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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **May 2020**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we 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:

♦ The number of companies engaged in the accounting, bookkeeping, auditing, and tax consultancy industry increased each year between 2014 and 2018. However, annual **growth has slowed** from 7% in 2014 and 2015 to marginal levels in 2018. (Mintel, *Accounting and Financial Management UK*, February 2019).

♦ Demand for industry services has fallen with many businesses increasingly conducting bookkeeping activities in-house. Industry revenue is expected to fall at a compound annual rate of 1.9% over the five years through 2019-20, to reach £2.6 billion, slowing thereafter, with revenue forecast to grow at a compound annual rate of 0.9% over the five years through **2024-25 to £2.7 billion**. (IBISWorld, *Bookkeeping in the UK*, November 2019).

♦ In October 2018, self-employment in the UK was higher than at any point in the past 40 years, with 15% of the workforce self-employed. The level of self-employment in the UK increased from 3.8 million in 2008 to over 4.8 million in 2018. The most common roles for the self-employed include working in construction, taxi driving, accountancy, bookkeeping, and management consultancy. (Mintel, *Serviced Offices UK*, October 2019).

♦ Accounting & Auditing industry revenue in the UK is forecast **to grow at a compound annual rate of 2.6%** over the five years through 2024-25 to reach £6.5 billion. At present, auditing services are estimated to account for 74.7% of industry revenue, with accounting services generating the remaining 25.3%. Over the five years through 2024-25, accounting is expected to decline as a proportion of industry revenue due to software advancements. (IBISWorld, *Accounting & Auditing in the UK*, December 2019).

♦ The national organisation for this industry is the [Institute of Certified Bookkeepers](https://www.icb.org.uk). Other industry bodies include the [International Association of Bookkeepers](http://www.iaab.org.uk), [The Bookkeepers Network](http://www.thebookkeepersnetwork.com), [Financial Reporting Council](https://www.frc.org.uk) and [ICAS](https://www.icas.org.uk).
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.

♦ **IBISWorld** – Bookkeeping in the UK (November 2019). Operators that fail to make the transition to offer online services are likely to exit the industry, being replaced by online-only bookkeepers similar to Cloud Bookkeeping Ltd. Advances in do-it-yourself bookkeeping software are expected to reduce the necessity for traditional bookkeepers, unless firms provide more value-added services alongside activities that can now be automated.

♦ **Mintel** – Accounting and Financial Management UK (February 2019). The UK market for accounting and financial management is expected to grow between 2018 and 2022, fluctuating between 2% and 4% in real terms, with the market forecast to increase by a cumulative 16% between 2018 and 2023. Development is expected to be largely driven by the consultancy sector and advisory services, which are set to remain a key focus for investment across the sector, alongside technology and digitisation.

♦ **IBISWorld** – Bookkeeping in the UK (November 2019). Maintaining transaction records generated 57.4% of industry revenue in 2019-20, but this is expected to fall due to advances in online accounting software, which automates much of the process. Online bookkeeping and accounting services are expected to account for a growing share of revenue over the next five years.

♦ **IBISWorld** – Accounting & Auditing in the UK (December 2019). The market is still dominated by the Big Four accounting firms (PwC, Deloitte, Ernst & Young and KPMG) that perform the majority of public company audits, handling over 96% of FTSE 350 audits, and all of Britain’s 100 largest companies.

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

♦ Institute of Certified Bookkeepers: Setting up your Business (tinyurl.com/y6wk3jcn). Advice and guidance for setting up a bookkeeping business, including a checklist for the first steps you need to take.

♦ Bookkeeping, as part of the professional services sector, should collaborate with tech developers to prepare for the impact that artificial intelligence (AI) will have on the sector according to the 'AI in Corporate Advisory' report from the Institute of Chartered Accountants. Read more about this report at Economia (www.economia.icaew.com) (tinyurl.com/ttqcf7o)

♦ National Library of Scotland offers sector guides for Bookkeeping and Accountancy Services on registration for their free eResources (tinyurl.com/ybo4a69x ) (www.nls.uk).

♦ Under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (known as the Money Laundering Regulations 2017, or the MLR 2017) bookkeepers must have policies and procedures in place to check whether clients are laundering money through their business. see (www.gov.uk/money-laundering-regulations-your-responsibilities) for information.

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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
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 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 Accountant” 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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