



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 **November 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:

- ◆ In 2019, the value of the UK market increased by an estimated **6%** to just over **£28bn**, equivalent to cumulative growth of **23%** compared with 2015. The UK market for accounting and financial management has demonstrated relatively consistent nominal growth over the last five years, with annual growth levels fluctuating between **4% and 6%**. (Mintel, *Accounting and Financial Management UK*, February 2020).
- ◆ Small and medium-size firms are vital markets for the industry, accounting for over 50% of revenue. Over the past five years, declining business confidence and falling profitability across UK businesses have had an adverse effect on the industry. The client base for industry operators has contracted, with many businesses increasingly seeking to conduct bookkeeping activities in-house. Industry revenue is expected to fall at a compound annual rate of **1.1%** over the five years through 2020-21, to **approximately £3 billion**. (IBISWorld, *Bookkeeping in the UK*, July 2020).
- ◆ 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).
- ◆ The industry is expected to recover over the five years through 2025-26, supported by an expected increase in the number of businesses operating in the United Kingdom, which will likely provide a larger client base for bookkeepers. Nonetheless, competition from overseas operators is expected to remain strong due to technological improvements enabling reliable and secure electronic document transfer between firms globally. Additionally, 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. Over the five years through 2025-26, revenue is forecast to grow at a compound annual rate of **1.1% to £3.2 billion**. (IBISWorld, *Bookkeeping in the UK*, July 2020).
- ◆ 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](#).

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** (July 2020). Although the magnitude of disruption caused by the coronavirus outbreak is unclear, what is apparent is that, in the short term at least, the number of businesses operating in the United Kingdom will drop significantly, restricting the pool of clients for industry firms. Small businesses, which are more vulnerable to sudden economic disruption, are the most severely affected by the temporary closures the current crisis has forced upon them. Consequently, a record high number of small and medium size enterprises are expected to suffer cash flow difficulties, with many stopping trading altogether in the current year.
- ◆ **Mintel – Accounting and Financial Management UK** (February 2020). The UK economy is expected to show modest growth over the next three years. In the immediate future, growth is set to be impacted by weak global economic growth and ongoing Brexit-related uncertainty. In its latest Monetary Policy Report, published in November 2019, the BoE projects UK GDP growth of 1.25% for 2019 and 2020, followed by slightly stronger growth of 1.75% in 2021 and 2% in 2022.
- ◆ **IBISWorld – Accounting & Auditing in the UK** (August 2020). As revenue and profits are expected to fall, with industry player BDO forecasting a 15% drop in revenue, the largest accounting firms have decided to cut payments to partners by 20-25% this year. However, due to fear of reputational damage amid recent accounting scandals, the Big Four firms had decided against using the furlough scheme, with some cutting staff hours or making jobs redundant as work has dried up. However, mid-tier operators BDO and Mazars have furloughed 700 and 200 UK staff respectively.

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. (tinyurl.com/ttqcf7o)
- ◆ National Library of Scotland offers sector guides for Bookkeeping and Accountancy Services on registration for their free eResources (tinyurl.com/ybo4a69x).
- ◆ 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.

Disclaimer: This report has been updated in October 2020 - we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.

Connect with us

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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 websites, 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](#).

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

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.

Last updated: November 2020

Updated by: Aleksandra

Connect with us