



# Market Report

A Snapshot of your Market Sector

## Bookkeeping

### Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 **November 2022**. 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:

- ◆ Escalating inflationary pressures in the UK forced the Bank of England to increase the base interest rate to 2.25% (October 2022). Rising inflation and global supply chain issues will force some firms to cut costs and may reduce demand for bookkeeping services; as a result, **industry revenue is forecast to increase by just 1.2% in 2022-23 to £5.8 billion**. Some recovery in the years to 2027-28 is anticipated, with industry revenue forecast to **grow at a compound annual rate of 4.6% to reach £7.3 billion**, due to an expected increase in the number of businesses started in a recovering market providing a larger client base for bookkeepers. However, technological improvements enabling reliable and secure electronic document transfer between firms globally and advances in do-it-yourself bookkeeping software are anticipated to reduce the future necessity for traditional bookkeepers. (IBISWorld, *Bookkeeping in the UK*, August 2022).
- ◆ Mintel reports that the value of the Accounting & Financial Management market in the UK **increased** by an estimated **6% to £27.5 billion in 2021**. According to the Accountancy Age Top 50+50 league table, UK fee income of the **top 100 firms breached £18 billion** for the first time in 2020/21, representing an increase of 7.8% on the previous year. In 2021, 2,010 firms recorded turnover of £1 million or above, though this still represents just under 5% of total businesses in the industry. Of these, 435 enterprises posted turnover of £5 million and above, 1% of the total. (Mintel, *Accounting and Financial Management UK*, March 2022).
- ◆ Although the **number of firms** operating in the industry is expected to **increase** at a compound annual rate of **1.4% over the five years through 2022-23**, competitive pricing pressures have intensified, limiting profit. Moreover, investment in technology to gain a competitive edge in the industry has also **increased costs**, hindering industry profit. Industry **profit margins are expected to fall from 24.2% in 2017-18 to 19.9% in the current year**. (IBISWorld, *Bookkeeping in the UK*, August 2022).
- ◆ According to Federation of Small Businesses study, November 2022, nearly half of all small firms plan to close, downsize, or restructure if energy bills relief ends in April 2023. This may have a negative impact on industry revenue for local bookkeeping services, causing a decline in demand. (FSB, [tinyurl.com/2s38m22r](https://tinyurl.com/2s38m22r), November 2022).
- ◆ The national organisation for this industry is the [Institute of Certified Bookkeepers](#). Other industry bodies include the [International Association of Bookkeepers](#), [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](mailto:info@bgateway.com).

- ◆ **IBISWorld – Bookkeeping in the UK (August 2022)**. As businesses increasingly aim to cut costs and improve their profit margins by shifting some or all of their bookkeeping duties to in-house departments, demand for the industry's three traditional services – maintaining transaction records, producing financial reports and performing reconciliations – will continue to weaken. In contrast, demand for online bookkeeping and cloud accounting has expanded rapidly, as an increasing number of firms have discovered this cost-effective option. As a result, the proportion of revenue attributable to this segment has grown. Online bookkeeping and cloud accounting is estimated to account for 29.4% of industry revenue in 2022-23.
- ◆ **Mintel – Accounting and Financial Management UK (March 2022)**. The number of companies engaged in the accounting, bookkeeping, auditing and tax consultancy industry declined by 2% to 42,535 in the 12 months to March 2021. This follows a 1% decline in the previous year. The downward trend largely reflects increased consolidation and merger activity and more challenging market conditions in a number of sectors. The industry is dominated by small companies, with 77% of local sites (34,795 units) employing fewer than five people in 2021. A further 12% (5,435 sites) employ between five and nine people. At the other end of the scale, just 790 sites (1.8%) employed 50+ employees, of which 380 sites employed 100+ people.

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

- ◆ 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 [Accountancy Sector guidance](#) (updated July 2022) and [www.gov.uk/money-laundering-regulations-your-responsibilities](http://www.gov.uk/money-laundering-regulations-your-responsibilities) for information.
- ◆ **Institute of Certified Bookkeepers: Setting up your Business** ([tinyurl.com/y6wk3jcn](http://tinyurl.com/y6wk3jcn)). Advice and guidance for setting up a bookkeeping business, including a checklist for the first steps you need to take.
- ◆ Bookkeeping 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/5n8s2342](http://tinyurl.com/5n8s2342)) and ([tinyurl.com/2p8xef82](http://tinyurl.com/2p8xef82)).
- ◆ **National Library of Scotland** offers sector guides for Bookkeeping and Accountancy Services on registration for their free eResources ([tinyurl.com/ybo4a69x](http://tinyurl.com/ybo4a69x)).

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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](mailto: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](mailto: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 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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**Updated by: Eleanor**

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