists (ICIJ). Greens/EFA used the public data from the ICIJ on three scandals (Panama Papers, the Bahamas Leaks and Offshore Leaks) and are calling for a regulatory "crackdown".

Greens/EFA economic and finance spokesperson, Sven Giegold, said: "This study shows that tax evasion and money laundering transactions are made possible by banks, law firms and auditors operating, and often based in the EU. Swiss and Luxembourg firms, as well as French and British institutions, have earned a tidy sum from this kind of business."

Molly Scott Cato, Green MEP and tax spokesperson, added: "This new report shows that helping wealthy elites and corporations dodge tax is a thriving business in the UK. And we totally reject the so-called "new economic model" that Theresa May and her Chancellor have chosen to threaten the EU with."

There were 140 international intermediaries listed, and among the "middle-men" are accounting giants such as the Big Four as well as large banks such as UBS, Credit Suisse or Citibank, and also law firms. The report stated: "We also found several banks from Luxembourg but also the three major French banks: Société Générale, Crédit Agricole and BNP Paribas." Yet many other names in the list remain unknown to the wider public.

A UBS spokesperson said: "UBS conducts its business in full compliance with applicable law and regulations. We have no interest in funds that are not taxed or derive from unlawful activities."

Hong Kong, the United Kingdom and the United States are the top three countries hosting them, and Asia has the highest number of intermediaries, with Europe second.

Giegold continued: "The governments of member states must initiate an investigation into those firms complicit in tax evasion and money laundering. We are calling for comprehensive and independent monitoring of intermediaries, applying equally to banks, lawyers, and consultants."

Tax authorities target intermediaries

A week prior to the Greens/EFA's report being released, tax authorities from 30 countries met in Paris for the meeting of the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC), an informal group of tax agencies, sharing tax information and results of investigations consequent to the Panama Papers.

The JITSIC said the meeting included the largest ever simultaneous exchange of information, based on legal instruments under the OECD and Council of Europe Multilateral Convention and tax treaties.

Since their last meeting, the tax agencies in attendance have reportedly audited 1,700 taxpayers, have made 2,550 requests for information and have identified a "target list" of 100 intermediaries – lawyers, bankers, accountants and others who help wealthy individuals and companies with their tax. ■

By Stephanie Wix & Aziz Rahman

2016 global

■ WORLD SURVEY 2017

NETWORKS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	Deloitte* (1)	36,800.0	5%	26	-	16	46	-	May-16
2	PwC* (1)	35,896.0	2%	43	-	25	32	-	Jun-16
3	EY* (1)	29,626.0	3%	38	-	26	26	9	Jun-16
4	KPMG* (1)	25,420.0	4%	40	-	22	38	-	Sep-16
5	BDO* (2)	7,601.4	4%	44	15	22	19	-	Sep-16
6	RSM* (3)	4,865.7	5%	41	7	30	20	2	Dec-16
7	Grant Thornton* (1)	4,789.2	3%	42	-	21	34	2	Dec-16
8	Crowe Horwath International* (1) (4)	3,708.3	6%	45	-	25	14	16	Dec-16
9	Baker Tilly International (5)	3,235.2	6%	35	15	25	14	11	Dec-16
10	Nexia International*	3,207.5	4%	44	16	21	11	8	Jun-16
11	Moore Stephens International (6)	2,742.6	3%	37	15	26	13	9	Dec-16
12	Kreston International* (7)	2,105.2	3%	39	13	27	6	15	Oct-16
13	HLB International* (8)	2,077.5	7%	44	7	22	9	16	Dec-16
14	Mazars*	1,514.7	6%	47	18	16	18	1	Aug-16
15	PKF International* (9)	1,042.0	3%	39	15	21	6	19	Jun-16
16	UHY International*	515.4	0%	44	17	19	14	6	Dec-16
17	SFAI*	487.5	142%	38	14	29	19	-	Dec-16
18	MGI Worldwide*	437.8	-20%	26	30	23	9	12	Jun-16
19	Russell Bedford International*	412.0	5%	30	28	22	7	13	Dec-16
20	Pan-China International* (10)	364.6	14%	79	1	5	4	11	Dec-16
21	ECOVIS International* (11)	336.0	4%	20	29	29	12	10	Dec-16
22	ShineWing International*	297.2	8%	67	6	6	5	16	Dec-16
23	UC&CS America* (1) (12)	239.1	25%	23	-	74	3	-	Dec-16
24	TGS Global*	218.6	3%	22	46	19	7	6	Sep-16
25	Reanda International* (13)	178.6	8%	36	5	13	12	34	Dec-16
26	Auren*	112.4	5%	26	23	29	16	6	Dec-16
27	IECnet*	77.8	-35%	28	29	28	12	3	n.ap
28	SMS Latinoamerica*	73.7	2%	32	16	28	18	7	Dec-16
29	FinExpertiza (14)	53.3	13%	46	2	10	14	28	Jun-16
30	Kudos International* (1)	23.3	30%	38	-	-	-	62	Aug-16
Total fee income/growth		**168,458.6**	**4%**						

Notes: (e) *International Accounting Bulletin* 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) FY16 fee data include $2,059.0m from correspondent and alliance members, (3) FY16 fee data include $1.0bn from correspondent and alliance member firms, (4) FY16 data include $950m from alliance or correspondent member firms, (5) Baker Tilly International restated their FY15 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year, FY16 fee data includes $9.6m from alliance member firm, (6) FY16 fee data include $22.7m from correspondent and alliance member firms, (7) FY16 fee data include $2.4m from correspondent and alliance member firms, (8) FY16 fee data include $23m from correspondent and alliance member firms, (9) FY 16 revenue includes $12m from correspondent and alliance members, (10) FY16 fee data include $7.4from correspondent and alliance member firms, (11) ECOVIS International revenue does not include fee income of associated USA partners. If it were to, the combined revenue of the network would be $537.0m, (12) FY16 fee data include $57.6m from correspondent and alliance member firms, (13) FY16 fee data include $16.7m from correspondent and alliance member firms, (14) FY16 revenues include $24.5m from non-exclusive member firms. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

fee rankings

WORLD SURVEY 2017

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	Praxity*	4,748.3	5%	39	11	26	20	4	Dec-16
2	LEA Global / Leading Edge Alliance*	3,076.6	2%	29	12	33	18	8	Dec-16
3	GGI*	2,490.0	8%	8	17	30	35	10	n.ap
4	PrimeGlobal* (1)	2,128.1	19%	54	-	27	19	-	May-16
5	Allinial Global (2)	1,764	10%	31	21	26	17	5	Dec-16
6	BKR International*	1,360.0	1%	39	17	31	7	6	Jun-16
7	AGN International*	1,246.1	3%	38	15	35	6	6	Dec-16
8	DFK International* (3)	1,224.2	0%	32	14	26	10	17	n.ap
9	Morison KSi*	1,002.2	n.av	34	16	23	14	14	Dec-16
10	IAPA* (4)	881.5	-9%	33	22	24	9	12	Mar-16
11	MSI Global Alliance*	612.4	1%	31	26	22	13	8	Dec-16
12	CPA Associates International*	525.0	-10%	47	9	32	12	-	Oct-16
13	Integra International*	512.8	91%	40	20	25	15	-	Dec-16
14	Enterprise Worldwide (1)	316.0	0%	38	-	36	23	3	Dec-15
15	INPACT* (1)	261.7	-2%	51	-	32	12	5	Dec-15
16	Antea*	245.5	1%	28	25	22	17	7	Dec-16
17	JHI Association	234.5	-18%	20	24	32	8	16	Dec-15
18	UC&CS Global* (1)	186.5	-7%	23	-	73	4	-	Dec-16
19	EuraAudit International* (5)	184.2	-2%	69	-	15	7	9	Dec-16
20	GMN International*	142.0	-12%	29	23	31	12	5	Sep-16
21	Parker Randall International* (1)	135.2	4%	55	-	25	15	5	Dec-16
22	Abacus Worldwide*	68.0	4%	35	11	20	13	21	Dec-16
Total fee income/growth		**23,345.2**	**5%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Accounting services are included in Audit & Assurance, (2) May include data from non-exclusive member firms, (3) FY16 fee data include $11.5m from correspondent and alliance members, (4) FY16 fee data include $20m from correspondent and alliance member firms, (5) FY 16 fee data include $25.9m from alliance and correspondent member firms *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

2016 global

WORLD SURVEY 2016

NETWORKS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	Deloitte*	244,400	225,351	8%	n.d	10,601	n.d	176,935	n.d	37,815	n.d	674
2	EY*	230,800	211,450	9%	11,509	10,500	177,602	161,793	41,689	39,157	700	700
3	PwC*	223,468	208,109	7%	10,830	10,611	177,182	163,513	35,456	33,985	n.d	756
4	KPMG*	188,982	173,965	9%	9,843	9,445	147,028	134,064	32,111	30,456	n.d	900
5	BDO*	67,731	64,303	5%	5,736	5,413	52,486	49,952	9,509	8,938	1,401	1,408
6	Grant Thornton*	47,004	42,204	11%	3,235	3,087	36,730	32,131	7,038	6,986	701	733
7	RSM*	41,421	38,535	7%	3,557	3,384	31,472	28,613	6,392	6,356	793	763
8	Crowe Horwath International*	35,327	33,207	6%	3,860	3,699	26,447	24,063	5,020	5,445	764	752
9	Baker Tilly International *	30,490	27,986	9%	2,933	2,729	22,597	21,130	4,960	4,127	769	745
10	Nexia International*	28,134	24,781	14%	2,607	2,587	20,383	17,183	5,144	5,011	651	565
11	Moore Stephens International*	27,997	27,613	1%	2,762	2,727	21,382	21,128	3,853	3,758	626	657
12	Kreston International*	23,306	21,715	7%	1,763	1,667	18,334	16,999	3,209	3,049	701	663
13	HLB International*	22,328	21,201	5%	2,210	2,086	15,792	14,993	4,326	4,122	667	618
14	Mazars*	16,987	15,462	10%	879	788	13,724	12,548	2,384	2,126	260	247
15	PKF International*	14,509	12,193	19%	1,393	1,252	10,949	9,006	2,167	1,935	393	402
16	UHY International*	7,852	7,623	3%	812	767	5,741	5,554	1,299	1,302	325	319
17	SFAI*	7,630	3,594	112%	1,238	643	5,434	2,241	958	710	225	143
18	ShineWing International*	6,220	5,081	22%	227	214	5,568	4,472	425	395	32	31
19	Russell Bedford International*	5,778	5,590	3%	667	599	4,339	4,243	772	748	275	266
20	Panchina*	5,251	4,676	12%	224	155	4,702	4,200	325	321	16	15
21	ECOVIS International*	5,053	4,806	5%	629	617	3,719	3,527	705	662	278	281
22	MGI Worldwide*	4,978	5,266	-5%	709	818	4,269	4,448	n.d	n.d	262	323
23	TGS Global*	3,165	2,910	9%	316	263	2,438	2,253	411	394	208	194
24	Reanda International*	2,865	2,623	9%	175	165	2,209	2,080	481	378	104	95
25	UC&CS America*	2,188	3,907	-44%	233	232	1,635	3,342	320	333	16	176
26	SMS Latinoamerica*	2,090	2,005	4%	185	175	1,714	1,664	191	166	55	23
27	Auren*	1,759	1,613	9%	235	231	1,360	1,231	164	151	53	50
28	IECnet*	1,428	1,764	-19%	224	289	876	1,088	328	387	101	157
29	FinExpertiza	1,157	1,125	3%	48	40	929	915	180	178	30	24
30	Kudos International*	796	692	15%	77	64	719	n.d	n.av	n.av	36	33
Totals		**1,301,094**	**1,201,350**	**24%**	**69,116**	**75,848**	**817,760**	**925,309**	**169,817**	**199,391**	**10,442**	**12,713**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. All information from footnotes on page 4 apply. *Disclaimer = Data relating to non-exclusive member firms is not included.
Source: *International Accounting Bulletin*

staff rankings

WORLD SURVEY 2016

ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	Praxity*	41,783	39,064	7%	3,451	3,287	31,800	29,762	6,532	6,015	639	633
2	LEA Global / Leading Edge Alliance*	21,355	23,014	-7%	2,313	2,270	14,969	16,888	4,073	3,856	620	618
3	PrimeGlobal*	20,844	17,585	19%	2,131	1,900	14,114	12,117	4,599	3,568	851	824
4	GGI*	18,634	17,422	7%	2,007	1,916	n.av	n.av	n.av	n.av	729	701
5	BKR International*	13,372	12,773	5%	1,125	1,288	10,643	10,255	1,604	1,230	520	530
6	Allinial Global	12,732	10,594	20%	2,247	1,774	7,558	6,306	2,927	2,514	333	305
7	Morison KSi*	12,279	n.ap	n.ap	1,133	n.ap	9,167	n.ap	1,279	n.ap	240	n.ap
8	DFK International*	11,934	11,548	3%	1,257	1,390	8,718	8,161	1,959	1,997	412	415
9	AGN International*	11,823	12,812	-8%	1,737	1,711	10,086	11,101	n.d	n.d	709	710
10	IAPA*	9,923	9,662	3%	1,156	1,134	6,844	6,647	1,923	1,881	383	370
11	MSI Global Alliance*	7,427	7,403	0%	802	772	5,397	5,551	1,228	1,080	157	166
12	CPA Associates International*	6,578	7,033	-6%	765	819	4,749	5,052	1,064	1,162	295	303
13	Integra International*	4,227	3,394	25%	448	409	3,299	2,328	480	561	166	172
14	Antea*	3,882	3,626	7%	526	498	2,877	2,683	479	445	206	201
15	INPACT*	3,869	3,702	5%	518	487	2,863	2,716	488	499	220	219
16	JHI Association	2,812	3011	-7%	353	406	2025	2076	434	507	138	153
17	GMN International	2,738	2,687	2%	320	318	1,944	1,868	474	501	144	144
18	EuraAudit International*	2,612	3,188	-18%	304	386	2,001	2,286	307	516	155	280
19	UC&CS Global*	2,334	4,051	-42%	254	251	1,739	3,447	341	353	190	188
20	Parker Randall International*	1,907	1,698	12%	233	233	1,536	1,327	138	138	136	109
21	Enterprise Worldwide	1,607	1,501	7%	218	212	1,057	982	332	307	104	102
22	Abacus Worldwide*	729	835	-13%	107	106	441	549	181	180	44	44
Totals		**215,401**	**196,603**	**4%**	**23,405**	**21,567**	**143,827**	**132,102**	**30,842**	**27,310**	**7,391**	**7,187**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. All information from footnotes on page 5 apply. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

Audit

An eventful 12 months in the audit space looks likely to be replicated in 2017 as enhanced reporting, technological developments and fee pressure impact practitioners. **Paul Golden** reports

According to Jack Kelly, senior audit partner at Deloitte, investors are increasingly coming together with auditors in stakeholder forums to express their requirements, understand more about the audit process and the auditors themselves and hold them to account for their governance structures, transparency reports and quality inspection results.

"From a regulatory perspective, in 2015 we saw the introduction of the viability statement," he says. "Last year the FRC's culture paper was published with the aim of stimulating thinking around the role of the board in relation to corporate culture. These positive moves promote stakeholder confidence in the governance and longer term sustainability of companies."

They also build on prior enhanced disclosure on the business model, the principal risks facing the entity and the company's responsibility to have a strong internal control environment. For the investor, there is increased emphasis on the company's future, albeit attached to the backward looking financial statements.

From the auditor's perspective, the documented interaction with the stakeholder remains the audit opinion. The enhanced audit report - first introduced in the UK in 2014 - is going global for December 2016 year ends and its scope will soon be widened in the UK to all listed companies with June 2017 year ends.

The opinion will require auditors to describe key risks that arose during the course of their audit (known as 'key audit matters') and their response to those risks including, where relevant, key observations relating to the risks.

"Experience in the UK has shown that enhanced auditor reporting is an area that auditors have generally embraced and looked for ways to innovate their reports," says Kelly. "Going beyond the basic requirements has largely been welcomed by investors. Auditors in other countries will soon feel, as we do in the UK, the desire from investors to get more out of these enhanced audit opinions, making them more insightful, less technical and published earlier. This is evidenced by the handful that included, in 2016, the auditor's key risks in the preliminary release."

An unprecedented wave of change is leaving organisations in a seemingly perpetual state of transition, suggests Ozgur Demirdoven, managing director of IAPA member firm MED. "Audit committees are dealing with a mandate that is constantly in flux, demanding more attention, more time and more thought than ever."

Attention on non-financial reporting (NFR) will have significant implications for the transparency and understandability of corporate influence, adds Crowe Horwath International accounting & audit director, David Chitty.

"NFR is now on all corporate agendas, with attention being given to the reporting of how corporate strategy is adding value, reporting sustainability and integrating financial and non-financial information," he says. "There are too many reporting frameworks for the different forms of NFR - imagination and innovation is needed to bring the best of the different frameworks together. Integrated reporting may form the core approach, building on growing international acceptance and respect for this framework."

Paul Ginman, chief quality officer at Baker Tilly International refers to pressure on member firms to invest in IT as part of the response to increased regulation and the need to develop audit techniques that deal with the threats facing clients in the most

SERVICE LINE FEE SPLIT – AUDIT & ACCOUNTING

Rank	Networks	$m	%
1	PwC	15,280.0	1%
2	EY	11,301.0	0%
3	KPMG	10,120.0	1%
4	Deloitte	9,400.0	-5%
5	BDO	4,484.9	4%
6	RSM	2,330.7	3%
7	Grant Thornton	2,024.9	4%
8	Nexia International	1,918.1	37%
9	Crowe Horwath International	1,668.7	5%
10	Baker Tilly International	1,624.2	9%
11	Moore Stephens International	1,426.2	7%
12	Kreston International	1,094.7	39%
13	HLB International	1,078.8	20%
14	Mazars	984.5	6%
15	PKF International	562.7	3%
16	UHY International	314.4	-2%
17	Pan-China International	291.7	13%
18	SFAI	253.5	218%
19	MGI Worldwide	243.8	n.av
20	Russell Bedford International	239.0	11%
21	ShineWing International	217.0	4%
22	ECOVIS International	164.6	13%
23	TGS Global	148.6	1%
24	Reanda International	72.9	-4%
25	Auren	55.0	28%
26	UC&CS America	55.0	n.d
27	IECnet	44.3	-34%
28	SMS Latinoamerica	35.0	2%
29	FinExpertiza	25.6	21%
30	Kudos International	8.9	48%

Source: *International Accounting Bulletin*

SERVICE LINE FEE SPLIT – ACCOUNTING SERVICES

Rank	Networks	$m	%
5	BDO	1,140.2	4%
6	Nexia International	508.0	n.av
7	Baker Tilly International	487.6	23%
8	Moore Stephens International	411.4	29%
9	RSM	355.2	n.av
10	Kreston International	273.7	n.av
11	Mazars	272.6	6%
12	PKF International	156.3	n.av
13	HLB International	155.2	n.av
14	MGI Worldwide	131.8	n.av
15	Russell Bedford International	115.4	23%
16	TGS Global	100.5	n.av
17	ECOVIS International	97.4	n.av
18	UHY International	87.6	n.av
19	SFAI	68.3	n.av
20	Auren	25.6	n.av
21	IECnet	22.6	-44%
22	ShineWing International	17.8	n.av
23	SMS Latinoamerica	11.4	-17%
24	Reanda International	8.6	n.av
25	Pan-China International	2.2	2087%
26	FinExpertiza	1.1	6.6%

Source: *International Accounting Bulletin*

SERVICE LINE FEE SPLIT – AUDIT & ACCOUNTING

Rank	Associations	$m	%
1	Praxity	2,374.2	0%
2	LEA Global / Leading Edge Alliance	1,261.4	4%
3	PrimeGlobal	1,149.2	19%
4	Allinial Global	917.4	44%
5	BKR International	761.6	1%
6	AGN International	656.4	16%
7	GGI	622.5	4%
8	DFK International	573.0	5%
9	Morison KSi	494.1	n.ap!
10	IAPA	484.8	-10%
11	MSI Global Alliance	349.1	7%
12	Integra International	307.7	115%
13	CPA Associates International	294.0	7%
14	INPACT	134.4	-5%
15	Antea	132.0	38%
16	EuraAudit International	127.1	56%
17	Enterprise Worldwide	120.1	0%
18	JHI Association	103.2	-12%
19	Parker Randall International	74.3	4%
20	GMN International	73.9	-12%
21	UC&CS Global	42.9	-11%
22	Abacus Worldwide	31.3	35%

Source: *International Accounting Bulletin*

effective way. "This in turn is putting pressure on firms to grow their audit base or seriously consider whether it is a market they want to stay in, which is also fuelling a drive for firms to merge."

According to Andrew Collier, director of quality and professional standards at Kreston International, the increase in audit exemption thresholds in many jurisdictions has led to some firms re-evaluating their involvement in the market, which over time will reduce the choice for clients.

"The level of tendering has increased in many markets as rotation rules have been introduced," he says. "This is a significant workload for both firms and audit committees. Firms are taking strategic decisions about the tenders they participate in, which can limit client choice. The case for rotation driving audit quality has yet to be established and the other motivation for introducing rotation, of widening access to the market, has not been clearly seen with many new appointments going to other Big Four firms."

Ginman also mentions the challenge of increasing audit fees in a competitive market. "Interestingly, we see this latter issue demonstrated particularly in less regulated markets. As our member firms seek to differentiate themselves we see other audit firms - with what we can most generously define as a different interpretation of audit standards - prepared to undertake work for very low fees. This situation is of concern and should be an issue for the profession to address together."

John Sim, CEO PKF International, observes that audit is increasingly becoming a commodity and that old practices are being reviewed and updated as more record keeping is done digitally. "Margins continue to erode and firms are increasingly moving labour intensive work to lower cost locations like India or the Philippines," he observes.

According to Felice Persico, EY global vice chair assurance, the industry needs to take a number of proactive steps (such as working directly with universities around the world) to ensure that the next generation of talent has the skills required for the future, as well as broadening the attractiveness of the profession.

"Firms must also focus on developing the most efficient talent model," he says. "They must actively expand the skills and capabilities of their people, create a more diverse talent pool and ensure that training efforts focus on enabling people to become even more connected, responsive and insightful."

Technology is disrupting all areas of business and audit is not immune to this disruption, concludes Persico. "New technologies such as artificial intelligence, blockchain and robotic process automation are revolutionising the industry. Navigating the upside of these disruptive technologies is critical in responding to the evolving needs of business, regulators and investors." ■

SERVICE LINE FEE SPLIT – ACCOUNTING SERVICES

Rank	Associations	$m	%
1	Praxity	522.3	-7%
2	GGI	423.3	n.av
3	Allinial Global	370.5	44%
4	LEA Global / Leading Edge Alliance	369.2	n.av
5	BKR International	231.2	1%
6	IAPA	193.9	-13%
7	AGN International	184.0	n.av
8	DFK International	177.8	n.av
9	MSI Global Alliance	159.2	1%
10	Morison KSi	158.0	n.av
11	Integra International	102.6	490%
12	Antea	62.3	n.av
13	JHI Association	56.3	n.av
14	CPA Associates International	47.3	n.av
15	GMN International	32.7	n.av
16	Abacus Worldwide	7.5	n.av

Source: *International Accounting Bulletin*

Tax

Political change has created considerable uncertainty around tax regimes in many parts of the world in 2017. **Paul Golden** reports

High VAT complexity, a strong call for clearer tax laws and a pronounced trend towards digitalising tax administration were the key findings to emerge from the ICAEW/EGIAN report Tackling Taxes – Business Perspectives from across Europe, published in the middle of last year.

Considerable changes to tax laws appear inevitable following a remarkable year with two landmark events – the UK's vote to leave the European Union and the election of President Trump - that are likely to have impacts on tax in 2017 and beyond, explains Bill Dodwell, head of tax policy at Deloitte.

"Global attention will be focused on potential tax reform in the US," he says. "If the new administration agrees with Congress to implement major tax cuts for companies and individuals, the effect will be felt across the world. Other countries might find they need to respond to a US corporate rate of 15%, albeit that it may come with the removal of important tax deductions in the US."

Dodwell suggests it would become harder for the major European economies to sus-

tain corporate rates of 30% or more in this context and that European multinationals might find that their investments in the US no longer qualified for interest relief on financing costs as part of tax reform.

Glenn Wallmark, partner at MSI Global Alliance member firm Lucas Horsfall Accountants & Advisors, adds the potential for changes to the Alternative Minimum Tax regime (designed to ensure that high income taxpayers pay at least a minimum amount of tax) to the list of tax issues being monitored in the US.

E-governance and tax moving towards digitalisation should simplify tax procedures, reduce the compliance burden for clients and help bridge the tax gap according to Baker Tilly International tax director, Chris Danes.

"Our biggest tax opp ortunity in the near future relates to helping clients navigate through the minefield of global complexity, implementation of the BEPS Action Plan, widely drafted unilateral rules aimed at combating anti-tax avoidance, EC Court Decisions and the EU VAT Action Plan," he adds.

A large number of tax authorities are looking to collect tax in a more efficient and effective way, producing a move towards collecting data and tax online and, for some countries, seeking to get information direct from business and individual records, observes Francesca Lagerberg, global leader tax services at Grant Thornton.

"The confidentiality of data is a hot topic," she adds. "Will the authorities be able to keep the data safe? In the Czech Republic they were testing out electronic data collection and there were reported cyberattacks in the first week of the trial."

It can be expected that Turkey can further improve and stabilise its place in the tax competition order by simplifying tax legislation and making it more effective in the coming period, notes Ozgur Demirdoven, managing director of IAPA member firm MED.

According to Ken Almond, head of transfer pricing at RSM, the general direction of travel in international tax remains an increasing focus on compliance, particularly for large corporates. "This is especially the case in Europe where governments are moving faster to legislate for BEPS recommendations and the European Commission continues its plans to introduce additional compliance measures in addition to those proposed by the OECD, including the resurrection of proposals for a common consolidated corporate tax base."

Individuals will also feel the effects with the OECD's Common Reporting Standard laying the foundation for countries to automatically exchange information on residents' income and assets.

Donald Trump's promise to slash US corporate tax bills mirrors a global trend for governments to reduce headline rates for business, adds Almond. "We see further evidence of this from other countries - Hungary has proposed a 9% corporate tax rate and the UK has suggested that it will cut its corporate rate as one policy to attract investors in a post-Brexit world. This competition to lower rates is perhaps ironic as jurisdictions publicly battle to stop the flow of taxable profits to low tax countries, as they themselves become low tax countries."

The rollout of the G20/OECD-led base erosion and profit shifting project is expected to step up a gear in 2017 and countries will be encouraged to implement changes to double tax treaties by ratifying the multilateral convention.

"It is thought that more than 30 countries will sign the convention at the first signing ceremony on 5 June, with some changes to treaties expected from 1 January 2018, but many more changing from 2019 due to national ratification procedures," says Dodwell. "The EU's implementation of domestic law changes under BEPS starts in 2019, as the Anti-Tax Avoidance Directive takes effect. At the end of 2017, multinationals will need to submit to tax authorities their first country-by-country reports, covering 2016."

Lagerberg refers to a continued move towards transaction based taxation. "India

SERVICE LINE FEE SPLIT – TAX

Rank	Networks	$m	%
1	PwC	9,085.0	2%
2	EY	7,751.0	4%
3	Deloitte	6,900.0	3%
4	KPMG	5,600.0	5%
5	BDO	1,672.3	12%
6	RSM	1,454.9	7%
7	Grant Thornton	1,018.2	5%
8	Crowe Horwath International	927.1	9%
9	Baker Tilly International	816.3	2%
10	Moore Stephens International	713.1	1%
11	Nexia International	684.5	-16%
12	Kreston International	568.4	1%
13	HLB International	465.7	7%
14	Mazars	242.3	-5%
15	PKF International	218.8	-14%
16	UC&CS America	176.9	25%
17	SFAI	141.4	256%
18	MGI Worldwide	102.0	n.av
19	UHY International	97.9	11%
20	ECOVIS International	97.4	-1%
21	Russell Bedford International	90.6	0%
22	TGS Global	41.5	5%
23	Auren	32.6	-23%
24	Reanda International	23.5	27%
25	IECnet	21.8	-32%
26	SMS Latinoamerica	20.8	2%
27	Pan-China International	18.2	n.av
28	ShineWing International	17.8	25%
29	FinExpertiza	5.3	13%

Source: *International Accounting Bulletin*

SERVICE LINE FEE SPLIT – TAX

Rank	Associations	$m	%
1	Praxity	1,234.6	10%
2	LEA Global / Leading Edge Alliance	1,015.3	-7%
3	GGI	747.0	8%
4	PrimeGlobal	574.6	23%
5	Allinial Global	458.7	-27%
6	AGN International	434.4	19%
7	BKR International	421.6	1%
8	DFK International	322.3	-1%
9	Morison KSi	225.6	n.ap
10	IAPA	211.6	-5%
11	CPA Associates International	168.0	-11%
12	UC&CS Global	136.1	-6%
13	MSI Global Alliance	134.7	-11%
14	Integra International	128.2	104%
15	Enterprise Worldwide	113.8	0%
16	INPACT	84.4	1%
17	JHI Association	75.0	-27%
18	Antea	54.9	-25%
19	GMN International	44.0	-13%
20	Parker Randall International	33.8	4%
21	EuraAudit International	27.6	20%
22	Abacus Worldwide	13.6	5%

Source: *International Accounting Bulletin*

will introduce a goods and services tax (GST) in April 2017 and others are following suit. Even the Middle East is looking to introduce an indirect tax as part of an ongoing trend to help governments raise revenue and an embracing of transaction based taxation that may in time replace the more traditional corporation taxes."

The UK government has said it will give notice in March under Article 50 that the UK will leave the European Union. While this will not trigger immediate tax changes, multinationals will need to plan for prospective changes according to Dodwell.

"The UK will need its own customs duty, which will mean systems changes to manage imports and exports of goods," he concludes. "Some will be focused on the possible loss of access to direct tax directives, which offer relief for EU mergers and against certain cross-border withholding taxes. Some hope that the EU and the UK agree a transitional period after the UK leaves, as doing so should allow them longer to determine what actions might be needed once the shape of a new relationship becomes clearer." ■

Advisory

Technology continues to exert a growing influence on both the delivery of advisory services and the challenges facing service providers. **Paul Golden** reports

■ SERVICE LINE FEE SPLIT – ADVISORY

Rank	Networks	$m	%
1	Deloitte	20,500.0	10%
2	PwC	11,531.0	3%
3	KPMG	9,740.0	7%
4	EY	7,846.0	8%
5	Grant Thornton	1,651.8	1%
6	BDO	1,444.3	-4%
7	RSM	982.9	8%
8	Crowe Horwath International	519.2	6%
9	Baker Tilly International	437.4	-14%
10	Nexia International	356.8	7%
11	Moore Stephens International	356.5	18%
12	Mazars	272.6	20%
13	HLB International	187.8	-44%
14	Kreston International	126.3	-68%
15	SFAI	92.6	136%
16	UHY International	72.2	17%
17	PKF International	62.5	-49%
18	ECOVIS International	40.3	-25%
19	MGI Worldwide	39.8	n.av
20	Russell Bedford International	28.8	-8%
21	Reanda International	21.8	165%
22	Auren	17.9	-12%
23	TGS Global	15.3	6%
24	ShineWing International	14.9	-26%
25	Pan-China International	14.6	n.av
26	SMS Latinoamerica	13.0	-15%
27	IECnet	9.3	-32%
28	FinExpertiza	7.5	166%
29	UC&CS America	7.2	-87%

Source: *International Accounting Bulletin*

According to John Sim, CEO PKF International, the speed with which cyber security incidents have arisen among PKF's client base has been alarming, as has been the magnitude of the liabilities associated with these breaches.

"The days of feeling safe with passwords and firewalls are long since gone," he says. "Companies need a holistic, comprehensive, integrated control system for managing IT security. To help protect against these threats, PKF member firms have developed and helped clients implement practical data protection risk assessment frameworks that include continuous monitoring and real time assessments. The specialists in our member firms have tailored solutions to protect application information and network security, prepare for disaster recovery and business continuity and deliver end-use education."

Results are presented with recommendations for strengthening IT organisational policies, operational standards and procedures in a formal report. This, however, only provides the starting point - the real value is ensuring senior leadership understand the implications of the findings. Nothing is guaranteed but cost effective remediation can persuade hackers to go elsewhere, adds Sim. "Global research shows that losses to fraud represent 5-6% of an organisation's expenditure, an increase of around 30% over the past decade. Meanwhile, research has also shown that the return on investment in fraud prevention can be as high as 12:1 with a reduction in fraud related losses of up to 40% within 12 months."

PKF's clients are increasingly concerned about not only the financial cost of fraud but also their reputation; increased regulatory and compliance requirements; globalisation of the market place; and diminishing profitability in uncertain economic times.

"While we continue to undertake a lot of fraud investigation work our focus has,

■ SERVICE LINE FEE SPLIT – ADVISORY

Rank	Associations	$m	%
1	Praxity	949.7	16%
2	GGI	871.5	-6%
3	LEA Global / Leading Edge Alliance	553.8	-4%
4	PrimeGlobal	404.3	13%
5	Allinial Global	299.9	12%
6	Morison KSi	139.2	n.ap
7	DFK International	111.9	-26%
8	BKR International	95.2	n.d
9	AGN International	79.8	-71%
10	MSI Global Alliance	79.6	10%
11	IAPA	79.3	-31%
12	Integra International	76.9	22%
13	Enterprise Worldwide	72.7	-8%
14	CPA Associates International	63.0	-11%
15	Antea	40.8	-33%
16	INPACT	30.9	-15%
17	Parker Randall International	20.3	-22%
18	JHI Association	18.8	-39%
19	GMN International	17.0	25%
20	EuraAudit International	12.9	-68%
21	Abacus Worldwide	8.8	-54%
22	UC&CS Global	7.5	-7%

Source: *International Accounting Bulletin*

therefore, moved to helping clients identify the costs associated with fraud, assessing the risks inherent in their systems and designing and implementing controls to prevent both deliberate fraud and innocent errors," explains Sim. This is supported by data analytics, which includes data visualisation and digital communication analysis.

Based on RSM's primarily middle market client data, organisations are expanding their global footprints, which has led to growth in transaction advisory as cross border activity increases as well as implementation and integration of technology systems at global locations, says Gary Sturisky, consulting managing partner RSM US.

"As in 2016, we believe the trend continues for technology services to lead the way, particularly those related to digital capabilities," he continues. "Increasingly, business and technology are intertwined. In 2017 for instance, it is crystal clear that mobile and other digital capabilities are driving organisations' ability to engage more effectively and efficiently with their customers, employees and suppliers, to mention just one benefit of a robust digital strategy."

Organisations also continue to implement forward looking enterprise resource planning applications that enable them to enhance performance and better compete in the global marketplace.

Balanced against the tremendous potential benefits of new systems and technologies are the implications of cyber risk, including security and privacy issues, industry specific compliance and regulatory requirements and more. Sturisky anticipates these types of consulting services to also be in high demand in the upcoming year.

"Other likely 'stars' in 2017 include data analytics and cloud services," he adds. "When it comes to challenges, a perennial one for consulting organisations is recruiting and retaining great talent and we don't expect that to change this year. Competition to hire and retain the best and the brightest will continue to be fierce. We believe firms that are committed to helping their people grow and develop in their careers, while providing the flexibility they need to manage their lives in and outside of work, will have the upper hand."

Advisory services covers a wide range of operations, but with the pressures on audit services, the expectations on advisory services to deliver growth and client satisfaction have increased significantly. There can be difficulty in developing partners and staff so that they are able to offer these services.

That is the view of Andrew Collier, director of quality and professional standards at Kreston International, who says it can also be challenging for firms to capture the value delivered and differentiate advisory services from advice that is expected as part of the audit service.

"However, the growth of cloud accounting is helping many small and medium sized practices move into business advisory services and it is expected that this will continue as an area of focus," he says.

Tax advisory services are moving away from consultancy in favour of compliance, with increased bureaucracy within the EU and across all OECD countries creating difficulties for businesses to meet new requirements, suggests Katarzyna Knapik, tax partner at Polish MSI Global Alliance member firm Taxpoint.

"In addition to traditional tax compliance, companies are spending more and more time on transfer pricing," she adds. "They not only need to draft master and local files - there are a number of reporting obligations. Another example of increasing paperwork is VAT. Last but not least, more and more reports need to be submitted online, so businesses are constantly improving their IT systems to be able to comply with the new requirements."

To control and monitor all these tax and statutory requirements is a real challenge to business and also creates challenges for tax advisors, according to Knapik. "When a client is satisfied that he has fulfilled all the obligations, not so much time is left for tax planning."

Though it is still a significant part of tax advisory services, for some clients tax planning is now of less importance, she concludes. "Having announced the BEPS project and all its actions, OECD governments are putting more energy into fighting tax evasion. Though it should be distinguished from tax planning, the atmosphere around saving on taxes is not good and as a consequence, entrepreneurs are afraid of implementing tax structures that until quite recently were popular." ■

SERVICE LINE FEE SPLIT – OTHER

Rank	Networks	$m	%
1	EY	2,728.0	8%
2	Crowe Horwath International	593.3	3%
3	Baker Tilly International	357.3	41%
4	HLB International	322.2	32%
5	Kreston International	315.8	6%
6	Nexia International	249.7	-54%
7	Moore Stephens International	246.8	-21%
8	PKF International	198.0	117%
9	RSM	97.3	-7%
10	Grant Thornton	94.3	25%
11	Reanda International	60.4	7%
12	Russell Bedford International	53.6	-2%
13	MGI Worldwide	52.1	n.av
14	ShineWing International	47.6	45%
15	Pan-China International	40.1	n.av
16	ECOVIS International	33.6	39%
17	UHY International	30.9	-34%
18	Mazars	15.1	6%
19	FinExpertiza	14.9	-19%
20	Kudos International	14.5	21%
21	TGS Global	13.1	8%
22	Auren	6.9	487%
23	SMS Latinoamerica	4.9	103%
24	IECnet	2.3	-72%

Source: *International Accounting Bulletin*

SERVICE LINE FEE SPLIT – OTHER

Rank	Associations	$m	%
1	GGI	249.0	169%
2	LEA Global / Leading Edge Alliance	246.1	63%
3	DFK International	217.1	7%
4	Praxity	189.9	-7%
5	Morison KSi	143.4	n.ap
6	IAPA	105.8	22%
7	Allinial Global	88.2	15%
8	BKR International	81.6	-53%
9	AGN International	75.4	4149%
10	MSI Global Alliance	49.0	-10%
11	JHI Association	37.5	5%
12	Antea	17.8	36%
13	EuraAudit International	16.6	95%
14	Abacus Worldwide	14.3	47%
15	INPACT	12.0	66%
16	Enterprise Worldwide	9.5	201%
17	GMN International	7.1	-49%
18	Parker Randall International	6.8	n.d

Source: *International Accounting Bulletin*

EUROPE

	Name	Rev ($m)	Growth (%)	Staff	Growth (%)
NETWORKS					
1	PwC*	13,017.0	-3%	78,900	6%
2	Deloitte* (e)	11,187.8	5%	74,298	9%
3	EY* (e)	10,694.8	1%	96,867	11%
4	KPMG* (e)	10,314.6	1%	82,734	0%
5	BDO* (1)	2,354.50	0%	20,278	4%
6	Grant Thornton*	1,665.10	-5%	14,214	7%
7	Nexia International *	1,124.10	-3%	8941	4%
8	Mazars*	1,021.80	0%	8,947	3%
9	RSM* (2)	997.8	-1%	9,256	3%
10	Baker Tilly International* (3)	957.3	10%	9,311	13%
11	HLB International*	938.7	3%	8,692	0%
12	Moore Stephens International*	824.2	-5%	8,015	-6%
13	Crowe Horwath International*	812.7	-5%	8,219	-2%
14	Kreston International*	612.8	2%	7,448	7%
15	PKF International*	542	7%	6,688	38%
16	ECOVIS International*	268.6	5%	3,017	5%
17	UHY International*	247.3	-3%	2,921	4%
18	MGI Worldwide*	240	-24%	2,275	-14%
19	Russell Bedford International*	229	12%	2,622	24%
20	SFAI*	139.4	325%	650	43%
21	TGS Global*	135.7	7%	1,718	9%
22	Auren*	93.4	4%	1,020	1%
23	IECnet*	47.6	-19%	571	-7%
24	FinExpertiza*	28.8	-39%	1157	3%
25	Reanda International*	20.4	42%	326	258%
26	Kudos International*	10.5	3%	189	9%
27	UC&CS America*	0.2	n.ap	16	n.ap
Total		13,311.90	0%	126,491	5%
ASSOCIATIONS					
1	Praxity*	1,332.7	-1%	12,354	2%
2	GGI*	1,227.6	8%	9,187	n.d
3	PrimeGlobal*	784.6	17%	9,380	23%
4	BKR International*	686.0	6%	6,106	-3%
5	IAPA*	574.2	-26%	6,305	-1%
6	AGN International*	473.1	4%	3,992	-4%
7	LEA Global / Leading Edge Alliance*	459.3	-15%	3,960	-14%
8	DFK International* (1)	381.0	1%	3,981	19%
9	Morison KSi*	364.6	n.ap	3,185	n.ap
10	MSI Global Alliance*	326.6	3%	3,606	-1%
11	CPA Associates International*	186.2	-8%	1,945	-5%
12	Antea*	168.9	0%	1,858	0%
13	EuraAudit International*	145.4	4%	1,965	-18%
14	Allinial Global (4)	115.2	967%	624	316%
15	INPACT*	95.0	-7%	940	-10%
16	Integra International*	93.4	2%	1,105	7%
17	Parker Randall International*	80.8	-13%	845	-4%
18	GMN International*	77.8	-19%	1,029	11%
19	JHI Association*	67.4	-3%	831	9%
20	Abacus Worldwide*	31.0	22%	273	39%
21	UC&CS Global*	3.2	-65%	89	-17%
Total		7,673.81	1%	73,560	3%

Notes: (1) Alliance and correspondent member firm may be included, (2) FY16 data includes $21.6m from correspondent member firms (3) Baker Tilly International restated their FY15 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year, (4) Non-exclusive member firms may be included *Disclaimer = Data relating to non-exclusive member firms is not included. Source: *IAB*

NORTH AMERICA

	Name	Rev ($m)	Growth (%)	Staff	Growth (%)
NETWORKS					
1	Deloitte*	19,150.5	7%	88,037	20%
2	PwC*	14,916.0	6%	57,773	8%
3	EY*	13,074.0	8%	49,610	17%
4	KPMG*	10,436.3	16%	40,000	14%
5	BDO* (1)	3,697.70	8%	22,482	9%
6	RSM*	3,052.40	7%	15,410	8%
7	Grant Thornton*	2,099.20	7%	12,540	7%
8	Crowe Horwath International*	1,789.80	8%	8,673	2%
9	Nexia International*	1,655.00	6%	9831	24%
10	Baker Tilly International* (2)	1,460.70	0%	8,006	0%
11	Moore Stephens International*	1,262.00	7%	6,347	9%
12	Kreston International* (3)	912.6	5%	3,982	3%
13	HLB International*	629.2	3%	3,239	-4%
14	PKF International*	238	-4%	1,366	24%
15	ECOVIS International*	200.9	4%	642	-4%
16	Mazars*	199.8	10%	1,001	8%
17	UHY International*	131.0	6%	693	18%
18	MGI Worldwide*	102.6	-24%	486	-27%
19	Russell Bedford International*	97.0	1%	652	6%
20	SFAI*	85.2	115%	930	331%
21	TGS Global*	37.4	-2%	179	-4%
22	IECnet*	2.1	-94%	24	-94%
23	UC&CS America*	0.9	116%	53	253%
Total		75,230.26	8%	331,956	13%
ASSOCIATIONS					
1	Praxity*	2,712.4	8%	14,545	7%
2	LEA Global / Leading Edge Alliance*	2,248.2	8%	9,294	-12%
3	Allinial Global (4)	1,610.3	2%	10,512	6%
4	PrimeGlobal*	1,185.0	24%	6,415	24%
5	GGI*	667.3	-4%	4,994	n.av
6	DFK International* (1)	662.3	0%	3,008	-1%
7	AGN International* (5)	598.5	8%	3,848	4%
8	BKR International*	507.0	-1%	3,140	6%
9	Integra International*	353.4	244%	1,474	126%
10	Morison KSi*	292.1	n.ap	1,622	n.ap
11	Enterprise Worldwide	270.6	4%	n.d	n.d
12	CPA Associates International*	222.8	-16%	1,197	-29%
13	IAPA*	202.9	-14%	1,294	2%
14	MSI Global Alliance*	193.4	1%	1,175	2%
15	INPACT*	102.2	2%	654	0%
16	Abacus Worldwide*	30.8	-7%	230	-11%
17	Antea*	24.4	3%	173	24%
18	GMN International	22.5	15%	168	15%
19	EuraAudit International*	3.9	11%	36	3%
20	Parker Randall International*	2.0	-20%	25	-17%
21	UC&CS Global*	0.9	-14%	53	382%
Total		11,908.9	10%	63,821	4%

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Alliance and correspondent member firms may be included, (2) Baker Tilly International restated their FY2015 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year, (3) Kreston International FY16 data include $2.9m from correspondent and alliances members, (4) Non-exclusive member firms may be included, (5) AGN International data includes Mexico. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

2016 regional breakdown

Volatility is a fact of life for those who operate in the accounting profession, but the sheer scale of events in North America, Europe, the Middle East and Asia over the last 12 months has underlined the geographical challenges – and opportunities – facing accounting firms, **Paul Golden reports.**

LATIN AMERICA 2017

NETWORKS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	PwC	826.0	-14%	n.d	n.d	n.d	n.d	n.d	Jun-16
2	EY* (e)	490.0	-25%	n.d	n.d	n.d	n.d	n.d	Jun-16
3	KPMG* (e)	356.5	-4%	n.d	n.d	n.d	n.d	n.d	Sep-16
4	Deloitte* (e)	149.5	-57%	n.d	n.d	n.d	n.d	n.d	May-16
5	BDO* (1)	214.4	0%	49	19	16	16	-	Sep-16
6	UC&CS America* (2)	180.5	30%	23	-	74	3	-	Dec-16
7	Grant Thornton* (2)	162.1	-8%	43	-	15	34	8	Dec-16
8	RSM* (3)	119.7	10%	41	24	20	14	1	Dec-16
9	Baker Tilly International * (4)	110.1	11%	34	22	12	13	19	Dec-16
10	Crowe Horwath International* (2)	110.1	-5%	66	-	19	11	4	Dec-16
11	SFAI*	96.3	116%	40	18	32	10	-	Dec-16
12	SMS Latinoamerica*	73.7	2%	32	16	28	18	7	Dec-16
13	Moore Stephens International*	62.5	-2%	43	22	17	5	13	Dec-16
14	Nexia International *	48.1	2%	54	8	19	17	2	Jun-16
15	HLB International*	48.0	22%	51	9	15	19	6	Dec-16
16	Kreston International*	45.9	-12%	42	8	33	9	8	Oct-16
17	Mazars*	44.9	-2%	39	45	8	8	-	Aug-16
18	PKF International*	44.0	3%	68	9	14	-	9	Jun-16
19	Russell Bedford International*	35.0	-5%	30	17	21	9	23	Dec-16
20	UHY International*	22.5	-11%	43	20	21	10	6	Dec-16
21	Auren*	19.0	11%	25	28	24	12	12	Dec-16
22	MGI Worldwide*	14.8	0%	38	17	19	12	14	Jun-16
23	ECOVIS International*	9.9	36%	30	30	30	6	4	Dec-16
24	TGS Global*	7.2	5%	39	26	30	2	3	Sep-16
25	Kudos International* (2)	5.2	25%	39	-	-	-	61	Aug-16
26	IECnet*	3.6	2%	33	34	18	5	10	n.ap
Total fee income/growth		**3,299.5**	**-11%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Alliance and correspondent member firms may be included, (2) Accounting services are included in audit and assurance, (3) FY16 data includes $10.1m from correspondent member firms, (4) Baker Tilly International restated their FY15 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

The results of the EU referendum in June 2016 sent shockwaves across the professional services sector and beyond. Alliott partner Colin Farmer told IAB that the firm had experienced fee pressure from clients who had seen cash flow suffer as a result of the weaker pound, although its China desk experienced an increase in the number of enquiries from Chinese investors.

"What we need to do is keep confidence strong and to encourage investment in people, education and training so that UK businesses can step up to the level of output, while remaining competitive, that the new regime will require."

The UK government's digital tax plans also have implications for accountants, although the overall impact on the profession is expected to be positive. Clients are already seeing the benefits - immediate access to client records from any location allows a much more dynamic business relationship, new tools dramatically reduce data entry time and new ways to produce and provide reports create cost savings for key value added services such as management accounts, says Baker Tilly UK member firm MHA MacIntyre Hudson's managing partner Rakesh Shaunak.

"However, we need to be mindful that after the transitional period the increased automation in accounting and tax is likely to significantly reduce the need for process driven services," he adds. "We must therefore focus our strategy on providing value added specialist advisory services and consultancy."

On the other side of Europe, meanwhile, Turkish accounting firms spent much of 2016 dealing with the fallout from the failed coup. Companies were downsizing and imposing strict savings measures and while accounting firms were affected last year, the impact will be felt more widely in 2017 when annual service contracts are being negotiated, suggests Selim Ozutez, a partner at Alliott Group member firm ICS.

All over the world, clients' needs are changing and areas in which Baker Tilly International is growing will reflect that, explains chief operating officer Ben Lloyd. "Pending changes to auditor rotation rules across the EU and other countries and the ongoing competitiveness of the audit market globally continue to pose opportunities and challenges for our European member firms."

He observes that continuing globalisation has created an environment where international capability is paramount to many of the clients and prospective clients of member firms.

According to John Sim, CEO PKF International, the network has seen growth in a wide range of services across many markets, although margins continue to be squeezed in

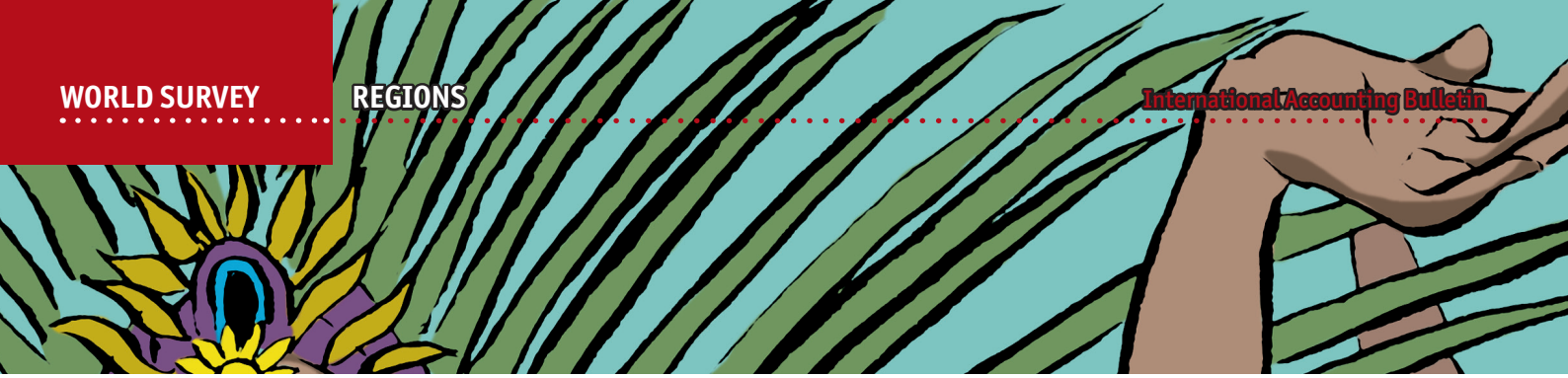
LATIN AMERICA 2017

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	UC&CS Global* (1) (2)	180.5	-5%	23	-	74	3	-	Dec-16
2	LEA Global / Leading Edge Alliance*	129.9	5%	28	22	36	14	-	Dec-16
3	GGI*	87.2	26%	n.d	n.d	n.d	n.d	n.d	n.ap
4	Morison KSi*	71.1	n.ap	17	16	16	6	45	Dec-16
5	Praxity*	53.4	-17%	41	39	12	8	-	Dec-16
6	PrimeGlobal* (1)	38.9	6%	55	-	23	-	22	May-16
7	JHI Association*	35.8	-1%	11	12	40	-	37	Dec-15
8	CPA Associates International*	32.7	-2%	n.av	n.av	n.av	n.av	n.av	Oct-16
9	Parker Randall International*	31.2	91%	n.d	n.d	n.d	n.d	n.d	Dec-16
10	Antea*	28.2	4%	25	28	28	10	10	Dec-16
11	DFK International* (3)	27.4	-17%	28	28	21	9	14	n.ap
12	BKR International*	24.0	19%	n.av	n.av	n.av	n.av	n.av	Jun-16
13	AGN International*	14.0	21%	45	32	16	1	6	Dec-16
14	MSI Global Alliance*	9.0	-44%	42	25	16	9	8	Dec-16
15	Allinial Global (4)	8.9	-27%	35	26	23	8	8	Dec-16
16	GMN International*	8.6	-19%	46	22	21	11	-	Sep-16
17	IAPA*	7.9	-15%	64	14	11	8	3	Mar-16
18	Integra International*	7.3	-35%	40	20	25	15	-	Dec-16
19	INPACT* (1)	4.0	-30%	60	-	34	3	3	Dec-15
20	EuraAudit International* (1)	3.2	67%	49	-	8	9	34	Dec-16
21	Abacus Worldwide*	1.7	-65%	34	20	11	16	19	Dec-16
Total fee income/growth		**804.8**	**0%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (2) Accounting services are included in audit and assurance, (2) FY16 data includes $57.6m from correspondent and alliance member firms, (3) Alliance and correspondent member firms may be included ,(4) Non-exclusive members may be included *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*



the key economic centres. "Secondary markets are proving to be relatively more attractive," he observes. "One significant area of growth across the board has been in the wealth management space with the 'Future of Choice' product developed by our Australian firm leading the way."

The US continues to be an attractive market for foreign investment, despite having one of the highest corporate tax rates in the industrialised world. However, Jason Booth, principal at HLB International member firm Green Hasson Janks, notes that significant tax legislative changes can be expected over the 2017/2018 period given the political changes on Capitol Hill.

"Without getting into the specifics, given the Republican control of the House and Senate it is very likely that you will see an overall decrease in US tax rates, both at the individual and corporate levels," he says. "This should continue to entice foreign investment in the US provided the economic growth sustains."

There is also an ongoing conversation about repatriation and worldwide versus territorial tax regimes. "If the US changes to a territory tax regime and/or provides for tax relief on repatriation of earnings, it is likely that you will see significant cash repatriated," adds Booth. "The question then becomes how will these US based multinational companies use such cash - dividend out to shareholders, invest domestically, pay down debt, etc."

Kon Yin Tong, managing partner of Singapore based HLB International member firm Foo Kon Tan notes that the strengthening of the US dollar plays a pivotal role in the surg-

LATIN AMERICA 2017

NETWORKS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	EY* (e)	20,108.0	21,397.0	-6%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
2	deloitte* (e)	19,905.0	19,975.0	0%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
3	KPMG*(e)	14,111.0	14,578.0	-3%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	PwC*	13,110.0	13,009.0	1%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
5	BDO*	5,083	4,529	12%	261	245	4,172	3,648	650	636	84	84
6	Grant Thornton*	3,991	3,833	4%	236	220	3,327	3,045	428	568	62	61
7	Crowe Horwath International*	3,430	2,985	15%	219	244	2,671	2,337	540	404	83	75
8	Moore Stephens International*	2,710	2,479	9%	180	178	2,069	1,861	461	440	58	56
9	RSM*	2,595	2,575	1%	167	168	2,110	2,033	318	374	62	55
10	Baker Tilly International *	2,415	2,207	9%	198	163	1,795	1,662	422	382	63	67
11	UC&CS America*	2,119	2,145	-1%	230	239	1,577	1,591	312	323	171	180
12	SMS Latinoamerica*	2,090	2,005	4%	185	175	1,714	1,664	191	166	55	23
13	SFAI*	2,070	2,030	2%	312	n.d	1,392	n.d	366	n.d	46	n.d
14	Kreston International*	1,726	1,748	-1%	119	113	1,344	1,348	263	287	68	67
15	PKF International*	1,535	1,387	11%	115	133	1,190	1,063	230	191	46	37
16	Nexia International *	1,320	1,474	-10%	112	105	954	1,126	254	243	59	57
17	HLB International*	1,314	1,268	4%	152	144	952	923	210	201	62	58
18	Mazars*	1,231	1,242	-1%	21	23	1,058	1,057	152	162	19	18
19	Russell Bedford International*	1,031	1,418	-27%	111	100	796	1,150	124	168	34	39
20	UHY International*	873	955	-9%	75	73	632	609	166	273	35	42
21	Auren*	739	759	-3%	68	67	577	591	94	101	23	21
22	MGI Worldwide*	572	47	1117%	70	3	502	44	n.d	n.d	29	1
23	ECOVIS International*	295	183	61%	33	18	232	146	30	19	12	7
24	IECnet*	190	165	15%	35	39	120	94	35	32	14	12
25	Kudos International*	184	164	12%	17	n.av	167	n.av	n.av	n.av	5	n.av
26	TGS Global*	167	172	-3%	15	16	139	141	13	15	3	3
Totals		**104,914**	**104,729**	**0%**	**2,931**	**2,466**	**29,490**	**26,133**	**5,259**	**4,985**	**1,093**	**963**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 14 apply *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

ing prices of imports and US dollar-denominated commodities in the emerging markets, which does not bode well for emerging markets generally.

On the other hand, a strong dollar makes US exports more expensive to foreign importers, who may switch to countries with relatively cheaper sources and import from the emerging markets as the US becomes less competitive.

"The appreciating dollar has additional consequences," he explains. "It has induced international investors to initiate a foreign capital flight from emerging markets by selling their financial assets and repatriating cash. With capital flowing back to the US, asset prices will fall and global economic growth will decline if these cash flows are not recycled to stimulate lucrative global trade and investments."

Tong says emerging markets must respond to this capital flight by increasing interest rates to incentivise capital to remain in the markets. Consequently, business owners are put at risk of increased costs of borrowing, in addition to increased costs of imports like oil that are denominated in US dollars.

Rising anti-globalisation sentiment around the world and the perceived lack of political will in the US to push the global trade agenda harder - or worse, become more protectionist - mean that open and export dependent economies like Singapore will be hardest hit.

"Unlike its neighbours in south east Asia, Singapore has not much of a domestic economy or demand to speak of, in contrast to the Philippines and Indonesia," he adds. "Emerging markets may additionally have to rely on additional foreign direct investment sourced elsewhere (for example, China) to keep driving output or rely on governments to pump-prime economies and increase local spending. Indonesia with its vast natural resources and recovery in commodity prices should do better in 2017."

However, Kreston International director of quality and professional standards, Andrew Collier, presents an optimistic outlook for the region, suggesting that Asia Pacific will continue to be the main source of growth.

"India continues to be a challenge due to the restrictions on firms trading under network names," he says. "A relaxation in this area would enable network members to be

LATIN AMERICA 2017

ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	LEA Global / Leading Edge Alliance*	2,291	2,194	4%	179	153	1,609	1,568	503	473	65	63
2	UC&CS Global*	2,119	2,145	-1%	230	239	1,577	1,591	312	323	171	180
3	Praxity*	1,454	1,770	-18%	38	46	1,232	1,513	184	211	11	33
4	CPA Associates International*	1,246	1,101	13%	123	117	890	764	233	220	35	34
5	PrimeGlobal*	1,237	1,158	7%	128	144	903	851	206	163	60	57
6	Antea*	1,135	1,134	0%	123	122	871	857	141	155	49	42
7	Morison KSi*	1,111	n.ap	n.ap	102	n.ap	664	n.ap	345	n.ap	37	n.ap
8	DFK International*	1,063	1,025	4%	97	172	804	689	162	164	56	45
9	JHI Association	854	842	1%	62	n.d	653	n.d	139	n.d	38	n.d
10	GGI*	652	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
11	BKR International*	598	592	1%	56	56	520	514	22	22	28	28
12	GMN International	553	600	-8%	47	58	446	454	60	88	28	28
13	MSI Global Alliance*	488	490	0%	44	36	367	370	77	84	20	15
14	Allinial Global	425	445	-4%	62	n.av	285	n.av	78	n.av	7	n.av
15	AGN International*	409	389	5%	n.av	76	n.av	242	n.av	71	24	25
16	Parker Randall International*	367	274	34%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
17	Integra International*	363	292	24%	39	32	271	223	53	37	13	8
18	IAPA*	361	348	4%	42	35	204	200	115	113	15	14
19	INPACT*	301	291	3%	35	32	225	222	41	37	12	11
20	EuraAudit International*	189	109	73%	37	28	128	70	24	11	15	10
21	Abacus Worldwide*	77	147	-48%	20	27	29	69	28	51	7	9
Totals		**17,293**	**15,346**	**1%**	**1,464**	**1,373**	**11,678**	**10,197**	**2,723**	**2,223**	**691**	**602**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 14 apply *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

more clearly identified and assist in the consolidation of firms, which would help build capacity in the market to handle the largest audits. The strength of the US dollar has impacted on the growth figures presented in many countries and camouflaged strong local growth. In many countries it is difficult to identify and recruit strong good quality firms that are not already part of a network."

In some mature markets succession issues are driving practice mergers at a local level and this can have a negative impact on network coverage or lead to a reshuffle of network membership as gaps are covered, adds Colllier. "Political uncertainty continues to restrict developments in a number of other areas such as Venezuela in Latin America, which makes access difficult and discourages investment."

With the UAE becoming one of the fastest growing tourist hotspots in the region, the country is leading the region in the growth of the theme-based entertainment industry - with new theme parks on the rise and existing ones set to improve, the revenue from the sector is expected to reach $837m by 2019 according to Euromonitor.

The opening of two massive new theme park projects this year - the IMG World of Adventure and the Dubai Parks & Resorts - means Dubai is well-positioned to attract an increasing number of visitors, says Ranganathan Ramachandran, director of Inpact member firm Ethics Plus Dubai.

"As per current trends, the UAE's existing and new generation theme parks will attract up to 19 million visitors by 2020," he observes. "The country is also expected to become a key playground for theme park

■ **ASIA PACIFIC 2017**

NETWORKS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	PwC*	5,843.0	3%	n.d	n.d	n.d	n.d	n.d	Jun-16
2	Deloitte*	5,200.0	4%	n.d	n.d	n.d	n.d	n.d	May-16
3	KPMG*	4,060.0	7%	46	n.d	18	64	-	Sep-16
4	EY* (1)	3,239.0	4%	n.d	n.d	n.d	n.d	n.d	Jun-16
5	BDO* (2)	1,105.50	4%	52	13	12	23	-	Sep-16
6	Crowe Horwath International* (3)	914.2	13%	57	-	13	20	10	Dec-16
7	Grant Thornton* (3)	696.4	23%	54	-	18	23	4	Dec-16
8	RSM* (4)	617.4	3%	55	12	9	21	2	Dec-16
9	Baker Tilly International* (5)	607.2	14%	43	10	14	11	22	Dec-16
10	Moore Stephens International*	514.9	5%	35	35	12	10	8	Dec-16
11	Kreston International*	480.7	2%	46	8	13	13	20	Oct-16
12	HLB International*	395.5	31%	65	5	9	4	17	Dec-16
13	Pan-China International*	357.2	11%	79	1	5	4	11	Dec-16
14	Nexia International *	318.4	25%	52	20	13	11	4	Jun-16
15	ShineWing International*	296.2	7%	67	6	6	5	16	Dec-16
16	Reanda International*	154.5	6%	37	3	12	13	36	Dec-16
17	Mazars*	145.1	70%	61	19	7	7	6	Aug-16
18	PKF International*	128	-9%	38	19	14	11	18	Jun-16
19	UHY International*	80.5	-2%	53	13	15	14	5	Dec-16
20	MGI Worldwide*	68.6	1%	26	33	16	13	12	Jun-16
21	SFAI*	52.6	124%	36	22	32	10	-	Dec-16
22	ECOVIS International*	48.2	-2%	28	34	20	10	8	Dec-16
23	Russell Bedford International*	38	-7%	50	17	16	4	13	Dec-16
24	TGS Global*	32.1	-13%	33	27	23	12	5	Sep-16
25	IECnet*	18.1	5%	34	35	18	10	3	n.ap
26	Kudos International* (3)	4.2	62%	55	-	-	-	45	Aug-16
Total fee income/growth		**25,415.5**	**6%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. *Disclaimer = Data relating to non-exclusive member firms is not included. (1) EY data does not include India, (2) Alliance and correspondent member firms may be included, (3) Accounting services are included in audit and assurance, (4) FY16 data includes $2.5m from correspondent member firms, (5) Baker Tilly International restated their FY15 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year.

Source: *International Accounting Bulletin*

innovations, using cutting edge technology and tapping niche areas like virtual reality."

E-commerce is shaping up to be a mega-trend that will affect the future of businesses in the Middle East and GCC countries. While the Middle East e-commerce market is currently valued at around $4.9bn, this is expected to more than double to $10bn by 2018.

The UAE is expected to have at least half the market share within the GCC countries, owing to it having the highest levels of internet penetration and computer ownership, explains Ramachandran. "Mobile commerce is also shaping up to be very significant in the region - two thirds of all shoppers in Saudi Arabia used a smartphone while making their latest purchase. While almost 79% of the population use a smartphone in Saudi Arabia, the percentage of the UAE population using smartphones is around 91%."

Having recognised that e-commerce is still in its infancy in the region, several large projects have been announced in this space, which may also mark the beginning of consolidation. It has also been noted that some of the larger retail players such as Al Tayer Group are in pursuit of growing markets, increasingly focusing on online sales channels. Luxury brands such as Burberry, Dolce & Gabbana and even Sephora Middle East have already launched Arabic language sites.

The main topic of discussion for international investors in Russia remains risk management, specifically dealing with sanctions and compliance. International investors increasingly understand that the sanctions will not go away and companies doing business in Russia need to adjust to this.

That is the view of HLB Energy Consulting CEO Victoria Salamatina, who says the result is stricter controls, better risk management, more compliance and rapid responses to any signs of wrongdoing.

"This is difficult for international companies, as their Russian employees and leadership might interpret situations differently. Combined with the tendency for international companies to have fewer expats in Russia, these signals are often defused and not clearly dealt with."

International investors are very much aware of this risk and are continuously improving systems, risk management and

■ **ASIA PACIFIC 2017**

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	Praxity*	516.1	10%	53	19	9	14	5	Dec-16
2	GGI*	321.2	26%	n.d	n.d	n.d	n.d	n.d	n.ap
3	LEA Global / Leading Edge Alliance*	181.6	-23%	50	23	21	6	-	Dec-16
4	Morison KSi*	174.0	n.ap	48	21	12	14	5	Dec-16
5	AGN International*	141.8	-16%	54	11	20	9	6	Dec-16
6	DFK International* (1)	139.5	-5%	45	24	13	10	8	n.ap
7	BKR International*	118.0	-9%	n.av	n.av	n.av	n.av	n.av	Jun-16
8	PrimeGlobal* (2)	102.2	2%	56	-	24	-	20	May-16
9	CPA Associates International*	75.1	0%	50	20	25	5	-	Oct-16
10	IAPA*	61.6	2%	39	15	22	8	16	Mar-16
11	MSI Global Alliance*	57.7	-5%	31	24	23	17	5	Dec-16
12	INPACT* (2)	48.9	2%	48	-	31	7	14	Dec-15
13	Integra International*	46.7	-13%	40	20	25	15	-	Dec-16
14	Allinial Global (3)	22.5	26%	23	40	25	11	1	Dec-16
15	GMN International*	21.3	-12%	29	21	37	9	4	Sep-16
16	Antea*	14.8	44%	29	47	10	13	1	Dec-16
17	JHI Association*	13.8	-42%	17	21	44	-	18	Dec-15
18	Parker Randall International*	10.8	32%	n.d	n.d	n.d	n.d	n.d	Dec-16
19	Abacus Worldwide*	4.2	35%	30	8	15	12	35	Dec-16
20	EuraAudit International* (2)	2.4	-79%	79	-	9	1	11	Dec-16
21	UC&CS Global* (2)	0.8	34%	24	-	53	23	-	Dec-16
Total fee income/growth		**2,075.0**	**0%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Alliance and correspondent member firms may be included, (2) Accounting services are included in audit and assurance, (3) Non-exclusive member firms may be included. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

compliance, she continues.

If this is enough remains to be seen - the longer the sanctions are in place and the economic situation does not really improve and the more pressure headquarters is putting on the local leadership team to perform, the more risk that this will lead to non-compliant behaviour."

Salamatina highlights three key audit-related issues facing businesses in Russia. Firstly, the Ministry of Finance of Russia has approved ISA, which are mandatory to be applied by Russian auditors on auditing contracts signed after 1 January 2017. Secondly, membership requirements for self-regulated organisations (SRO) of auditors instead of licensing - any SRO of auditors must now include not less than 2,000 auditing organisations or not less than 10,000 auditors. Thirdly, the Ministry of Finance of Russia can be overruled by the Bank of Russia (the central bank) in regulating auditing business.

"This final issue is now under discussion in the government and is partly caused by a clean-up of the banking system resulting in liquidation of banks that violated the law," she explains.

"This creates certain financial obligations to customers. As long as all banks (and also insurance companies, pension funds and listing companies) are subject to statutory audit by strengthened requirements, it seems logical that their auditors move under control of the same state regulator. Therefore, auditing companies in Russia are facing stricter legislation requirements and more attention to the quality of their work."

Russia is updating its legislation on transfer pricing and is still evolving the legislative basis for measures to fulfil BEPS, she concludes.

"Russian businesses have also faced a significant issue of wider interpretation of the 'unjustified tax benefit' notion, which means not only artificially inflated expenditure using different schemes and shell companies, but also obligations on a taxpayer to fulfil taxes due that arise for subcontractors or even sub-subcontractors. This trend caused expert discussion around the necessity of a legislative settlement." ■

■ ASIA PACIFIC 2017

NETWORKS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	PwC*	60,649	54,429	11%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
2	deloitte* (e)	49,925	46,208	8%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
3	EY* (e)	40,491	36,116	12%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	KPMG* (e)	38,467	32,867	17%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
5	BDO*	15,623	15,321	2%	929	878	12,881	12,839	1,813	1,604	107	111
6	Crowe Horwath International*	13,118	13,401	-2%	899	805	10,959	10,820	1,260	1,776	268	266
7	Grant Thornton*	12,738	9,606	33%	750	637	11,090	8,067	899	903	86	79
8	RSM*	12,207	10,923	12%	574	555	9,933	8,828	1,700	1,540	142	141
9	Moore Stephens International*	8,994	9,094	-1%	599	538	7,637	7,662	762	894	65	124
10	Baker Tilly International *	8,953	7,860	14%	496	412	7,477	6,572	980	876	86	95
11	Kreston International*	8,446	7,740	9%	491	461	6,880	6,282	1,075	997	172	168
12	HLB International*	7,769	6,766	15%	502	452	5,352	4,519	1,915	1,795	133	118
13	ShineWing International*	6,139	5,081	21%	220	214	5,524	4,472	395	395	29	31
14	Nexia International *	5,941	4,586	30%	405	353	4,625	3,107	911	1,126	101	89
15	Pan-China International*	5,251	4,676	12%	224	155	4,702	4,200	325	321	16	15
16	Mazars*	2,888	2,071	39%	127	70	2,419	1,772	342	229	31	24
17	UHY International*	2,533	2,524	0%	205	179	2,050	2,077	278	268	69	65
18	Reanda International*	2,479	2,349	6%	144	140	1,916	1,872	419	337	72	67
19	PKF International*	2,392	2,622	-9%	266	n.d	1,859	n.d	267	n.d	52	n.d
20	SFAI*	1,564	542	189%	175	n.d	1,146	n.d	243	n.d	23	n.d
21	MGI Worldwide*	1,272	1,000	27%	152	120	1,120	880	n.d	n.d	52	42
22	Russell Bedford International*	1,177	1,204	-2%	101	106	920	929	156	169	36	37
23	ECOVIS International*	920	902	2%	89	93	695	698	136	111	37	36
24	TGS Global*	877	867	1%	80	77	687	687	110	103	39	35
25	IECnet*	429	331	30%	51	39	215	175	163	117	25	26
26	Kudos International*	341	340	0%	10	n.d	328	n.d	n.d	n.d	8	n.d
Totals		**311,583**	**279,426**	**12%**	**7,489**	**6,284**	**100,415**	**86,458**	**14,149**	**13,561**	**1,649**	**1,569**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 18 apply. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

ASIA PACIFIC 2017

ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	Praxity*	10,008	8,619	16%	501	443	8,419	7,277	1,088	899	62	88
2	Morison KSi*	4,385	n.ap	n.ap	306	n.ap	3,443	n.ap	636	n.ap	88	n.ap
3	LEA Global / Leading Edge Alliance*	4,197	4,407	-5%	267	261	2,937	3,376	993	770	128	137
4	DFK International*	3,354	2,398	40%	220	233	2,658	2,664	476	511	86	88
5	PrimeGlobal*	3,084	2,704	14%	302	267	2,005	1,601	777	836	118	107
6	AGN International*	2,910	3,772	-23%	n.av	254	n.av	3,518	n.av	n.d	65	72
7	BKR International*	2,847	2,373	20%	203	n.av	2,274	n.av	370	n.av	80	n.av
8	GGI*	2,404	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
9	INPACT*	1,560	1,349	16%	152	140	1,272	1,084	136	125	60	58
10	MSI Global Alliance*	1,464	1,599	-8%	106	109	1,061	1,187	297	303	27	27
11	IAPA*	1,463	1,145	28%	131	119	697	562	635	464	42	43
12	CPA Associates International*	1,050	1,018	3%	71	100	383	n.av	596	n.av	27	22
13	Integra International*	812	981	-17%	73	78	633	750	106	153	40	41
14	Allinial Global	619	463	34%	57	33	529	408	33	22	17	10
15	GMN International*	555	626	-11%	59	58	393	456	103	112	27	28
16	Parker Randall International*	432	275	57%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
17	Antea*	429	359	19%	29	30	322	265	78	64	19	18
18	JHI Association*	310	368	-16%	31	n.d	230	n.d	49	n.d	22	n.d
19	EuraAudit International*	258	212	22%	22	16	184	149	52	47	16	41
20	Abacus Worldwide*	127	94	35%	17	12	72	50	38	32	7	5
21	UC&CS Global*	68	47	45%	8	4	52	37	8	6	6	5
Totals		**42,336**	**32,809**	**8%**	**2,555**	**2,157**	**27,564**	**23,384**	**6,471**	**4,344**	**937**	**790**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 19 apply *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

AFRICA 2017

NETWORKS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	PwC*	652.0	-14%	58	-	18	24	-	Jun-16
2	deloitte* e	560.4	-7%	n.d	n.d	n.d	n.d	n.d	May-16
3	EY* e	535.7	-11%	n.d	n.d	n.d	n.d	n.d	Jun-16
4	KPMG* e	516.6	-10%	n.d	n.d	n.d	n.d	n.d	Sep-16
5	BDO* (1)	102.0	-4%	44	26	10	20	-	Sep-16
6	Grant Thornton* (2)	100.3	-8%	51	-	11	30	8	Dec-16
7	Mazars*	79.3	-2%	50	22	11	17	-	Aug-16
8	SFAI*	78.6	199%	38	34	28	-	-	Dec-16
9	PKF International*	49.0	-1%	60	10	12	2	16	Jun-16
10	RSM* (3)	40.7	-4%	49	11	17	17	7	Dec-16
11	Nexia International *	32.0	-1%	58	16	9	9	8	Jun-16
12	Crowe Horwath International* (2)	29.2	9%	61	-	13	9	17	Dec-16
13	Kreston International*	27.3	-9%	54	3	3	5	35	Oct-16
14	Moore Stephens International*	24.3	-13%	39	21	13	12	15	Dec-16
15	Baker Tilly International * (4)	23.9	7%	65	13	10	6	6	Dec-16
16	HLB International*	21.8	15%	45	25	18	9	3	Dec-16
17	UHY International*	10.0	33%	51	19	14	13	3	Dec-16
18	MGI Worldwide*	7.1	-19%	44	26	6	6	18	Jun-16
19	TGS Global*	2.5	54%	36	25	7	27	5	Sep-16
20	IECnet*	1.9	0%	27	28	9	34	2	n.ap
21	ECOVIS International*	1.4	-22%	50	16	16	14	4	Dec-16
22	ShineWing International*	1.0	n.ap	24	1	69	3	3	Dec-16
23	Reanda International*	0.2	0%	42	43	8	7	0	Dec-16
Total fee income/growth		**2,897.2**	**-7%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Alliance and correspondent member firms may be included, (2) Accounting services are included in audit and assurance, (3) FY16 data includes $8.7m from correspondent member firms, (4) Baker Tilly International restated their FY15 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

AFRICA 2017

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	Praxity*	82.0	12%	51	22	11	16	-	Dec-16
2	GGI*	69.7	-57%	n.d	n.d	n.d	n.d	n.d	n.ap
3	Morison KSi*	55.2	n.ap	65	2	3	29	1	Dec-16
4	LEA Global / Leading Edge Alliance* (1)	16.6	-65%	58	20	20	2	-	Dec-16
5	MSI Global Alliance*	10.8	10%	43	23	9	11	14	Dec-16
6	PrimeGlobal*	9.5	-7%	64	n.d	16	n.d	20	May-16
7	BKR International* (1)	8.0	n.av%	n.d	n.d	n.d	n.d	n.d	Jun-16
8	GMN International	7.6	12%	30	28	21	13	8	Sep-16
9	IAPA*	6.1	-12%	24	29	21	8	18	Mar-16
10	Integra International*	5.8	61%	40	20	25	15	-	Dec-16
11	Parker Randall International*	4.8	0%	n.d	n.d	n.d	n.d	n.d	Dec-16
12	DFK International* (2)	4.7	9%	40	23	10	14	13	n.ap
13	INPACT*	3.5	-15%	72	-	7	6	15	Dec-15
14	Antea*	3.3	3%	22	26	44	5	3	Dec-16
15	AGN International*	2.7	-27%	41	29	21	21	7	Dec-16
16	EuraAudit International*	2.7	-4%	74	-	12	12	2	Dec-16
17	CPA Associates International*	2.4	-17%	38	5	14	40	3	Oct-16
18	Abacus Worldwide*	0.2	-25%	59	-	7	25	9	Dec-16
19	UC&CS Global*	0.2	-13%	20	-	10	70	-	Dec-16
20	JHI Association*	0.001	-100%	37	44	-	-	11	Dec-15
Total fee income/growth		**295.8**	**-36%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Data includes Middle east, (2) Alliance and correspondent member firms may be included. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

AFRICA 2017

NETWORKS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	EY* (e)	11,608	11,061	5%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
2	KPMG (e)	9,914	10,516	-6%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
3	PwC*	8,999	9,455	-5%	409	426	6,905	7,223	1,685	1,806	n.d	66
4	Deloitte (e)	8,904	8,650	3%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
5	Mazars*	2,489	2,355	6%	121	114	1,971	1,881	397	360	40	44
6	Grant Thornton*	2,466	2,452	1%	187	196	1,802	1,770	477	486	44	40
7	BDO*	2,297	2,162	6%	151	138	1,802	1,684	344	340	43	40
8	PKF International*	1,916	1,612	19%	119	109	1,447	1,202	350	301	50	47
9	SFAI*	1,800	1,404	28%	207	260	1,444	940	149	204	12	19
10	Nexia International*	1,547	1,587	-3%	100	88	1,229	1,319	218	180	63	40
11	RSM*	1,273	1,172	9%	111	212	896	859	266	101	45	44
12	Kreston International*	1,091	1,162	-6%	84	82	888	948	119	132	34	36
13	Baker Tilly International *	998	811	23%	88	56	712	571	198	184	25	24
14	HLB International*	879	778	13%	81	74	625	537	173	167	41	35
15	Moore Stephens International*	828	1,025	-19%	69	86	620	776	139	163	22	32
16	Crowe Horwath International*	825	776	6%	91	79	584	553	150	144	29	26
17	UHY International*	374	306	22%	50	52	222	162	102	92	28	24
18	MGI Worldwide*	232	256	-9%	28	33	204	223	n.d	n.d	13	15
19	TGS Global*	152	66	130%	10	4	102	50	40	12	10	3
20	ShineWing International*	81	n.ap	n.ap	1	n.ap	70	n.ap	10	n.ap	1	n.ap
21	IECnet*	61	49	24%	12	10	37	31	12	8	8	7
22	ECOVIS International*	41	46	-11%	5	5	27	33	9	8	3	3
23	Reanda International*	26	25	4%	4	4	16	8	6	13	2	2
Totals		**17,861**	**82,720**	**-78%**	**1,477**	**1,530**	**13,478**	**12,237**	**2,949**	**45,237**	**450**	**441**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 22 apply. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

AFRICA 2017

ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	Praxity*	2,543	2,406	6%	126	119	2,012	1,919	405	368	2	45
2	Morison KSi*	1,336	n.ap	n.ap	73	n.ap	1,144	n.ap	119	n.ap	45	n.ap
3	LEA Global / Leading Edge Alliance*	648	1,247	-48%	67	n.d	395	n.d	186	n.d	37	n.d
4	PrimeGlobal*	536	545	-2%	57	57	332	361	147	127	52	57
5	GGI*	522	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
6	MSI Global Alliance*	427	329	30%	36	29	281	246	110	54	15	11
7	GMN International*	353	271	30%	43	30	235	156	75	85	27	21
8	BKR International* (1)	311	591	-47%	20	n.d	247	n.d	44	n.d	12	n.d
9	DFK International*	304	207	47%	34	24	213	142	57	41	17	11
10	Integra International*	296	263	13%	24	20	239	164	33	79	10	7
11	IAPA*	238	231	3%	21	21	91	80	126	130	15	10
12	EuraAudit International*	195	203	-4%	19	20	146	150	30	33	11	11
13	INPACT*	181	188	-4%	17	25	139	139	25	24	11	14
14	Antea*	134	136	-1%	19	13	85	101	30	22	6	6
15	AGN International*	132	237	-44%	n.av	48	n.av	n.d	n.av	n.d	7	12
16	Parker Randall International*	123	123	0%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
17	CPA Associates International*	115	115	0%	n.av	13	n.av	84	n.av	18	n.av	8
18	JHI Association	46	34	35%	7	n.d	34	n.d	5	n.d	2	n.d
19	Abacus Worldwide*	15	15	0%	2	2	4	4	9	9	2	3
20	UC&CS Global*	1	2	-50%	-	1	1	1	-	-	1	1
Totals		**8,456**	**7,143**	**-8%**	**565**	**422**	**5,598**	**3,547**	**1,401**	**990**	**272**	**217**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 23 apply. (1) BKR FY15 data includes Middle East*Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

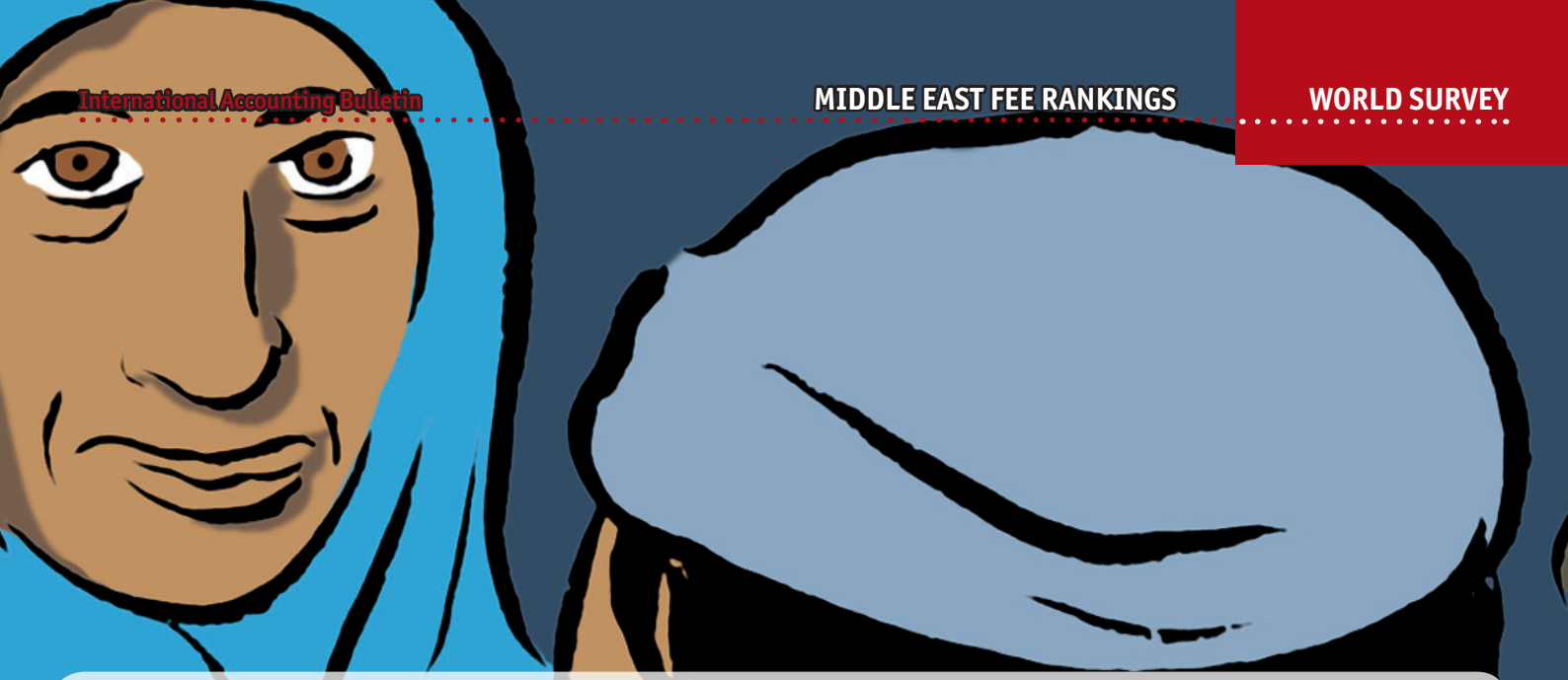
MIDDLE EAST 2017

NETWORKS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	PwC*	642.0	-15%	29	-	13	58	-	Jun-16
2	deloitte* e	551.8	-8%	n.d	n.d	n.d	n.d	n.d	May-16
3	EY* e	527.5	-12%	n.d	n.d	n.d	n.d	n.d	Jun-16
4	KPMG* e	508.7	-11%	n.d	n.d	n.d	n.d	n.d	Sep-16
5	BDO* (1)	127.3	1%	52	10	11	27	-	Sep-16
6	Baker Tilly International* (2)	66.3	9%	45	16	10	23	6	Dec-16
7	Grant Thornton* (3)	66.1	2%	55	-	10	32	3	Dec-16
8	Crowe Horwath International* (3)	52.3	-1%	67	-	16	12	5	Dec-16
9	RSM* (4)	37.6	-8%	49	7	16	22	7	Dec-16
10	SFAI*	34.5	1929%	37	13	33	17	-	Jun-16
11	Moore Stephens International*	31.6	-21%	65	6	10	16	3	Dec-16
12	Nexia International *	29.9	12%	45	4	44	4	4	Jun-16
13	PKF International*	29.0	-11%	63	7	10	3	17	Jun-16
14	Kreston International* (5)	25.8	16%	58	6	21	2	13	Oct-16
15	UHY International*	24.1	2%	45	6	15	31	3	Dec-16
16	Mazars*	23.8	-17%	41	21	33	5	-	Aug-16
17	HLB International*	21.2	-5%	47	20	20	10	3	Dec-16
18	Russell Bedford International*	13.0	0%	45	13	16	12	14	Dec-16
19	ECOVIS International*	8.0	-5%	36	16	31	15	2	Dec-16
20	MGI Worldwide*	4.6	-35%	45	16	10	9	20	Jun-16
21	IECnet*	4.5	-4%	27	28	13	28	4	n.ap
22	Kudos International* (3)	4.2	367%	60	-	-	-	40	Aug-16
23	TGS Global*	3.7	59%	49	15	15	22	-	Sep-16
24	Reanda International*	3.5	7%	23	10	-	16	51	Dec-16
Total fee income/growth		**611.0**	**-81%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Alliance and correspondent member firms may be included, (2) Baker Tilly International restated their FY15 reported revenues to comply with IAB world survey guidelines. The restatement includes applying average exchange rates, rather than constant exchange rates and including only full member firms that were part of the network at the end of the financial year, (3) Accounting services are included in audit and assurance, (4) FY16 data includes $0.9m from correspondent member firms, (5) FY16 data includes $0.2m from correspondent member firms.*Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*



MIDDLE EAST 2017

ASSOCIATIONS: FEE DATA

Rank	Name	Fee income ($m)	Growth (%)	Fee split (%m)					Year-end
				Audit & Assurance	Accounting Services	Tax services	Advisory	Other	
Networks									
1	GGI*	117.0	n.d	n.d	n.d	n.d	n.d	n.d	n.ap
2	Praxity*	51.8	0%	48	18	29	3	2	Dec-16
3	Morison KSi*	45.2	n,ap	48	11	12	13	16	Dec-16
4	LEA Global / Leading Edge Alliance*	41.0	n.d	48	16	29	7	-	Dec-16
5	BKR International*	17.0	n.av	n.d	n.d	n.d	n.d	n.d	Jun-16
6	AGN International*	15.8	6%	29	8	11	5	2	Dec-16
7	MSI Global Alliance*	14.9	51%	41	24	10	14	11	Dec-16
8	DFK International* (1)	9.4	-33%	65	12	7	12	4	n.ap
9	IAPA*	8.8	-4%	45	11	29	6	9	Mar-16
10	INPACT* (2)	8.1	5%	68	-	5	22	5	Dec-15
11	PrimeGlobal* (2)	7.9	-58%	59	-	8	-	33	May-16
12	Allinial Global* (3)	7.4	n.ap	51	17	19	11	2	Dec-16
13	Integra International*	6.2	5%	40	20	15	15	-	Dec-16
14	CPA Associates International*	6.1	48%	n.av	n.av	n.av	n.av	n.av	Oct-16
15	Antea*	5.9	28%	38	13	29	19	1	Dec-16
16	Parker Randall International*	5.5	0%	n.d	n.d	n.d	n.d	n.d	n.d
17	GMN International	4.3	-19%	53	17	7	20	3	Sep-16
18	JHI Association	2.7	-3%	30	35	1	-	34	Dec-15
19	UC&CS Global* (2)	1.0	4%	12	-	70	18	-	Dec-16
20	EuraAudit International* ()	0.8	4%	89	-	-	8	2.8	Dec-16
21	Abacus Worldwide* (2)	0.2	-88%	86	-	-	14	-	Dec-16
Total fee income/growth		**359.2**	**-6%**						

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. (1) Alliance and correspondent member firms may be included, (2) Accounting services are included in Audit & Assurance, (3) Non-exclusive member firms may be included. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

MIDDLE EAST 2017

NETWORKS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	EY* (e)	4,396	4,189	5%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
2	PwC*	4,037	3,581	13%	226	n.d	3,300	n.d	511	n.d	n.d	n.d
3	KPMG* (e)	3,755	3,982	-6%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	deloitte* (e)	3,372	3,276	3%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
5	BDO*	1,968	2,089	-6%	113	102	1,615	1,741	240	246	30	29
6	Crowe Horwath International*	1,062	997	7%	129	119	774	722	159	156	48	48
7	Grant Thornton*	1,055	1,153	-8%	80	80	783	881	192	192	20	19
8	Baker Tilly International*	807	827	-2%	86	87	551	642	170	98	36	35
9	PKF International*	796	640	24%	70	81	619	474	107	85	34	32
10	Moore Stephens International*	742	856	-13%	58	60	549	650	135	146	29	29
11	RSM*	680	887	-23%	65	80	528	693	87	114	19	24
12	Kreston International*	613	530	16%	39	29	491	433	83	68	36	29
13	Nexia International*	554	580	-4%	85	82	353	392	116	106	23	26
14	UHY International*	458	457	0%	34	30	277	298	147	129	12	12
15	HLB International*	435	526	-17%	59	56	296	371	80	99	29	31
16	Mazars*	431	916	-53%	11	31	341	766	79	119	16	17
17	SFAI*	341	47	626%	75	6	256	26	100	15	7	3
18	Russell Bedford International*	296	232	28%	34	n.av	218	n.av	44	n.av	14	n.av
19	IECnet*	153	199	-23%	22	29	105	110	26	60	11	16
20	MGI Worldwide*	141	214	-34%	20	25	121	189	n.d	n.d	18	19
21	ECOVIS International*	138	144	-4%	22	23	98	100	18	21	10	10
22	Kudos International*	82	14	486%	8	n.d	74	n.d	n.d	n.d	5	n.d
23	TGS Global*	72	39	85%	10	5	51	29	11	5	5	3
24	Reanda International*	34	32	6%	4	4	20	19	10	9	4	4
Totals		**10,858**	**77,610**	**-86%**	**1,024**	**929**	**8,120**	**8,536**	**1,804**	**1,671**	**406**	**386**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 26 apply. *Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

MIDDLE EAST 2017

ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff			Partners		Professional staff		Administrative staff		Offices	
		2016	2015	Growth (%)	2016	2015	2016	2015	2016	2015	2016	2015
1	LEA Global / Leading Edge Alliance*	965	n.d	n.d	105	n.d	660	n.d	200	n.d	43	n.d
2	Praxity*	879	1,403	-37%	57	74	691	1,150	131	179	24	42
3	GGI*	876	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	Morison KSi*	640	n.ap	n.ap	71	n.ap	483	n.ap	86	n.ap	36	n.ap
5	Allinial Global	552	n.ap	n.ap	40	n.ap	481	n.ap	31	n.ap	21	n.ap
6	AGN International*	532	543	-2%	n.av	n.av	n.av	n.av	n.av	n.av	21	20
7	BKR International*	370	n.av	n.av	36	n.av	152	n.av	182	n.av	17	n.av
8	MSI Global Alliance*	267	200	34%	34	27	173	127	60	46	13	13
9	IAPA*	262	275	-5%	28	29	164	173	70	73	11	12
10	INPACT*	233	260	-10%	24	37	168	183	41	40	14	12
11	DFK International*	224	423	-47%	25	46	150	294	49	83	17	28
12	PrimeGlobal*	192	562	-66%	23	94	124	361	45	107	13	28
13	Integra International*	177	177	0%	24	23	130	132	23	22	12	11
14	CPA Associates International*	164	164	0%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
15	Antea*	153	133	15%	32	18	100	95	21	20	11	10
16	JHI Association	124	120	3%	12	12	81	78	31	30	6	6
17	Parker Randall International*	117	117	0%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
18	GMN International	80	118	-32%	15	18	51	76	14	24	7	11
19	EuraAudit International*	28	112	-75%	7	28	18	68	3	16	2	8
20	Abacus Worldwide*	7	55	-87%	2	7	3	36	2	12	1	5
21	UC&CS Global*	4	5	-20%	1	1	3	3	-	1	1	1
Totals		**6,476**	**5,453**	**-25%**	**500**	**510**	**3,480**	**3,332**	**807**	**787**	**253**	**246**

Notes: (e) *International Accounting Bulletin* estimate. n.d = not disclosed, n.c.= not collected, n.ap= not applicable, n.av= not available. all footnotes from page 27 apply.*Disclaimer = Data relating to non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

The ongoing war on talent

Industry feedback suggests that it is more important than ever for firms to offer career development opportunities as well as adapt to new recruitment practices. **Paul Golden** reports

Recruitment challenges facing the accounting industry include how to attract enough newly qualified staff to stay in the profession; filling roles in traditional services such as tax and audit, which are seen as less appealing than consulting/advisory; and offering sufficiently attractive compensation packages at a time when some firms are offering sign-on bonuses to candidates.

These are the views of Nicole Adamides, global head of learning and development at Baker Tilly International, who notes that member firms are starting to look outside traditional accounting education and consider different qualifications (business, management, finance) as well as experiencing the benefits of offering secondment opportunities to their members.

"Offering experiential learning throughout the network and across the globe is both a retention and a recruitment tool," she adds.

Adamides refers to the following trends as having a significant impact on recruitment:

- Using social media to raise your profile as a member firm as well as exploiting as many social network avenues as possible to advertise roles has become the norm, although more information is available online about candidates themselves and this means more information is available on employees who are being targeted by recruiters
- Millennials are looking for more than just a good salary - packages that address lifestyle and work/life balance are equally important
- Progression and growth are key factors in attracting and retaining staff and are proving to be just as (if not more) important than salary
- Individuals are developing a portfolio career so firms must expect staff to leave and explore other experiences

"As employers, we need to develop a 'revolving door' approach to recruitment," adds Adamides. "Make sure people have a good experience of being with you so that your reputation as an employer of choice grows and keep the conversation going with those candidates that are worth attracting back."

Recruiting and retaining top talent will remain a challenge through 2017, according to Gary Sturisky, consulting managing partner RSM US. "Competition to hire and retain the best and the brightest will continue to be fierce. We believe firms that are committed to helping their people grow and develop in their careers (while providing the flexibility they need to manage their lives in and outside of work) will have the upper hand."

John Sim, CEO PKF International, reckons the main recruitment challenge is not recruiting staff - whether through direct entry or lateral hires - but rather maintaining their enthusiasm after they have joined.

"We have therefore revamped our secondment programme, invested extensively in just-in-time training resources and increased the opportunities for staff to interact with colleagues at similar levels in other PKF member firms through social media, webinars and face to face conferences," he says.

Andrew Collier, director of quality and professional standards at Kreston International, agrees that recruiting new audit staff and retaining experienced people continues to be a challenge with advisory, IT and tax routes being seen as more attractive. Audit can be seen as a highly regulated discipline with extensive compliance requirements and therefore little scope for creativity.

He observes that the strength of the US dollar has impacted on the growth figures presented in many countries and camouflaged strong local growth. "In many countries it is difficult to identify and recruit strong, good quality firms that are not already part of a network. In some mature markets succession issues are driving practice mergers at a local level and this can have a negative impact on network coverage or lead to a reshuffle of network membership as gaps are covered."

In an interview with IAB in November 2016, Karen Briggs, head of Brexit for KPMG in the UK, observed that businesses are pragmatic and are largely getting on with thinking about how they can continue to thrive in a post-Brexit world.

"Most of our conversations with clients are around testing various 'what-if' scenarios so they can assess the impact of different types of post-Brexit trading models. Like our clients, we can only assess the Brexit effect on the basis of possible scenarios. However, as is the case for many other businesses, the ability to recruit and retain talent is important to us."

Briggs hopes the UK government will consider an immigration policy that allows the accounting sector to easily access and deploy talent efficiently, regardless of residency or location of work; maintain or improve levels of equivalence and licensing for regulated professions (for firms and individuals); and maintain and promote regulatory coherence and strong corporate governance to support the UK in remaining attractive and competitive after it exits the EU.

Speaking to IAB, John Byrne, tax partner Crowe Horwath Ireland, said that demand for qualified staff in the Irish financial sector was high with salaries increasing significantly in recent years - a clear signal of a current under supply in qualified staff within the sector.

He suggested that Ireland needs to take steps to ensure that there are sufficient numbers of suitably qualified Irish staff to meet the possible increase in demand across the finance, support and regulatory services from businesses relocating from the UK to another EU member state. Greater focus needs to be placed on retaining graduate talent in the country, according to Byrne.

Cathal Cusack, founder of MSI Global Alliance Irish accounting representative Cusack Garvey, said there were a large number of graduates who left Ireland during the economic downturn who could be attracted back to Ireland if there was a flow of inward business.

"There is a current shortage of financial services, legal and accounting staff - especially in Dublin," he explained. "Salary costs have been rising steadily over the last few years, although they have not reached London levels. There was a considerable dip in the numbers of accountancy trainees following the economic turmoil and numbers only recovered in 2013 and 2014. Accordingly this has lagged into a current lack of staff with appropriate training and experience."

Awaiting Brexit

Professionals share their concerns about the impact of Brexit on the Eurozone and of other political changes in Europe that will affect markets and economies. Compiled by **Stephanie Wix**

What are your economic predictions for the Eurozone and how will they affect your activity?

The IECnet team: "We expect Eurozone growth to remain fairly subdued with overall growth of around 1.5%, led by the smaller Eurozone economies (such as Ireland). Following the recent devaluation of the Euro against most other currencies, the significant slowdown in exports may be reversed (such as Germany's). The political and economic position should become clearer at the end of the year after the national elections in France, Germany, Italy and The Netherlands."

Ed Nusbaum, global CEO Grant Thornton: "The Eurozone is difficult to project as we don't know where the elections will take us in Germany and France. The French government will be more pro-business whatever outcome, but if they were to leave the EU that could create greater concern. There is geopolitical uncertainty, but there is opportunity; for example, the manufacturing base in Germany remains very strong, and the economies in Italy, France and Spain are recovering."

Ilgiz Baymuratov, CEO FinExpertiza:"Uncertainty in the Eurozone will be beneficial mainly for the American currency. It may lead to growth of prices for energy resources, primarily for Russian gas. The primary impact on the Eurozone will certainly be made by Brexit."

In October 2016, UK Prime Minister Theresa May stated that Article 50 should be triggered by the end of March 2017. What do you think of the Brexit negotiations and triggering Article 50?

Malcolm McGready, Ensors partner, CPA Associates International: "It's hard to see how the UK government could avoid triggering Article 50 without serious political ramifications, and the clock is ticking. The current debate focusses on the nature of Brexit; a 'hard Brexit', with emphasis on controlling borders, or a softer Brexit where trading considerations and access to the single market take greater priority. The EU has been clear that access to the single market is predicated upon the free movement of labour, and thus the nature of Brexit may well be pre-determined as the government narrative sways toward a hard Brexit, though clearly still the subject of negotiation."

The IECnet team: "UK growth is likely to slow down in 2017 as uncertainty on Brexit hits investment and as higher expected inflation levels impact on real earnings growth. Whether it is wise to trigger Article 50 before the results of elections in core EU member states, the potential backlash on Theresa May if she were to go back on her pledge would be too great."

How is the Brexit negotiation going to affect your business in 2017?

McGready: "Since the June 2016 referendum, the main impact has been on the exchange rate, with the depreciation of the value of sterling affecting businesses and consumers alike. Simply, exporters benefit and importers suffer. However, in today's globally integrated supply chains things are often a lot more complex. Triggering Article 50 is a two-year process so I suspect little will change for business in the short term. I predict that suggestions from financial institutions on the structure may be put in place by the negotiating nature of the Government's position. I also suspect that two years is not enough time and a transitional arrangement will be required."

IECnet's team: "The Brexit negotiation should have much less impact on accountancy firms and most of their clients. Even in the UK, with the exception of the weaker pound, most businesses have been unaffected, although there have been winners and losers depending on where businesses buy and sell goods and services. The complexity of Brexit will probably mean that by 31 December 2017 negotiations are not much further advanced."

Jean Stephens, global CEO RSM: "It's too early for the specifics of the negotiation as they haven't been set, we can only speculate. But there is no doubt it will add an extra layer of complexity for international businesses, as they deal with expansion and international customers. However, I think that there will be great opportunities for growth for both sides, for Britain and the rest of Europe."

Which aspects of the Brexit negotiation are the most important for you?

McGready: "From my perspective, it is the resolution of uncertainty. There is much speculation currently about what Brexit will look like. The sooner we have some clarity the sooner we can work with our clients to put in place strategies to deal with it."

Stephens: "The most important would be the regulatory burdens that may come up which hinder companies' growth. It is yet to be seen, but it could mean taxes or additional cost or more procedural issues or something further that will hold back businesses from achieving their goals."

USA and Latin America: Whose coming out top Trumps?

Professionals share their concerns and expectations for what might come out of the new administration in place in the USA as well as the political turmoil in Latin America.Compiled by **Stephanie Wix**

What are your economic predictions for the USA and how those will affect your activity?

Fred Kostecki, regional chairman North America at Baker Tilly International: "Economists generally agree on continued growth in GDP of 2-2.5% in 2017, steadily rising interest rates, relatively low inflation and a stronger dollar. Just how quickly policy changes occur and the extent of their impact remains to be seen, but overall, business owners are more optimistic about the future."

IECnet team: "The USA economy will be favoured and we expect it will grow significantly in 2017, generating investment opportunities. Currently major companies are announcing the opening of new manufacturing sites in the US, which will increase activities of US firms and provide economic improvement."

Ilgiz Baymuratov, CEO FinExpertiza: "The USA is experiencing new industrialization, and we have certain expectations for greater protectionism in American trade policy. Trade relations will become unilateral, meaning that economic interests of the USA will be strictly complied with."

What do you think about the impact of Trump's presidency?

IECnet's Team: "Since the announcements of president elect Trump and his designated administration, USA companies are stimulated to invest domestically and not abroad, which generates optimism in the USA. At the same time this causes uncertainty for countries abroad and will cause economic problems for the more fragile and dependent economies, such as, of Latin American countries."

Jean Stephens, global CEO RSM International: "I'm an American and it's too early to see what will happen and what Congress will do. The initiative and tone coming out from the administration is that Trump is looking from a corporate standpoint to encourage business, determined to focus on the economy, jobs and tax reductions as well as the position of the USA in the world and free trade. There will be an effect it is just a matter of how much."

Ed Nusbaum, global CEO Grant Thornton: "There's no question that Trump has a very pro-business viewpoint, that creates opportunities for business and I think that's why we're seeing a strong stock market. He is bringing in people who will reduce regulation that some businesses see as a burden."

Kostecki: "Greater optimism seems to have taken hold based on the hopes that a Trump administration will result in lower taxes and less regulation that could increase consumer spending, job creation and investment."

What are your economic predictions for Latin America and how those will affect your activity?

IECnet team: "The economic growth in Latin America will diminish significantly during 2017. New players intending to work or establish themselves in the region will limit their efforts or even stop. On the other hand, established businesses may intend to reduce all service costs, so small and medium-sized firms may have the opportunity to provide services at reasonable costs."

Nusbaum: "Latin America has challenges such as changes in the political situation: a new administration in Argentina which is much more positive; a new administration in Brazil that I think will be more pro-business. 2017 will clearly be better than 2016, and moving in the right direction. In Mexico, there's a little more uncertainty with the US relationship and it's not clear how much manufacturing will continue to move to Mexico, but it does already have a solid manufacturing base. Overall, we are seeing strong Grant Thornton growth in Brazil and throughout the region."

Stephens: "Latin America has continued to have challenges, but Mexico seems to be doing ok and so is Central America. As the USA economy increases it should benefit those close countries. There is instability with devaluation as Mexico was down 20% last year, and the full impact of that and the relationship with the USA will reveal itself in this next year."

Emerging Asian and African economies still on the rise

Professionals share their expectations on opportunities and challenges coming out of Asia and Africa.Compiled by **Stephanie Wix**

The World Bank has projected China's GDP growth at a "sustainable" 6.5%. Over the past year China has been pushing for further regulation, to fully integrate Chinese Accounting Standards (CAS) with IFRS standards, and encourage greater cooperation between the International Accounting Standards Board (IASB) and Chinese stakeholders. With the news of Brexit, a new relationship may form between the UK and China which may be a benefit to both economies and trade.

What are your economic predictions for China?

"Asia is always hard to predict, but China is the biggest economy in Asia and it seems to have rebounded in the last year," said Ed Nusbaum, global CEO at Grant Thornton. "Optimism is much greater today than a year ago and businesses seem to focus more on their domestic marketplace, but they are still making investments throughout the world. I think 2017 is going to be a good year for continued growth in China."

Guan Seng Sim, regional director for Asia Pacific at Baker Tilly International, said: "Asia Pacific has been one of the fastest growing regions over the past few years and I believe that it will maintain momentum in 2017. Yet 2016 concluded on a bearish note, and with the geopolitical and economic uncertainties now coming into realisation, most projections for 2017 are gloomy. With China and India as the biggest drivers of growth in Asia Pacific, any drastic decline in their economies could potentially drive down markets across the region."

"I think China is going to continue its growth but face some continued challenges," said Jean Stephens, global CEO of RSM International.

"I think that it will be ready for the challenges, and China's markets affect everyone. I think the investment coming out of Chinese companies will continue, especially as other parts of the world are down, providing great opportunities for China."

What are your economic predictions for Japan?

Like China, Japan has also increased its regulation standards in the past year with more companies adopting or planning to adopt IFRS standards. The Financial Services Agency of Japan (FSA) aimed at enhancing the standards with revised rules to improve the market. Japanese firms have had to rebuild since the major audit scandal surrounding the $1.7bn Olympus fraud, with offenses found by auditors PwC. This was followed by another scandal of $1.2bn concerning Toshiba Corp overstating its profits since 2008. These scandals may have affected the markets and economy.

Nusbaum added: "There are other parts of Asia, like Japan, that do seem to be relatively strong even though Japan has its ups and downs like China. Emerging markets such as Vietnam are creating tremendous opportunities, so I think we are going to see strong economic growth in the majority of the Asia-Pacific region."

What are your economic predictions for India?

Recently, institutes have expanded into India such as the Institute of Management Accountants (IMA) and Chartered Institute of Public Finance and Accountancy (CIPFA). The government prepares to reduce the corporation tax rate from 30% to 25%, as outlined in the Union Budget for 2017. There will be an intended crackdown on tax evasion through demonetisation as well as improved systems and management. Reform will and has presented the accountancy profession with significant challenges and opportunities.

"India is expected to retain its position as the world's fastest growing major economy with a positive GDP growth rate of 7% this year, in spite of a 2016 growth slowdown," commented Seng Sim. "The ASEAN nations are strengthening their economic integration and intra-regional trade, and becoming less dependent on trade with the west.

Seng Sim continued: "The upward trend of mid-market M&A deals within Asia Pacific is an example of the intra-regional trade. We foresee a rise in demand for cross border tax advisory services, partly due to the proliferation of start-up companies recently."

Africa is slowly joining the rest of the world when it comes to accountancy regulation. The South African regulator, the Independent Regulatory Board for Auditors (IRBA) , launched a public consultation last year on the introduction of mandatory firm rotation in South Africa. Mandatory audit rotation has been put in place in other regions of the globe, and especially in Europe, adopted in 2014 and implemented from June 2016. Accountancy networks such as EY, UHY International and Kreston International have expanded into Africa and strengthened their presence over the past year.

What are your economic predictions for Africa?

"Africa is still an emerging stage," said Nusbaum. "Yet South Africa remains relatively strong, even though there is a lot of geopolitical turmoil in North Africa. In the long term, there's an opportunity for real growth and an opportunity for selective investments."

Stephens said: "Africa is a huge continent and renewable energy brings opportunity for growth, and investment from China is expected to continue. Nigeria is one of the two largest of the African economies but is a challenge due to the uncertainty surrounding political scandals and security situations. It will be industry specific in terms of the growth, which could shift to North and West Africa."

Ilgiz Baymuratov, CEO FinExpertiza, added: "Our African partners are in close cooperation with the Middle East, but today the growth of their business is influenced rather by regulatory changes. The number of companies bound to conduct statuary audit is increasing every year; therefore, our partners anticipate a considerable growth of service demand."

WORLD SURVEY 2016

FIRM MOVEMENTS

NETWORK/ ASSOCIATION	FIRM ADDITIONS, MERGERS & ACQUISITIONS
Abacus Worldwide	**Added:** Zambrano y Compania (Mexico), Breedy Asociados (Costa Rica), CERTIS GmbH (Germany) ADJUVA GmbH (Germany), Global Trust Advisors (Luxembourg), Advisory Partners (Australia) **Lost:** Rosenfield & Co (USA), LM Audit (Germany), Quantum CA (UAE), Borghetti Asociados (Brazil)
AGN International	**Added:** Arora & Bansal (India), KNM Management (India), Xestion Group (India), PMX Consulting (Hungary), A Taks International (Slovenia), WSR Cintinus GmbH (Germany), Chiene & Tait (3 branches, UK), Reiger Carr & Monroe (USA) **Lost:** Laxminiwas Neeth (India), Union Power (China), HFK Limited (New Zealand)
Allinial Global	**Added:** The Pun Group (USA), A. Chrysanthou & Co. Ltd. (Cyprus), ACE CPA (Hong Kong), Aliaga y Rodriguez (Peru), A&W Qatar (Qatar), Colchado y Rodriguez (Peru), EisnerAmper Irealnd (Ireland), Eclisar Finacial (Guyana), Enspira Financial Pty Ltd (Australia), ESJ Accountants & Tax Consultants (Netherlands), Ghilin (South Korea), Harwood Hutton (UK), Hilal & Partners (Egypt), Infinity (Singapore), Kabani & Company (Pakistan), Kajaine Ltd. (UK), KBHT (Germany), Larkin & Associates (Japan), LawBiz (Mexico), Morhan dan Rekan (Indonesia), MOS Auditores Consultores Limitada (Chile), Neeraj Bhagat & Co. (India), Requena Rodriguez (Peru), SBA Stone Forest (China), SZ Shvarts Zedka (Israel), Talati & Talati (India), Tamim Chartered Accountants (UAE), Taticca (Brazil), Wilkins Kennedy (UK) **Lost:** Pivotal LLP (Canada), RLB LLP (Canada)
Antea	**Added:** Anil Yeminli Mali (Turkey), Kancelaria Audytorska Dudek (Poland), Komex Izabela (Poland), Caldas Miranda y Asociados (Peru), Tolentino Henriquez y Asociados (Peru), Fidupartner (Morocco), Audit Concept (Morocco), AFS (UAE), Saturn Consulting (Tunisia), Cabinet Deramchi (Algeria), BCG Business (Ecuador), Mabco Egypt (Egypt) **Lost:** Gymesi & Partner (Hungary), CPA (Dominica), Aca El Kaeedem & Co (Egypt), Jaxa Chartered Accountants (UAE), Orber (Turkey), Barth & Lundevall (Norway), DHS Assesoria (Brazil)
Auren	**Added:** Auren Puebla (Mexico), Auren Medellin (Colombia)
BDO	**M&A:** Strametz & Partner now trading under the name BDO Consulting GmbH merged with BDO (Austria), Baker Tilly Brasil merged with BDO RCS Auditores Independents (Brazil), John Sharp, Deveaux Brault Munger & Associates, Systemgroup, H&A Forensic Accounting and Majewski Shaler & Co merged with BDO Canada LLP (Canada), R Audit, Servodata and Levy & Jung merged with BDO (Czech Republic), BDO Oy acquired Consilium Corporate Finance Oy and Invisian Oy (Finland), Integrated Business Solutions (IBS) merged with BDO (Georgia), BDO acquired Arbicon Zink (Germany), BDO acquired SECOZ (Israel), BDO Italia S.p.A. added 50 professionals including 7 partners from Grant Thornton (Italy), Constantin S.r.l. merged with BDO Italia S.p.A. (Italy), Sator and Greenlight merged with BDO (Jersey), Audita merged with BDO Liechtenstein (Liechtenstein), Garcia Gutierrez Garagorri y Asociados, s.c., Evangelina Contreras, Alfredo Najar and Vázquez Pola merged with BDO (Mexico), 2ACG merged with BDO Maroc (Morocco), CompLions merged with BDO (Netherlands), BDO Norway acquired 9 firms in the Greater Oslo, Askim, Mandal, Fredrikstad, Tromsø and Måløy areas (Norway), BDO Abogados acquired Sampere & Asociados and Vallés & Asociados (Spain), BDO acquired 4 new offices and 20 senior professionals including 6 partners from Grant Thornton (Sweden), Hogan Taylor, CEA, Feeley & Driscoll, Mantyla McReynolds, Charles A. Barragato & Company and Goldstein Schechter Koch merged with BDO (USA) **Added:** BDO Tax & Co. (formerly the RSM firm Tokyo XBorder Tax Co, Japan), Ivory Coast, Niger, Togo: BDO Francophone West Africa (former PKF firms) (Abidjan, Niamey, Lomé), New Caledonia and Wallis & Futuna: BDO New Caledonia (formerly Chevaldin et Associés) (Noumea, Bourail), BDO Korea (E-Hyun Accounting Corporation and E-Hyun Tax Corporation, (Seoul, South Korea) **Lost:** Studio Sala, NTTAGIC and KON (Italy), Daejoo Accounting Corporation (South Korea)
BKR International	**Added: R**AO & EMMAR Chartered Accountants (India), PRATAPKARAN PAUL & CO. (India), Fuyun (Fuzhou) Certified Public Accountants (China), TRISAudit (Uzbekistan), K. C. Mehta & Co. Chartered Accountants (India)
Baker Tilly International	**M&A:** MHA MacIntyre Hudson merged with Shoesmiths (UK), MBAF merged with Rampell & Rampel (USA), Weaver merged with Sellars & Kirkham, PC (USA), Rubin Brown merged with The Business Manager (USA), Pitcher Partners Sydney merged with Moore Stephens Sydney (Australia), Collins Barrow merged with Bairstow, Smart & Smith (Canada), Baker Tilly Kazakhstan merged with CT Valuation (Kazakhstan), Baker Tilly Gwatidzo merged with D and K Chartered Accountants (Zimbabwe), MHA MacIntyre Hudson acquired KP Audit (UK), Monahans merged with O'Hara Wood Chartered Accountants (UK), Baker Tilly TFW acquired Lightway Corporate Services (Singapore) **Added:** Baker Tilly Paraguay (Paraguay), Baker Tilly Merali's (Somalia), Baker Tilly Evidas (Slovenia), TPA Horwath (Austria), TPA Howarth (Czech Republic), TPA Howarth (Poland), TPA Howarth (Slovakia), Mathur Associates (Seychelles), Irias & Asociados S. de R.L. (Honduras), Baker Tilly Bolivia (Bolivia), Baker Tilly Hughes Blake (Ireland), CNF Baker Tilly (Tunisia) **Lost:** Baker Tilly Ryan Glennon (Republic of Ireland), Habif Arogeti & Wynne LLP (USA), Baker Tilly Makedonija DOO (Republic of Macedonia), Mountjoy Chilton Medley LLP (USA), Baker Tilly Libya (Libya), Baker Tilly Austria (Austria), Baker Tilly (Czech Republic), Baker Tilly (Slovakia)
CPA Associates International	**M&A:** Lautze & Lautze (USA), Vogel CPAs (USA), BPKZ (USA) **Added:** Deluzio & Company (USA), Dalco Admin AB & Relatum AB (Sweden), Woodvale Associates (Kenya), Attest Auditores Independents (Brazil) **Lost:** KPM CPAs (US), KPA St Augustine (USA)
Crowe Horwath International	**Added:** DHS Oy Audit Partners (Finland), Arcovida LLV (USA), Fiduo SA (Luxembourg), Atwick Sp Z.o.o (Poland), Atwick Sp Z.o.o (Slovakia), Atwick Sp Z.o.o (Czech Republic), Crowe Horwath AIA (Uganda) Legal and Tax Ltd. (Uganda), Crowe Horwath Malawi (Malawi), Okalia Ahanda & Associes (Cameroon), Henri & Associates Limited (Seychelles), ACC & Partners B.V. (Curacao), Dawgen Professional Services Limited (Jamaica), Horwath HTL UAE & Oman (UAE), John Fareed Hospitality Consulting LLC (USA), INGRC (Indonesia), Boscolo & Partners (Romania), Crowe FLZ Audit Kft (Hungary) **Lost:** TPA Horwath Wirtschaftstreuhand und Steuerberatug GmbH (Austria)
DFK International	**M&A:** Rizwan & Company and Tahir Consulting Ltd (Pakistan), DFK Mayberry (New Guinea) Smiths Accountants, Port Moresby (New Guinea), Rickenbach & Partner (Switzerland), The companies were located in Switzerland, Germany and Italy, DFK Benjamin King Money (Australia), MRSB Chartered Professional Accountants (Canada), Bruce J. Burden Chartered Professional Acountant, O'Leary, (Canada), Staff Ciampino & Company (USA), Davis Martindale (Canada), Kiel & Company (UK, Canada), SNA Experts (France) Abdo Eick & Meyers (USA), Bennett Thrasher (USA)
ECOVIS International	**Added:** ECOVIS ConFida (Bosnia and Herzegovina), ECOVIS DT Legal (Slovakia), ECOVIS Focus Hong Kong (Hong Kong), TAK Associes, Member of ECOVIS International (Taiwan), ECOVIS FS&T Consulting (Ecuador), ECOVIS BonsenReuling (Netherlands), ECOVIS Amsterdam (Netherlands), ECOVIS Colombia (Colombia) **Lost:** ECOVIS Jantea & Partners Law Firm (Romania), ECOVIS Lodder (Netherlands), ECOVIS XAT (Japan)
Enterprise Worldwide	**M&A:** Mack, Roberts & co. merged with Clifton Larson Allen (USA) **Added:** Scroggins Grear (USA), Davidson & Nick (USA), Whisman Giordano (USA)
EuraAudit International	**Added:** MS Gestion Luxenbourg (Luxewmbourg), Link (Greece), Mars Audit (France), IMG Numeri OI (Latvia, Estonia, Lithuania), Shanghai Transventure Business Consulting (China) **Lost:** Achleitner Wirtchaftsprufunggeselchaft (Austria), Essaddi Bureau Tripoli (Lybia)

WORLD SURVEY 2016

FIRM MOVEMENTS

NETWORK/ ASSOCIATION	FIRM ADDITIONS, MERGERS & ACQUISITIONS
FinExpertiza	**Added:** Adalya Uluslararası Ba ımsız Denetim SMMM A. . (Turkey), FinExpertiza Cyprus HPA (Cyprus)
GMN International	**Added:** Allians (Sweden), Thayer O'Neal (USA), Odil Audit (Uzbekistan), Meredith Harington (South Africa) **Lost:** Altern Audit (Budapest, Hungary), Baker Homyard (Jersey), Das Bolivia (Bolivia)
HLB International	**Added:** Nihal Hettiarachchi & Company (Sri Lanka), Fiduxis (Guinea), HLB Nasser Al Khalifa Chartered Accountants (Qatar), T.A.L.I.S. Tax Audit Legal International Service (Albania), Morrison & Associates (Ghana), Barea Vargas & Associates LLC (Bolivia), Studio Commerciale Antonio Valentini (San Marino), GP CPAs LLP (China), HLB CA MALTA LTD (Malta), Studio Toscano Srl (Italy), S F Ahmed & Co (Bangladesh), Atectam & Partners (Reunion), Expertise Comptable Conseils (Reunion), Studio Taxlex (Italy), RAZAK18 Assessoria Contábil, Financeira e Tributária Ltda. (Brazil), LST Associati (Italy), Studio Impresa (Italy) **Lost:** Expat Norway (Norway), Samkyeong Accounting Corporation (South Korea), LGC&D LLP (US), Evolution LLP (UK), HLB Loke Lum (Singapore), IM P.A.A. Srl (Moldova)
IAPA	**M&A:** Bird Luckin (UK) **Added:** G. Pagaspas & Partners (Philippines), Studio Piazza Associati (Italy), Spira Twist (France) **Lost:** UTA Audit (Kazakhstan), FGMK (USA), Monarex (Slovakia), Demers Beaulne (Canada), AI Audit (Russia), Gradient Alpha (Russia), Paddock Corporate Services (Luxenbourg), Bird Luckin (Essex)
IECnet	**Added:** ZAO AK Big5 (Russia), CPA Global Tax & Accounting PLLC (USA), Guangdong Wisworth CPAs (China), Hurtado & Asociados (Panama), Consaudi LLC (Georgia), Asglo (Colombia), Yasser Haikal (Qatar), Baytik For Audit (Kuwait), The International Office for Accounting and Tax Consulting and Feasibility Studies (Egypt), NJC Associates (Mauritius), Audit Central SARL (Luxemburg) **Lost:** Split with network alliance partner EPR Canada (before: IECnet/EPR), Paul & Hassan (UAE), Asser (Kazakhstan), Interreca SA (Switzerland)
Integra International	**Added:** Kabat, Schertzer, De La Torre, Taraboulos & Co. (USA), Caliber Advisors, Solana Beach (USA), Cresa (USA), Wens Consulting (Ecuador), CPS Taxation Services (China), Administer Sverige AB (Sweden), AL-Meqham (Saudi Arabia), Business Auditing & Consulting (Ivory Coast), Rajni Shah (Kenya), Mehta & Associates (Tanzania), Niranjan & Narayan (India) **Lost:** Peak Partnership (Australia), Verdus Auditores (Brazil), Rishi Madhur (India), Hughes Blake (Ireland), Shahid Ahmad (Pakistan), Staniszewski & Richter (Poland), Planning Assessors (Spain), KBT Treuhand (Switzerland), Kamphaus, Henning & Hood (USA), Binstock, Rubin, (USA)
JHI Association	**Added:** Fin Expert Consulting SRL (Romania), KB Partner (Tunisia), Navolio and Tallman LLP (USA), Tisocco and Associados (Argentina) **Lost:** BGJC & Associates (India), knp Solutions (Australia), NKH Knight (Australia), PS Yap, Isma & Associates (Malaysia), A&F Bedrijfsrevisoren Burg. BVBA (Belgium), Trust Fin Audit (Kazakhstan), Davidson, Fox & Company (USA), Hayes Stewart Little & Co (Canada), Kirkland Albrecht & Fredrickson, LLC (USA), Mallah Furman & Company, P.A. (USA)
Kreston International	**Added:** Bentleys Pty Ltd -Sunshine Coast (Australia), Jiangmen Hengsheng CPA Firm Co. Ltd (China), Henan Zhongxing Xinhe Certfied Public Accountants Co. Ltd (China), Kreston ABMS (Nepal), Kreston AC (Tajikistan), Asante, Anarfi & Associates (Ghana), Kreston IL Group (Israel), SGF Group SA (Luxembourg), Bentacera Heerenveen (Netherlands), Vergara & Asociados (Bolivia), Macro Consultores (Chile), Diaz Zeledon (Costa Rica) **Lost:** Jirsch Sutherland (Australia), Reyes Gelang King & Co (Philippines), Boylan & Dodd (Ireland), Moores Rowland Associati srl (Italy), Moores Rowland Bompani srl (Italy), Moores Rowland Consulenti di Direzione srl (Italy), Studio Rigobon Bitetti De Luca (Italy), Kreston Bonsen Reuling (Netherlands), Tributum (Costa Rica), Fidesburo (Ecuador), Gonzalez Mayagoitia Contadores (Mexico)
Kudos International	**Added:** Kudos Middle East (Lebanon), JPH (Hong Kong), Acman (Ecuador), Crowe McLoughlin (Ireland) **Lost:** Almustashaar Alkuwaiti (Kuwait)
LEA Global / Leading Edge Alliance	**Added:** Schenck SC (USA), Adria (Slovenia), Ahmed Khaled Al Ghanim & Partner (Qatar), Argüelles Auditores y Asociados S.A. (Colombia), Gonzalez, Valdez & Asociados, Contadores Públicos S.C. (Venezuela) **Lost:** Warren Averett, Steinberg Associates (USA), Audit Ú etnictví, s.r.o. (Czech republic), Streets (UK), Sinews (Mauritius), GMK (Australia), Heng Management (China), CS Osaka Co (Japan), HKT (Hong Kong)
Mazars	**M&A:** Steinberg & Partner merged with Roever Broenner Susat Mazars (Germany), Abuel Yu Villar merged with Mazars (Philippines) **Added:** Wiscon Associates- from correspondent status to full membership (Tanzania), Mazars new office (Rwanda), Corality Financial Group (UK), ASGB Partners- correspondent status (Ethiopia), EXA- correspondent status (Reunion)
MGI Worldwide	**Added:** Baines Trust & Corporate Services Ltd. (Mauritius), Dr. Ashraf Hanna (Egypt), GNK Group (Russia), Huron Partners LLP (Canada), Kamdar Desai & Patel (India), MGI Gideon Adi & Rekan (Indonesia), S.R. Dinodia & Co. LLP (India) **Lost:** MGI Morris Snelling & Co. (Bermuda), Baratz Judelman Preisz Pajak (Canada), AFE Internacional (El Salvador), Advisa Treuhand-Anstalt (Liechtenstein), Santillan Jimenez y Compania (Mexico), Valencia Acosta Consultores (Mexico), B&P Performance Group (Netherlands), HK Finance (Poland), MGI Group Fiduciaire (Switzerland), MGI Maksimum (Turkey), Morris Cottingham & Co. Cayman Islands Bishops (UK), LMHS (USA), Robin Kramer & Green (USA), Untracht Early (USA), Dominguez & Asociados (Venezuela), MGI Arguelles y Asociados (Colombia), MGI Corporitax (Mexico), Fiduciaire JF Pissettaz (France), Audit Business Platform (Russia), MPR Group (Australia)
MSI Global Alliance	**Added:** Mendez Rothbard Molieri & Co (USA), Fuerst & Partner, Nuremberg + 4 offices, (Germany), Ugarte, Quiñonez & Asociados (Ecuador), Leon Mora & Co. (Panama), Colon Cuebas & Laguna, CPA, PSC. (Puerto Rico), BolboGroup Audit & Consulting (Costa Rica), Blacklaw Advisory, (Australia), Planita Consulting (Ghana), A A Omar & Company (Zimbabwe) **Lost:** Pipara & Co. (India), International Management Services (Cayman Islands), Hudson Kasper (New Zealand), ReSolve (UK)
Moore Stephens	**M&A:** Moore Stephens New South Wales, (Australia), acquisition, Moore Stephens Markhams (New Zealand), acquisition, Moore Stephens Markhams Hawkes Bay Limited (Australia), acquisition, Moore Stephens Belgium (Belgium), acquisition, Element 61 and Impala, Moore Stephens Wagner Kft (Hungary), acquisition, Moore Stephens Kft (Hungary), Moore Stephens Rotterdam B.V. (Netherlands), acquisition, Moore Stephens DA (Norway) merger, Profero Revisjon DA (Norway), Moore Stephens KSC (Romania), acquisition, Moore Stephens Egypt(Egypt), merged with five partners/directors from Baker Tilly Egypt. Moore Stephens Tiller LLC (USA), acquisition, DCH, P.C. (USA), acquisition, Holthouse Carlin & Van Trigt LLP (USA), merged with David Zeiger and Associates (USA), The Bonadio Group (USA), acquisition, Armanino LLP (USA) merged with LaRue, Corrigan & McCormick, Brown Smith Wallace, St. Louis, (USA), Citrin Cooperman (USA), merged with audit/tax practice in Braintree, Massachusetts, and audit/tax practice in Providence, (Rhode Island) **Added:** Moore Stephens South Australia, (Australia), Moore Stephens Northern Territory (Australia), The Byrons Partnership (Australia), Servicios Profesionalles MS Costa Rica S.A. (Costa Rica), Tax Consulting Brno Spol. S R.O. (Czech Republic), S&P GmbH (Germany), BW Partner Bauer Schätz Hasenclever Partnerschaft mbB (Germany), Leone Consultants (Sierra Leone), Lutchman & Co (Suriname) **Lost:** Moore Stephens Queensland (Australia), Estilo Consultoria Accounting and Tax (Brazil), Stevens Fricker & Associates (Botswana), AP Statsautoriserede Revisorer (Denmark), Audiitfirma Klea O (Estonia), Moore Stephens AuditTeam AG (Germany), Alff-Eickhoff GmbH & Co. KG, (Germany), Fuerst & Partner GmbH (Germany), Moore Stephens OS, S.C. (Guatemala), Gabriel Montiel, Olmedo y Cia., S.C. (Mexico), Frost PLLC, Little Rock (USA)
Morison KSi	**M&A:** Agape (SNG / South Africa), Chowdhury Arup & Co. Chartered Accountants (Ahmed & Zaker / Bangladesh), Eisenberg & Blau (DDK/US), Frese & Au (EEP/Germany), Ledger Corporate (Greenwich & Co / Australia), MDG Jenkintown (Marks Paneth / USA), Trust Accountants Limited (Hayes Knight / New Zealand) and Norman Rothberg & Associates (Sloan Partners / Canada) **Added:** HA+W | Aprio (US), Weinberg & Company PA (USA) **Lost:** Coopers Audit Maroc (Morocco)

WORLD SURVEY 2016

FIRM MOVEMENTS

NETWORK/ ASSOCIATION	FIRM ADDITIONS, MERGERS & ACQUISITIONS
MSI Global Alliance	**Added:** Mendez Rothbard Molieri & Co (USA), Fuerst & Partner, Nuremberg + 4 offices, (Germany), Ugarte, Quiñonez & Asociados (Ecuador), Leon Mora & Co. (Panama), Colon Cuebas & Laguna, CPA, PSC. (Puerto Rico), BolboGroup Audit & Consulting (Costa Rica), Blacklaw Advisory, (Australia), Planita Consulting (Ghana), A A Omar & Company (Zimbabwe) **Lost:** Pipara & Co. (India), International Management Services (Cayman Islands), Hudson Kasper (New Zealand), ReSolve (UK)
Nexia International	**Added:** PASC (Thailand), Varma & Co (Botswana), Given LLP (Canada), Vaas Accountants (Curacao), Latinco LTDA De C.V. (El Salvador), H Mendoza & Asociados (Nicaragua), Hayes Knight Brisbane (Australia), Hayes Knight Melbourne (Australia), ECA (France), Jiangsu Suya Jincheng (China), IDIAA (Somalia) **Lost:** Johnson & Johnson, (Uganda), Nexia (New Zealand), Auckland (New Zealand), CJSC Auditas (Lithuania), Audit Centre (Russia), Vnesh Econom Audit, (Russia)
Pan-China International	**M&A:** Pan-China Certified Public Accountants LLP (China) **Added:** Pan-China Singapore PAC (Singapore)
Parker Randall International	**Added:** Raydert Won & Asociados SRL (Dominica), Parker Randall (Uruguay), Despacho Jimenez y Hemandez (Costa Rica), Studio Professionale Associato Corti Gumagalli (Italy), Heliantono & Rekan (Indonesia), Parker Randall DV (Afghanistan), Streets Chartered Accountants (UK), Casadict (Mexico) **Lost:** Europe fides, Gideon Adi Siallaga (Indonesia)
PKF International	**Added:** PKF Quaglia & Associati (Italy), PKF FRancis Clark Exeter (UK), PKF Saldanha (South Africa), PKF Constantia Valley (South Africa), PKF Studio Maurizio Godoli Bologna (Italy), PKF BBA Jersey (Channel Islands), ACN & Co Cameroon PKF (Vietnam), Hanoi (Vietnam), PKF Lesotho (Lesotho), PKF Kennedy (Australia) **Lost:** PKF Arbicon Zink (Germany), Safecom Sodifex (Cameroon)
Praxity	**M&A:** DHG acquired Stegman & Company, Baltimore, Maryland (US) Parke, Guptill & Company (US), MNP acquired Bruce Martin & Associates, Holukoff Chiarella Chartered Professional Accountants, FJL CPAs and the Timmins office of Ross Pope (Canada), ShineWing CPS acquired Ayman Fathy Kamel (Egypt), Moss Adams acquired CF Accountants & Consultants, Sallas, Texas (USA), **Lost:** Feeley & Driscoll, P.C (USA), Moores Rowland Levey & Jung (Czech Republic)
RSM	**M&A:** ACAL Consultoria e Auditoria and RSM Fontes Auditores Independentes merged and formed RSM Brasil Auditores Independentes (Brazil), RSM plus and Beierholm merged and formed RSM Beierholm (Denmark), RSM Spain acquired TGG Legal (Spain), RSM TACOMA acquired Infinity a.s (Czech Republic) **Added:** RSM KOSOVO Sh.p.k. (Kosovo), RSM Ireland (Republic of Ireland), Orellana Sánchez, Sazo y Asociados, S.C (Guatemala), Benady Cohen Group (Gibraltar) **Lost:** RSM Advisory BH d.o.o. (Bosnia and Herzegovina), Illescas e Illescas, Sociedad Civil (Guatemala), RSM Bulgaria Ltd. (Bulgaria)"
Reanda International	**M&A:** Bissinger, Saffrich und Kollegen, Kuenzelsau (Germany) merged with Germany correspondent firm (Germany) **Added:** Reanda UK (UK), Reanda Nepal (Nepal), Reanda Malta (Malta), Portugal correspondent firm (Portugal)
Russell Bedford International	**Added:** Boon Accountants (Netherlands), FRTG Group (Germany), K.J. Westerberg & Co. (Finland), Revigeco SA (Switzerland), Vali & Co. (Zimbabwe), KBBS (Mauritius), GEword (Georgia), Certified Auditors / SARH Group (Jordan), Saint-Honoré Partenaires (France), Valuconcept Group (Brazil), De Groof Accountants (Netherlands), Russell Bedford AlHashmi (UAE) **Lost:** Gould Ralph & Co. (Australia), Boucinhas & Campos (Brazil), WaBuCo Oy (Finland), DRESA (Mexico), Irías & Asociados (Honduras)
SFAI	**Added:** SFAI Peru Tax and legal (Peru), Shaw and associates (Uruguay), Casin y Asociados - EEUU JDF International Auditors (Colombia), SAIF Risk and IT (Spain), Streets Chartered Accountants (UK), Coficom (Luxembourg), Costanzo e Associati (Italy), ABS Audit and Business Services (Tunisia), Phympact Investment (Sweitzerland), Ambar Servicios Financieros (Cuba), Yiallourides and Parters LTD (Cyprus), Berdugo Metoudi (France), Antrix Corporation Solutions LTD (Mauritius), PATC LLC (Mongolia), KlientScape PVT Ltd (Nepal), Garcia Guadamuz y Asociados (Nicaragua), ELF Experts SRL (Rumania), Dr Abdullah Baeshen Office (Saudi Arabia), Topic Service AD (Bulgaria), Amigo Valentini y Cia. Auditores (Argentina), Visor Asociados (Bolivia), Carlos Montagne y Asociados (Costa Rica), Rohan Mah and Partners (Singapore), KAPSS (Indonesia), Jamal Main and Partners (Malaysia), Atarek Kamil Ibrahim (Indonesia), R.S.Bernaldo and Associates (Philippines), Growin Partners (Japan), Addisorn and Partners (Thailand), Viet Nath Auditing (Vietnam), Munro's (Australia), CMS Private Advisory (Australia), Morris Cohen Glen & Co (Australia), Jolly Duncan and Wells (New Zealand), Sapience Partners (China), Leung and Puen CPA (Hong Kong), L H Chen & Co. (Taiwan), CGS & Co Chartered Accountants (India), Farhad & Co. (Bangladesh), Iyer Jain Khandelwal & Co (India), Jayesh Sanghrajka & Co LLP (India), M.C. Jain & Co (India), Boudreau Albert Savoie & Associates (Canada), Colby Mcceach Professional Corporation (Canada), Chochinov Curry LLP Certified Gneral Accountants (Canada), Bussey Porter Hetu Chartered Professional Accountants (Canada), Claudette M. Etie CPA - CGA Professional Corp. (Canada), Felthan & Associates Chartered Professional Accountants (Canada), Domenic Galati (Canada), Darrell B Cochrane & Associates (Canada), Etter Mcleod & Associates Inc. (Canada), Goodwin Porter Hetu (Canada), Finucci Porter Hetu Professional Corporation (Canada), Galloway Bottteselle & Co. (Canada), Kelly Porter Hetu (Canada), J. Michael Mulholland CA (Canada), Mallet Aubit (Canada), Mcneil Porter Hetu (Canada), Nash GIroux (Canada), Michel Tremblay CPA (Canada), Muth & Co. LLP (Canada), Nicholson & Beaumont Chartered Accountants (Canada), Peter J Stone - Professional corporation (Canada), Osborn Accounting Group LLP (Canada), Porter Hetu International (Canada), Randy E. Brown CPA (Canada), Renee S. Karn Certified General Accountants (Canada), Ricchio CPA Inc. (Canada), Rosborough Accounting and Consulting (Canada), Rose Stone & Bains CPA Professional Corporation (Canada), Smith Porter Hetu (Canada), Stamos CPA Inc. (Canada), Steeves Porter Hetu (Canada), Turnbull Kindred Chartered Professional Accountants (Canada), Willinton Marchin Professional Corporation (Canada), Fuentes, Tovar & Asociados (Venezuela), Ziad Haddad Auditing and Consulting (Libanon) **Lost:** Canessa SA Auditores (Chile), Bluelink (Cyprus), ABF Auditores (Nicaragua), Noel Muscat & Co. (Malta), Casin y Asociados (Argentina), Ponnamperuma and Co (Sri Lanka), Integrated Consulting Services (Puerto Rico), Olarte, Hernandez, Camargo y Asociados (Venezuela)
TGS Global Network Ltd.	**Added:** Kovsted & Skovgard (Denmark), Elisha Sa'ar C.P.A. (Israel), Creatrust sarl (Luxembourg), Clark Robbins & Associates Ltd (Mauritius), Taju Audu & Co (Nigeria), Abdulwahab Al Ageel CPA's & Consultants (Saudi Arabia)
UC&CS AMÉRICA	**Added:** Audit Com Service (Belarus) CH Consultores (USA), IFR (Ecuador), Audiramosconsult (Bollivia), Garam (Mexico), Ventosilla Vázquez y Asociados (Peru) Lost: CCA Continuity Services (Brasil), UC&CS Panamá (Panama), García Landa Becerril (Mexico), García Salas (México)
UC&CS GLOBAL	**Added:** AuditComService (Belarus), S.K. Surana & Co.(India), SKKS (Indonesia), Kerdos (Italy), Chiu Capital (USA), IFS (Ecuador), Audiramosconsult (Bolivia), Garam (Mexico), Ventosilla Vázquez y Asociados (Peru) **Lost:** CCA Continuity Services (Brasil), UC&CS Panamá (Panama), García Landa Becerril (Mexico), García Salas (Mexico)
UHY International	**M&A:** UHY & Co (Mauritius) **Added:** Bodø revisjonskontor AS (Norway), UHY Hassouneh Auditing Firm (Palestine), Ngwe Inzaly Audit Firm (Myanmar), UHY Guiñazú & Asociados SpA. (Chile), UHY Premier Financial Services Limited (Seychelles), UHY El Sayed El Ayouty & Co, Certified Public Accountants (Bahrain), H. Baldevieso & Luna SRL (Bolivia), UHY ABG Consulting (Georgia), UHY Ahmed Hassan Naeem Chartered Accountants (Afghanistan), UHY Sociedade de Ensino e Consultoria, Limida (Mozambique), UHY Wahlen & Mannsky (Germany), UHY BBI Advisory & Audit (Cameroon) **Lost:** UHY ARG GROUP (Georgia), UHY Handson & Partners Accountants & Tax Advisors (Belgium), UHY Dawgen Chartered Accountants (Jamaica)

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It has been two years since *IAB*'s last survey of the Nordic region. Back then, average growth was 4 percent. Nowadays it is almost 10 percent

MERGERS AND ACQUISITIONS

PwC India to merge with tax practice and take leading position

The tax practices of PricewaterhouseCoopers India (PwC) and RSM, one of the largest independent firms in India, will merge in April to create a practice with forecast revenues in excess of $50 million.

RSM's 22 partners and 550 professionals will combine with PwC to give the Big Four firm more than 4,000 staff members across offices in cities such as Kolkata, Chennai, Bangalore, New Delhi, Mumbai, Hyderabad, Pune and Bhubaneshwar. Three hundred of RSM's professionals are specialists in international tax.

PwC chairman and chief executive Rathin Datta will remain in his position but Dinesh Kanabar, deputy managing partner of RSM, will become the chairman of the combined tax practice.

Kanabar told *IAB* the merger will more than likely mean PwC will become the largest firm in the country. "Ernst & Young [E&Y] was at this point in time number one. PwC was second largest and the combined practices of PwC and RSM will take it past [E&Y]," he said.

Although revenue figures are not released to the Indian market, Kanabar said: "If I had to roughly hazard a guess, the combined PwC and RSM tax revenues alone would be upwards of $50 million."

High demand

Kanabar said the market for tax services in India has been booming for the past few years. He estimates that "all professional services practices in tax would have grown at a compound rate of between 45 percent and 50 percent over the last three years".

He said: "Here in India, you have most of the large multinationals operating – General Electric, Sony Entertainment, Visa, Microsoft Oracle – all of whom are our clients. Then, you have Indian companies making global acquisitions...

"The need for high-quality tax advice is now more [acute] than ever it was in the past."

Datta added: "With the service sector growing at a rapid pace, it is natural to combine strengths and consolidate. I am extremely happy about this merger. The synergies will enhance the delivery capability of PwC."

RSM is not associated with RSM International and did not previously have an international affiliation. Kanabar said that was because the firm has "traditionally been independent and that's how we grew for the first ten years of our life".

However, RSM has had an affiliation with Ambit, a local investment bank. Ambit will continue to operate independently and is not part of the merger.

RSM's managing partner, Ashok Wadhwa, will not join PwC and will instead continue to manage the Ambit group of businesses, which include Ambit Corporate Finance and Ambit Capital, as well as new joint ventures for online broking and asset management.

The right time

Kanabar said the decision was taken to merge with a larger, more globally connected firm because RSM was being shut out of many of the largest tax transactions taking place in India. "We have [companies such as Indian business conglomerate] Tata making global acquisitions and we can't work on many of these transactions because while we are competent [enough] to advise on the Indian side of international taxation, since you are not part of a network you cannot provide seamless services across the countries," he said. Earlier this year, Tata Steel made headlines when it acquired Anglo-Dutch metals group Corus.

Kanabar said the merger was done with the group's staff members in mind. He described them as being "highly aspirational, highly motivated and highly talented". Kanabar said: "We did not want our inability to provide this global [service] to become a barrier to their ongoing professional growth. Therefore, we felt it was important to align ourselves with a Big Four accounting firm which could provide them with an ongoing basis of professional growth."

Wadhwa also identified the opportunities for staff as being a crucial part of the merger.

Catherine Woods

REGION SURVEY

Nordic region grows 8 percent

All but two accountancy associations featured in this year's *IAB* survey of the Nordic region experienced growth over the last 12 months as overall fee income reached €2.9 billion ($3.8 billion), an average increase of 8 percent.

Partners speaking to *IAB* say the results are a reflection of the Nordic countries' ever-improving economy and an increasing demand for audit and consulting work.

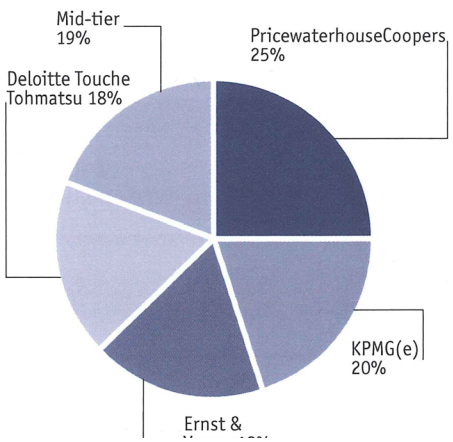
One of the recent trends noted by Moore Stephens International's executive head of the Nordic region, Jan Tønnesen, was consolidation of the mid-tier. "For a lot of smaller firms, the stricter rules [imposed] on quality control has meant a lot of smaller firms have either sold their businesses or have asked to join the mid-tier firms," he said.

Another trend has been the shortage of qualified staff. Kjetil Rivelsrud, managing partner of BDO Noraudit, a member firm of BDO International, said the strength of the region's economy is making the task of recruiting the best talent increasingly difficult.

"When the economy is booming like it is now it is very easy to get new jobs and it is very hard for us to compete with industry when it comes to the challenges of salaries. Recruiting is a very big issue for the year to come," he said.

See IAB Nordic survey pages 12-15

NORDIC REGION
Overall market share: 2006



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