



Market Report

A Snapshot of your Market Sector

Bookkeeping

This pack has been designed to provide information on setting up a business in the Bookkeeping industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in April 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); January will use your comments to help improve our service.

What do I need to know about the Bookkeeping market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Industry revenue is estimated to **increase at a compound annual rate of 8.1% over the five years through 2016-17, to reach £2.5 billion**. Rising numbers of businesses operating in the United Kingdom, combined with generally improving business profit has both expanded the industry's client base and encouraged more firms to outsource back-office activities. The industry performed particularly well prior to and at the beginning of the period, and recorded **revenue growth of over 20% in both 2011-12 and 2012-13**. However, performance is expected to have dipped during the latter years of the period, and **in 2015-16 revenue fell by 4.2%**. This is largely expected to have been due to falling business confidence and profit causing firms to conduct bookkeeping activities in-house. (IBISWorld, *Bookkeeping in the UK*, March 2017)
- ◆ Over the next five years, demand for auditing and accounting services is anticipated to rise as capital expenditure, the number of businesses, and the number of mergers and acquisitions are set to grow, particularly in the second half of the period. IBISWorld expects **industry revenue to grow at a compound annual rate of 2.1% to reach £4.9 billion in 2021-22**. Rising levels of technological innovation could lead to a rise in barriers to entry, as smaller firms are less able to compete with the large investments at the top end of the industry. (IBISWorld, *Accounting & Auditing in the UK*, March 2017)
- ◆ The UK accountancy market has performed at a relatively strong and steady rate over recent years in terms of the market value growth. The UK holds the largest share (23%) in the European accountancy market and is forecasted to maintain growth, however, at a decelerated rate. The UK accountancy market is expected to **generate total revenues of \$36.7bn in 2016, representing a compound annual growth rate (CAGR) of 3% between 2012 and 2016**. (Marketline, *Accountancy in the UK*, November 2016)
- ◆ The national organisation for this industry is the [Institute of Certified Bookkeepers](#). Other industry bodies include the [International Association of Bookkeepers](#), [The Bookkeepers Network](#), [Financial Reporting Council](#) and [ICAS](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Accounting and Financial Management - UK (February 2017).** The UK market for accountancy and financial management has recovered well since the economic downturn. Annual growth of between 3% and 5% was achieved between 2012 and 2016, reflecting a strengthening economic recovery. In 2016, the value of the market reached £23.86 billion, equivalent to growth of 5% in the year and 19% since 2012. While current Brexit-induced uncertainties may impact the growth potential of the accountancy market in the short to medium term, they will also present opportunities for accountants to provide advisory services and guidance to clients in these uncertain times.
- ◆ **IBISWorld – Bookkeeping in the UK (March 2017).** Consulting bookkeepers online through cloud accounting and bookkeeping software has become more common over the past five-year period. Specialised companies such as Cloud Bookkeeping have established online communication platforms and tools that allow business customers to transfer their transaction documents electronically to a virtual database where a bookkeeper keeps the records up to date. This trend poses a significant threat to traditional bookkeeping firms if they do not keep up to date with technological developments. Evidence of this has been collected by Xero, the cloud-accounting software firm, which reported that during 2015, industry operators that offer cloud-based services added on average 20% more clients compared with traditional bookkeeping firms.

There are also a number of online resources you may find helpful:

- ◆ **Institute of Certified Bookkeepers: Setting up your Business** (tinyurl.com/gtk4jfe). The Institute of Certified Bookkeepers also provides a checklist detailing the first steps you need to take when setting up a bookkeeping business.
- ◆ **CCAB, The Accountancy Profession in the UK** (tinyurl.com/yc5j6w7m). A report for the consultative committee of accountancy bodies.
- ◆ **ICAS, How accountants are tackling digital transformation, May 2017** (tinyurl.com/kfmqpf4). This article discusses the impact cloud software technology can have on accounting businesses.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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Updated by: James Brown

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