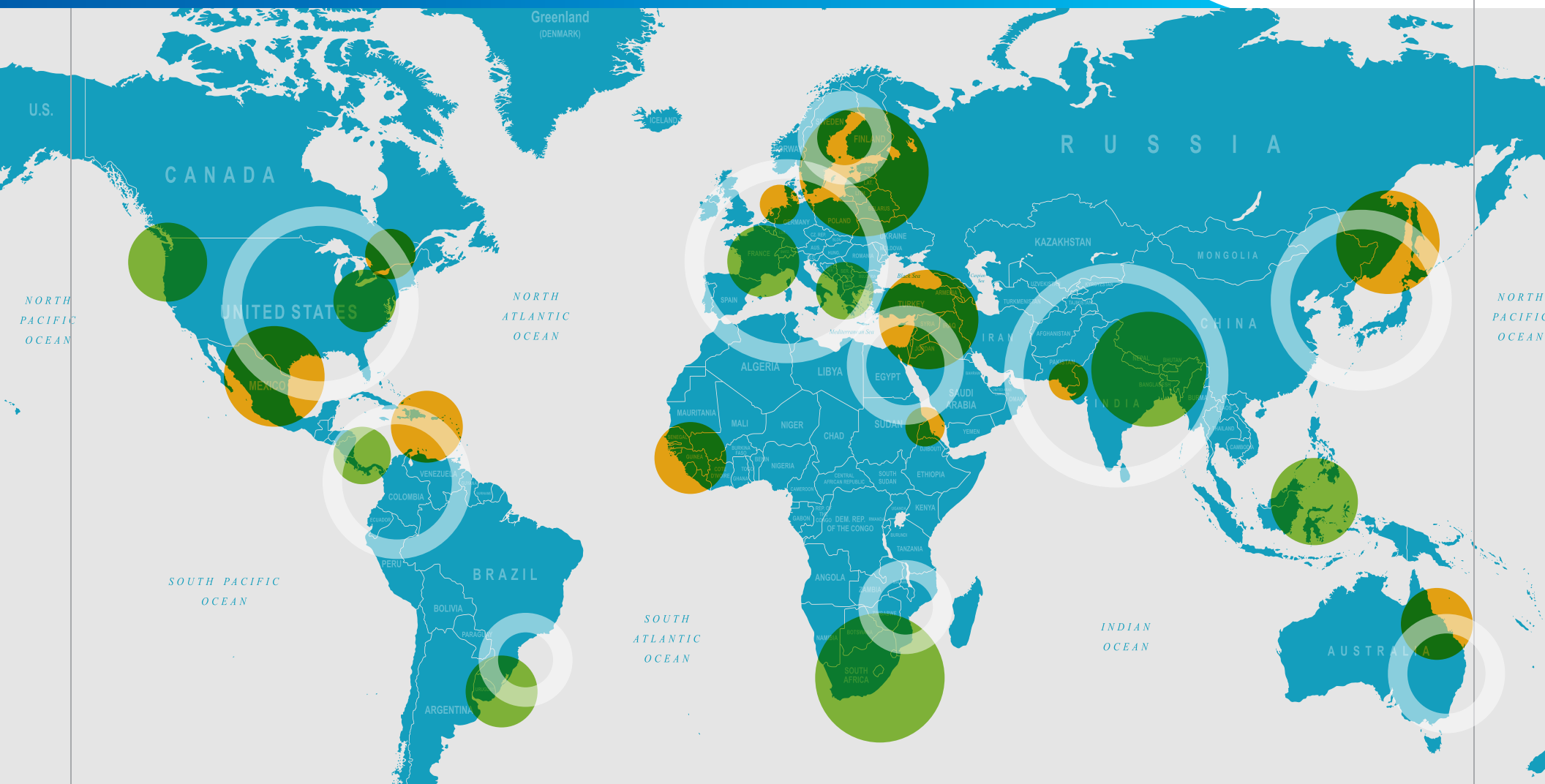
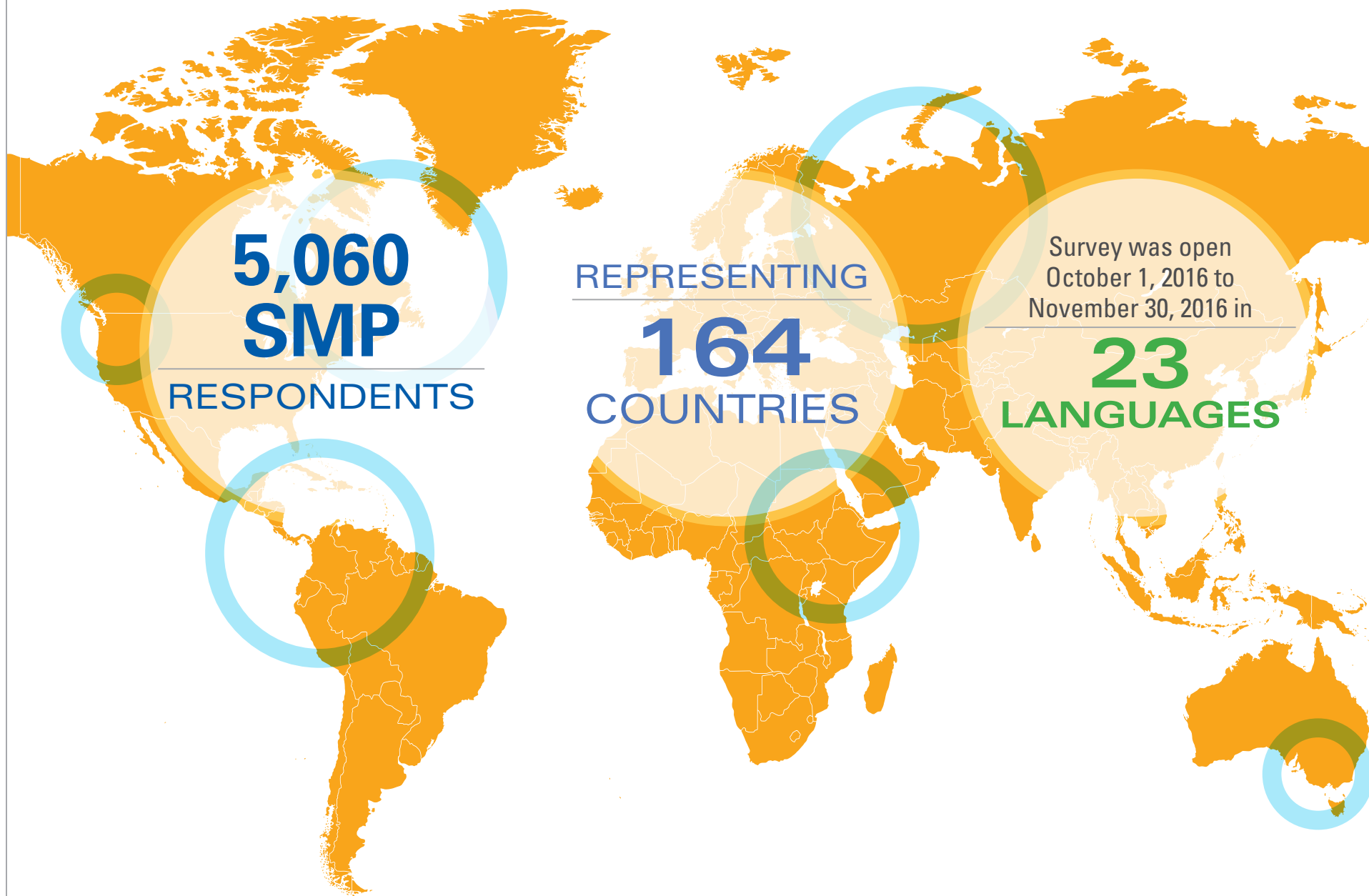


IFAC GLOBAL SMP SURVEY: 2016 SUMMARY



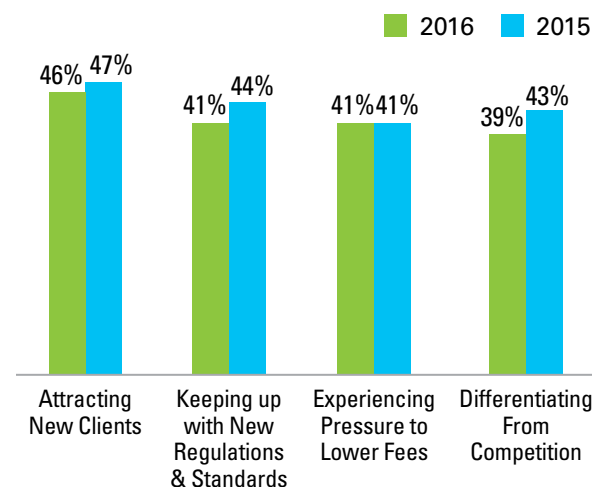
International
Federation
of Accountants

2016 IFAC GLOBAL SMP SURVEY BY THE NUMBERS

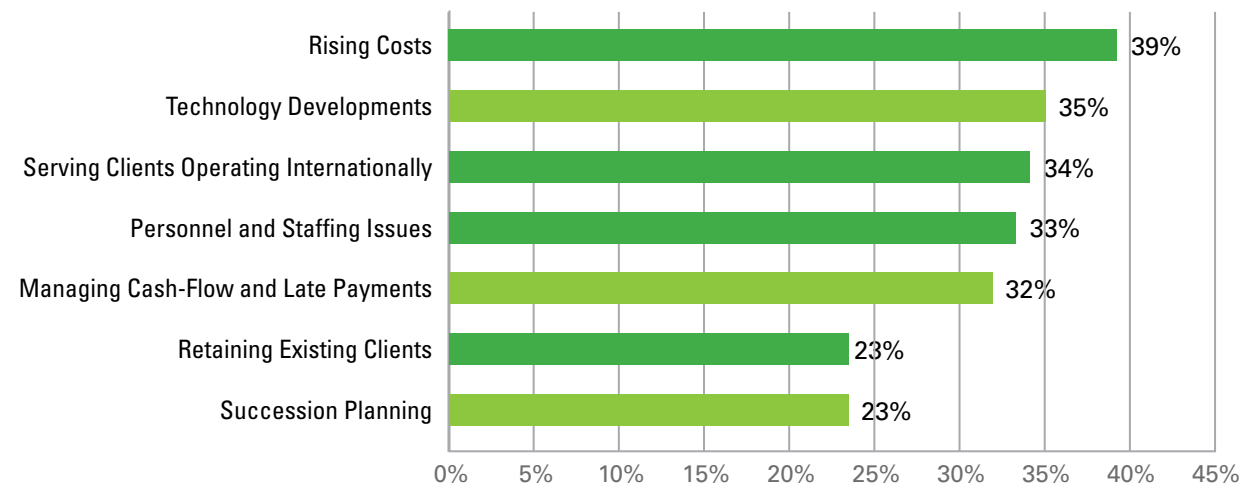


SMPs FACE MANY CHALLENGES

TOP GLOBAL CHALLENGES 2016 VS 2015*



OTHER GLOBAL CHALLENGES 2016*



*Combining high and very high

TOP REGIONAL CHALLENGES*

NORTH AMERICA

Keeping Up with New Regulations & Standards 35%
Personnel and Staffing Issues 28%

CENTRAL AND SOUTH AMERICA/CARIBBEAN

Keeping Up with New Regulations & Standards 57%
Differentiating from Competition 46%

EUROPE

Keeping Up with New Regulations & Standards 47%
Attracting New Clients 47%

MIDDLE EAST

Attracting New Clients 50%
Differentiating from Competition 45%

ASIA

Serving Clients Operating Internationally 48%
Attracting New Clients 48%

AUSTRALASIA/OCEANIA

Keeping Up with New Regulations & Standards 36%
Personnel and Staffing Issues 31%

AFRICA

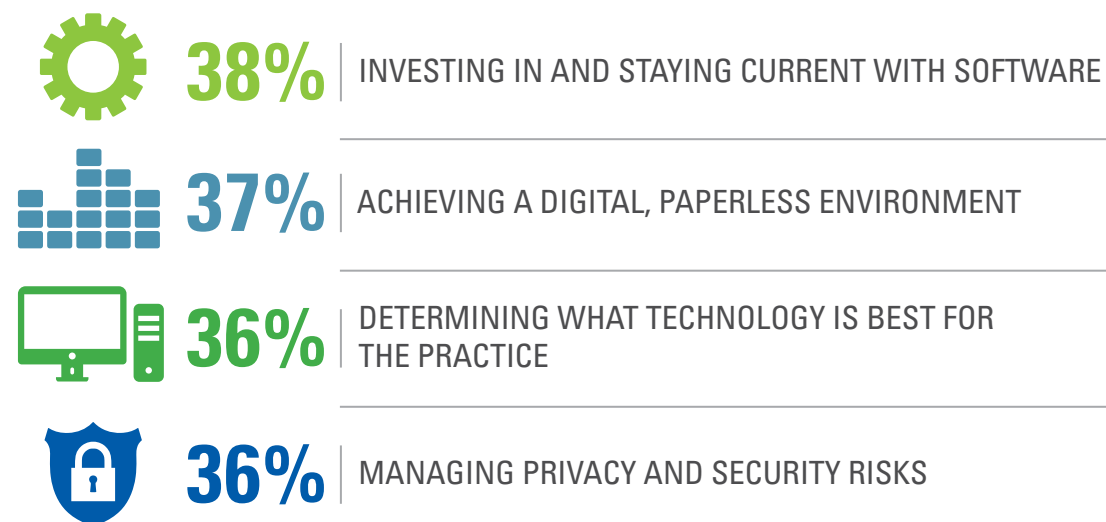
Rising Costs 57%
Attracting New Clients 52%

ADDITIONAL CHALLENGES

SMPs were asked to rate the extent to which they face 7 technology challenges and 8 personnel and staffing issues.

TECHNOLOGY

TOP CHALLENGES*



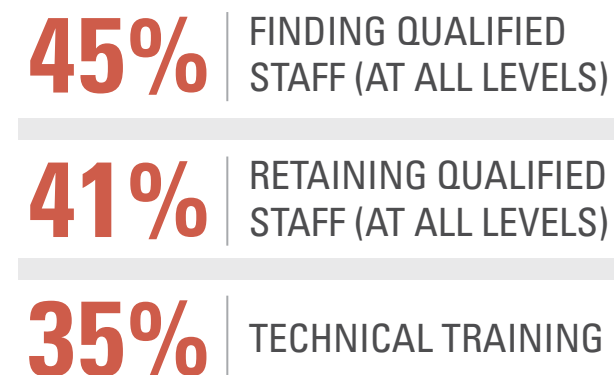
OTHER TECHNOLOGY CHALLENGES*



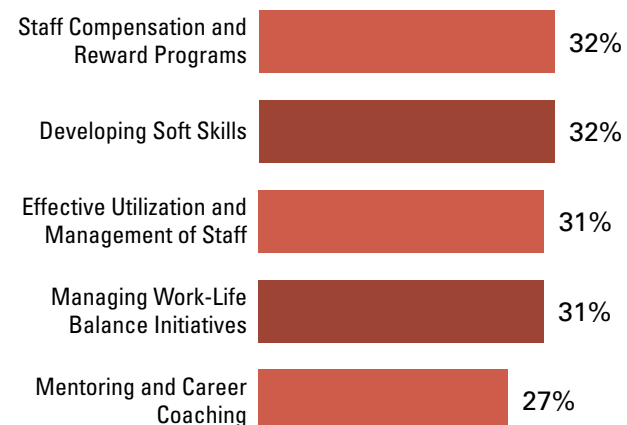
*Combining high and very high

PERSONNEL AND STAFFING

TOP ISSUES*



OTHER PERSONNEL AND STAFFING ISSUES*

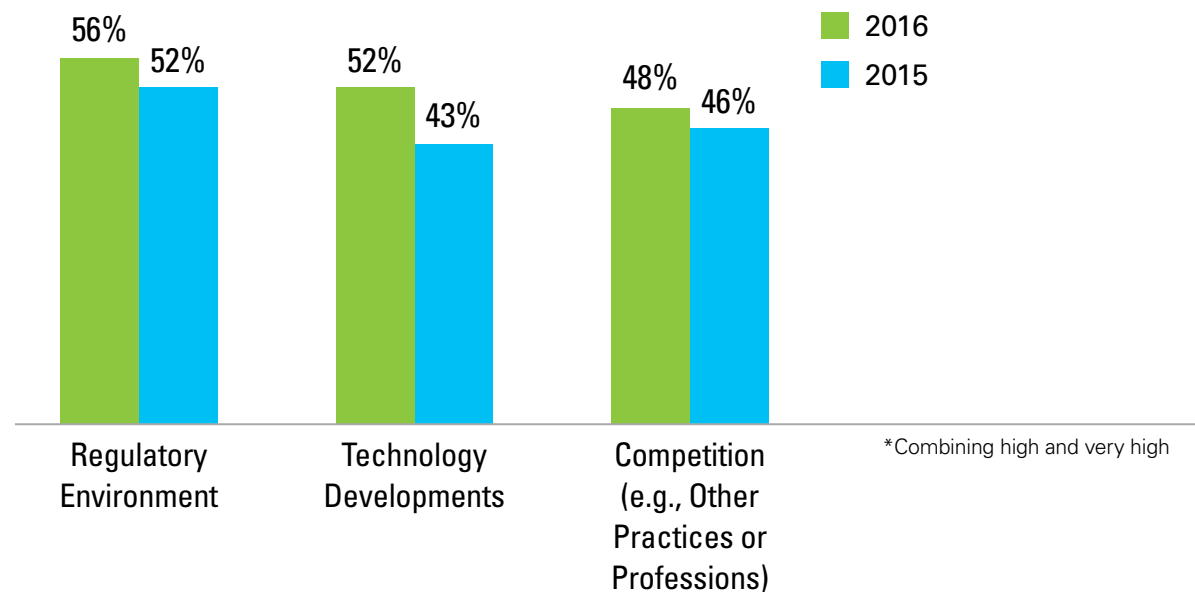


TOP ENVIRONMENTAL IMPACTS

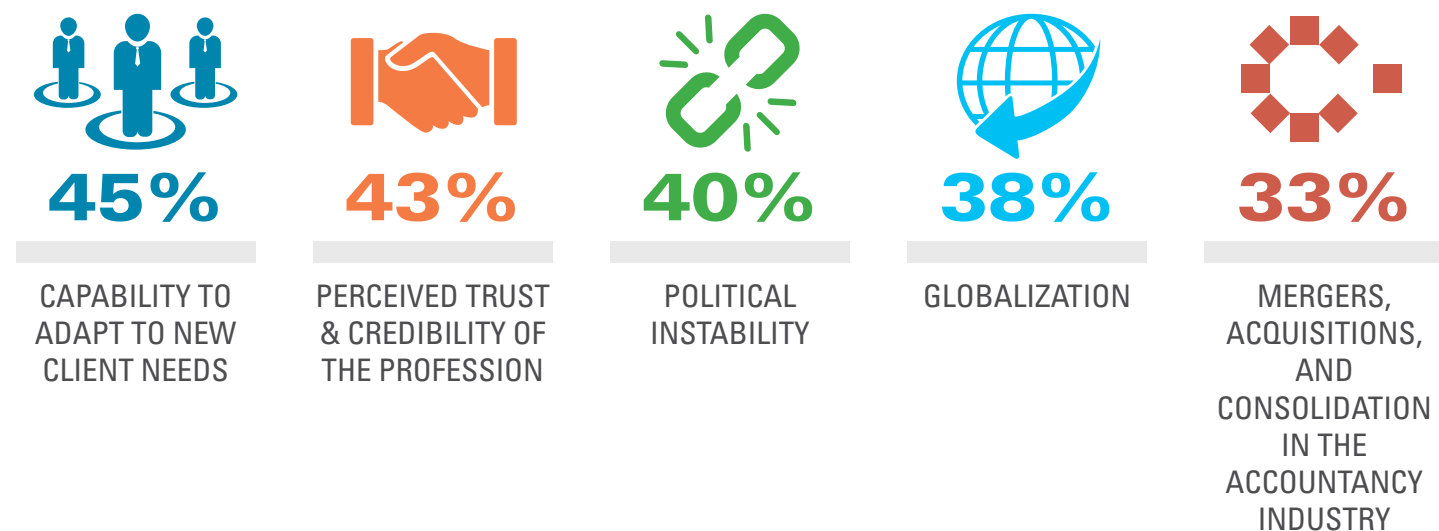
Respondents rated the extent to which 8 environmental factors would impact their practice over the next 5 years. Generally, the percentage of respondents rating the potential impact of each factor as high or very high increased somewhat between 2015 and 2016.



TOP ANTICIPATED ENVIRONMENTAL FACTORS IN 2016 VS 2015*



OTHER 2016 ANTICIPATED ENVIRONMENTAL FACTORS*



SMP PERFORMANCE IN 2016

Across service lines,

**THE LARGEST PORTION
OF RESPONDENTS,
33% to 37%**
reported revenues stayed the same



**26%
to 31%**
reported revenues
increased moderately



**6% or
LESS**
reported revenues
increased substantially

**13%
to 17%**
reported revenues
decreased moderately

**8% or
LESS**
reported revenues
decreased substantially

RECEIVABLES COLLECTION PERIOD

33% reported an **average**
receivables collection
period* of
31-59 DAYS

*[accounts receivable divided by total practice revenue]
multiplied by 365 days

PERFORMANCE ACROSS SERVICE LINES

Accounting, Compilation, and Other Non-assurance/Related Services



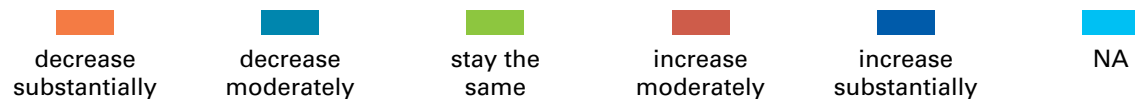
Advisory and Consulting Services



Audit and Assurance



Tax (e.g., Compliance & Planning)



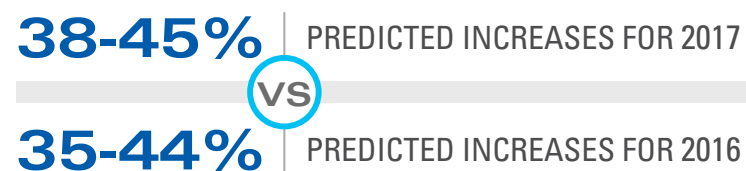
UTILIZATION PERCENTAGE

49% had a utilization percentage
(chargeable hours divided by total hours) of **61-90%**

SMP OUTLOOK FOR 2017

The majority of SMPs predicted that fees for each service line would increase or stay the same in 2017. With the exception of tax, projected changes were slightly more optimistic compared to prior year's expectations.

ACROSS SERVICE LINES



PROJECTED 2017 OUTLOOK FOR EACH SERVICE LINE

Accounting, Compilation, and Other Non-assurance/Related Services



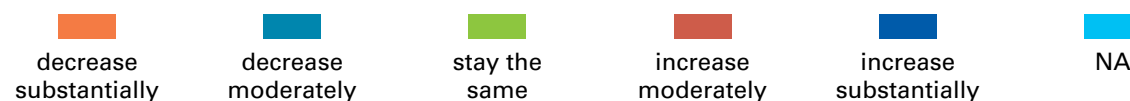
Advisory and Consulting Services



Audit and Assurance

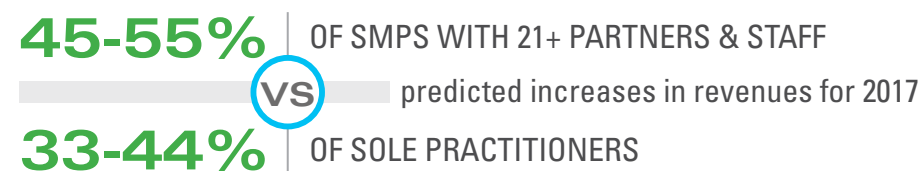


Tax (e.g., Compliance & Planning)

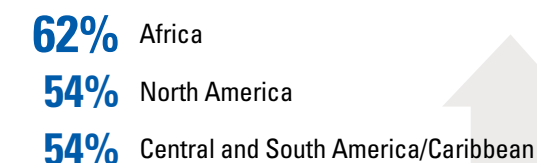
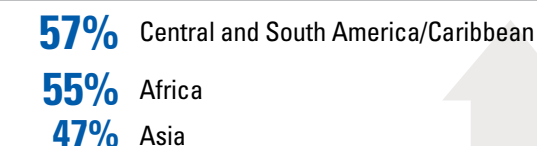
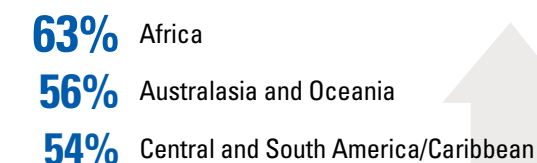
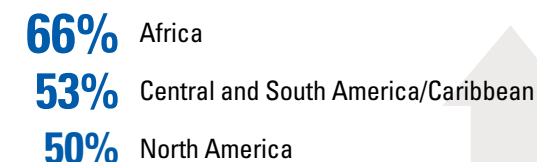


Respondents representing the largest SMPs (21 or more partners and staff) had the brightest outlook for 2017, while sole practitioners had a bleaker outlook, compared to other practice sizes.

ACROSS SERVICE LINES



Growth projections (combining moderate and substantial) were especially strong in some regions.



BUSINESS ADVISORY AND CONSULTING SERVICES

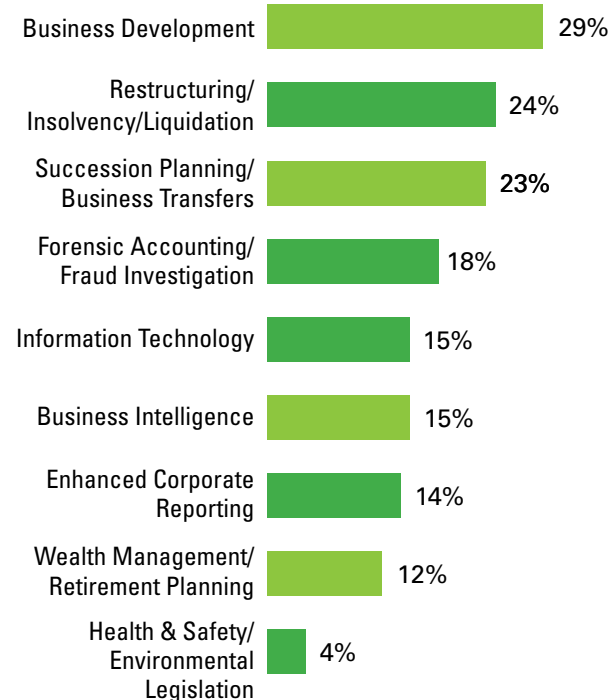


83%

PROVIDE SOME FORM
OF CONSULTING SERVICE.



OTHER CONSULTING SERVICES PROVIDED

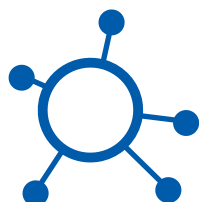


TOP 3 MOST COMMONLY PROVIDED CONSULTING SERVICES



48%

CORPORATE ADVISORY (FINANCING, MERGERS,
DUE DILIGENCE, VALUATIONS, LEGAL)



46%

MANAGEMENT ACCOUNTING (PLANNING,
PERFORMANCE, RISK MANAGEMENT, AND
INTERNAL CONTROL)



30%

**HUMAN RESOURCES POLICIES AND PROCEDURES/
EMPLOYMENT REGULATIONS** (HIRING AND FIRING,
EMPLOYEE CONTRACTS, MATERNITY, PATERNITY,
SICK PAY, REMUNERATION STRUCTURES)

Larger practices more frequently provided business advisory and consulting services compared to sole practitioners suggesting that practice size appears to be closely tied to the breadth of advisory services.

73%

OF SMPS WITH 21+ PARTNERS & STAFF

VS

provide Corporate
Advisory Services

33%

OF SOLE PRACTITIONERS

SMPs' SME CLIENTS FACE MANY CHALLENGES

SMPs were asked to rate the extent to which their small- and medium-sized entity (SME) clients face 8 challenges.

TOP CHALLENGES*



61%

ECONOMIC UNCERTAINTY (2015: 61%)



59%

RISING COSTS (2015: 58%)



53%

COMPETITION (2015: 54%)



51%

DIFFICULTIES ACCESSING FINANCE (2015: 51%)

TOP REGIONAL CHALLENGES*

ECONOMIC UNCERTAINTY

AFRICA **74%**

CENTRAL AND SOUTH AMERICA/CARIBBEAN **73%**

EUROPE **66%**

RISING COSTS

AFRICA **78%**

CENTRAL AND SOUTH AMERICA/CARIBBEAN **70%**

MIDDLE EAST **60%**

COMPETITION

AFRICA **62%**

CENTRAL AND SOUTH AMERICA/CARIBBEAN **58%**

MIDDLE EAST **58%**

DIFFICULTIES ACCESSING FINANCE

AFRICA **72%**

MIDDLE EAST **62%**

CENTRAL & SOUTH AMERICA/CARIBBEAN **58%**

*Combining high and very high

OTHER SME CHALLENGES*

Keeping Up with New Technology **45%**

Compliance with Regulation **43%**

Attracting and Retaining Staff **42%**

Financial Crime **20%**



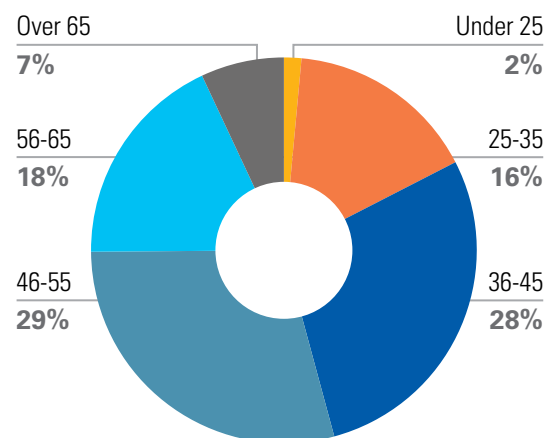
SCOPE & RESPONDENTS

The annual survey is designed to achieve a better understanding of the business environments faced by small- and medium-sized practices (SMPs) and by their small- and medium-sized entity (SME) clients. The 2016 survey received 5,060 responses from respondents representing 164 countries.

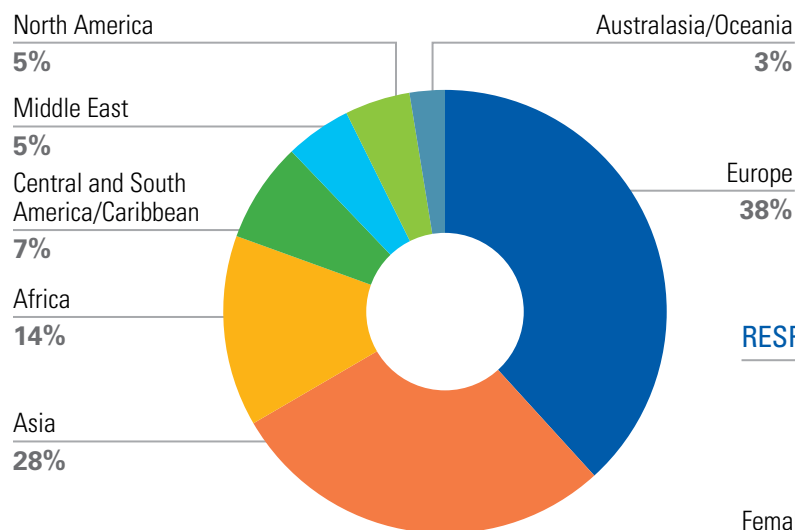
It was open on October 1, 2016–November 30, 2016 in 23 languages. The largest number of respondents completed the survey in English (37%), Chinese (10%), Romanian (7%), Spanish (7%), and French (7%).

We would like to acknowledge and thank Professor Sarah Webber and Professor Donna L. Street, University of Dayton, for their research and participation in the report. The research was facilitated by the University of Dayton in accordance with an agreement to increase IFAC's research capacity.

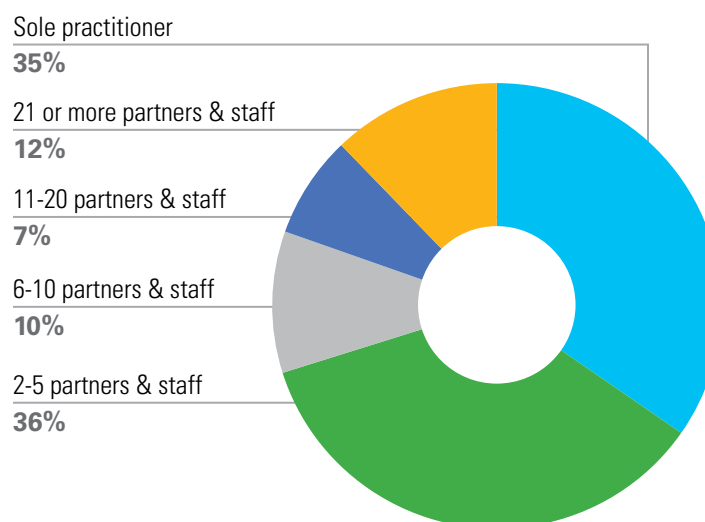
RESPONDENTS BY AGE



RESPONDENTS BY REGION



RESPONDENTS BY PRACTICE SIZE



RESPONDENTS' GENDER



Some regions, countries, and larger SMPs were not as well represented. Therefore, caution should be exercised when attempting to generalize the results to specific countries, regions, or SMPs of all sizes.

IFAC RELATED RESOURCES

IFAC supports the SMP sector through a number of initiatives to raise the profile and build the capacity of SMPs globally. With input and guidance from the SMP Committee, IFAC represents SMPs' interests to standard setters and regulators, facilitates the sharing of tools and resources to help them compete in the global marketplace, and speaks out to raise awareness of their role and value, especially in supporting SMEs.

The results of the survey will be considered by the SMP Committee and will be used to help direct IFAC's SMP activities going forward. To learn what IFAC is doing to support SMPs, and in particular address some of the current and emerging challenges and opportunities highlighted in this report, please visit the IFAC website, including Activities and Interest Areas.

The IFAC Global Knowledge Gateway now hosts over 400 original articles and videos, and links to approximately 10,000 related resources and news from around the world. In 2017, IFAC gave the Global Knowledge Gateway a brand new look with enhanced navigational features. In the Gateway, SMPs can access high-quality resources in key areas, including audit & assurance, practice management, ethics, and business reporting.

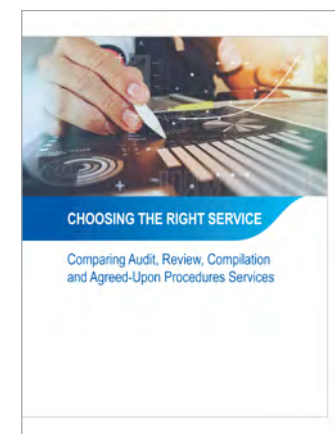
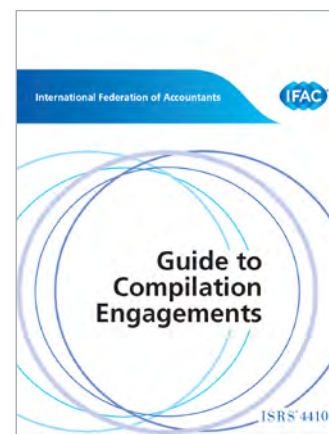
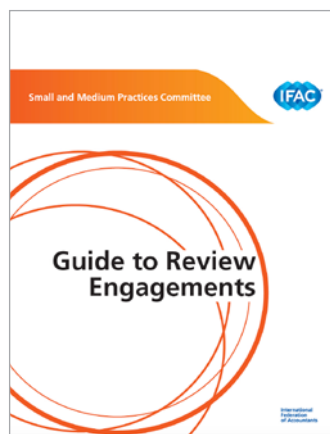
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- Guide to Quality Control for Small- and Medium-Sized Practices, Third Edition
- Guide to Review Engagements
- Guide to Compilation Engagements
- Guide to Practice Management for Small and Medium-Sized Practices, Third Edition
- Good Practice Checklist for Small Business, Second Edition
- Choosing the Right Service: Comparing Audit, Review, Compilation, and Agreed-Upon Procedure Services



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