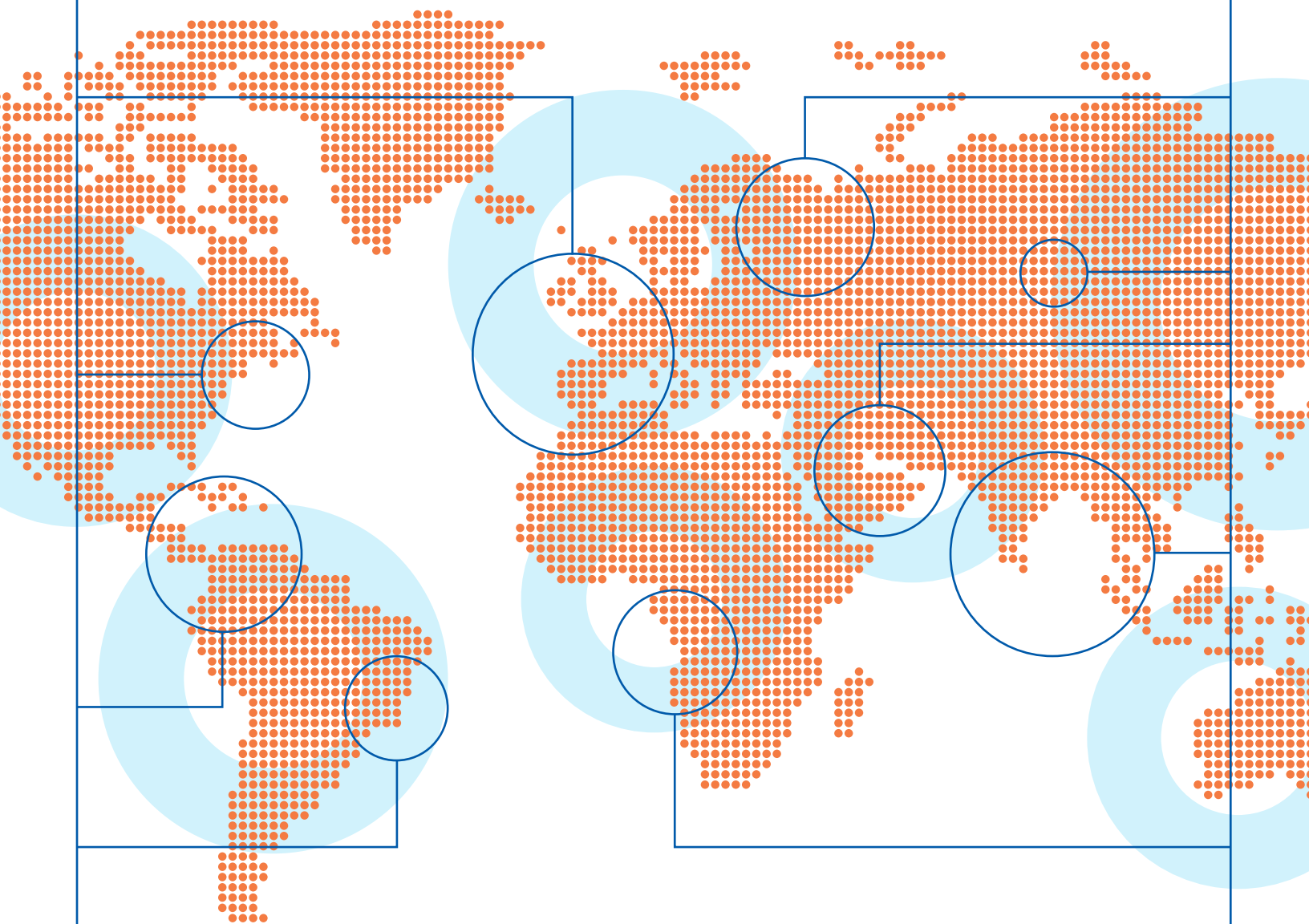


IFAC GLOBAL SMP SURVEY: 2015 RESULTS



INTERNATIONAL FEDERATION OF ACCOUNTANTS



The mission of the International Federation of Accountants® (IFAC®) is to serve the public interest and strengthen the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.

We would like to acknowledge and thank the University of Dayton (UD) School of Business Administration and Department of Accounting for their research and participation in the completion of this publication. The UD participants involved were Sarah Webber and Donna L. Street.

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EXECUTIVE SUMMARY

The 2015 IFAC Global SMP Survey asked practitioners from small- and medium-sized practices (SMPs) about the challenges they face, the consulting services they provide, and their revenues for both 2015 and projected for 2016. Furthermore, respondents were asked about their small- and medium-sized entity (SME) clients in an effort to learn about the impact of various challenges they faced, changes in their revenues since last year, and their engagement in international activities.

ABOUT THE 2015 SURVEY AND PROFILE OF RESPONDENTS

The 2015 survey opened October 1, 2015, and closed on November 30, 2015. During this period, 6,725 respondents representing 169 countries and providing professional services to more than 800,000 SME clients completed the survey.

In addition to providing a summary of the overall results, the report includes a summary by region and size of practice. The largest numbers of respondents were from Europe (41%) and Asia (26%). Africa (15%) was also well represented. Central and South America and the Caribbean (8%), the Middle East (5%), North America (3%), and Australasia and Oceania (2%) had a lower representation.

A majority of respondents were either sole practitioners (39%) or practitioners from practices with two to five partners and staff (32%). Partners, Sole Proprietors, and Owners represented 61% of respondents; Directors accounted for an additional 14% of respondents.

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

CHALLENGES FACING SMPs

Consistent with 2014, a majority of respondents viewed all 12 challenges as a moderate, high, or very high challenge. Thus, SMPs continued to face many challenges.

Some challenges were considered more pressing. The largest challenges facing SMPs included Attracting New Clients (47% rated as a high or very high challenge), Keeping Up with New Standards and Regulations (44%), Differentiating from the Competition (43%), and Experiencing Pressure to Lower Fees (41%). These were also the top challenges in the 2014 IFAC Global SMP Survey; however, the percentages were higher in the previous year (2014: 58%, 57%, 50%, and 51%, respectively) indicating some improvements.

From a regional perspective, the top four challenges varied. For example, Rising Costs and Attracting New Clients were the top two challenges in Africa (56% and 51%, respectively) and the Middle East (45% and 56%, respectively). In Asia, Serving Clients Operating Internationally was the top challenge (52%), while in North America, Keeping Up with New Standards and Regulations (41%) and Attracting New and Retaining Existing Staff (36%) were the top two challenges.

ENVIRONMENTAL FACTORS IMPACTING SMPs

Respondents rated eight environmental factors to indicate the extent to which they believed each might impact their SMP over the next five years. Consistent with 2014, the Regulatory Environment and Competition were viewed as the most impactful with 52% (down from 61% in 2014) and 46% (down from 57% in 2014), respectively, anticipating that the environmental factor would have a high or very high impact. Technology Developments at 43% (down from 48% in 2014) was viewed as having the next highest potential impact. Although reflective of considerable improvement globally, these findings again suggest that the top challenges facing SMPs will continue to be troublesome.

MEMBERSHIP IN A NETWORK, ASSOCIATION, OR ALLIANCE

Only 28% of respondents reported that their SMP belonged to a network (11%), association (10%), or alliance (7%). An additional 24% indicated that their practice was considering joining one. Slightly less than half of respondents (48%) indicated that their SMP had no interest in joining a network, association, or alliance.

At least 30% of respondents viewed the following as benefits of membership in a network, association, or alliance: Attracting New Clients, Broadening Client Service Offerings, Branding and Marketing, Training, Conferences and Workshops, and Technical Practice and Management Assistance.

More SMPs from North America (36%), the Middle East (34%), and Central and South America and the Caribbean (32%) belonged to a network, association, or alliance. Consistent with 2014 survey results, the larger the SMP, the more likely the practice was to belong to a network, association, or alliance; 65% of respondents from practices with 21 or more partners and staff indicated they belonged to a network, association, or alliance.

SMP PERFORMANCE IN 2015

For the four service areas (i.e., Audit and Assurance, Advisory and Consulting Services, Tax, and Accounting, Compilation and Other Non-assurance and Related Services), 33% to 38% of respondents indicated revenues stayed the same. For each service area, 23% to 27% indicated that revenues increased moderately, and 6% or less reported a substantial increase.

SMP OUTLOOK FOR 2016

Reflective of an optimistic outlook, more than one-third of respondents forecasted that fees would increase in 2016: Advisory and Consulting Services (44%); Accounting, Compilation, and Other Non-assurance and Related Services (41%); Tax (39%); and Audit and Assurance Services (35%). In comparison, for each service area, 31-35% projected revenues would stay the same.

By region, respondents from Australasia and Oceania (60%), Central and South America and Caribbean (66%), Asia (46%), and Europe (31%) anticipated a greater level of growth in Advisory and Consultancy Services in comparison to the other three sources of revenue. In North America (62%) and Africa (66%), the highest level of growth was expected in Tax revenues. Compared to other sources of revenues, Middle Eastern (38%) respondents expected the greatest level of growth in Audit and Assurance.

Respondents representing the largest SMPs (21 or more partners and staff) had a brighter outlook for 2016 than those representing smaller practices. In general, sole practitioners were the most pessimistic with fewer anticipating fee increases for each of the four services areas compared to respondents representing all other practice sizes.

The projected changes for the year ahead are more conservative compared to the prior year: 35%–44% predicted increases across service lines for 2016 compared to 39%–50% for 2015.

BUSINESS ADVISORY AND CONSULTING SERVICES

Most of respondents (84%) provided some form of consulting service. The most frequently provided business advisory and consulting services were Tax Planning at 52%; Corporate Advisory, including advice on mergers and acquisitions, valuations, and legal issues, at 45%; and Management Accounting, including planning, performance, and risk management at 41%. Larger practices were more likely than sole practitioners to provide business advisory and consulting services.

CHALLENGES FACING SME CLIENTS IN 2015

When asked about the challenges facing their SME clients, 75% or more of respondents rated seven of the eight challenges as a moderate or greater challenge. The top challenges facing SME clients included Economic Uncertainty (61% rated as a high or very high challenge), Rising Costs (58%), Competition (54%), and Difficulties Accessing Finance (51%).

INTERNATIONAL ACTIVITIES OF SME CLIENTS

While 74% of respondents' had SME clients engaged in Import or Export activities, SME involvement in other types of international activities, such as Dealing in Foreign Currencies, Owning International Assets, and Having Foreign Owners or Investors, was substantially more limited.

In general, respondents from the larger SMPs indicated their practice had SME clients engaged in a higher level of international activities. For example, 81% of respondents from SMPs with 21 or more partners and staff reported that their SME clients engaged in the Import or Export of Goods or Services. In comparison, 68% of sole practitioners had SME clients engaged in these activities. In general, more international activity was reported in the Middle East compared to other regions.

CHANGE IN SME CLIENTS' REVENUE FROM 2014 TO 2015

For 41% of respondents, the profits of their SME clients, in general, decreased (30% moderately and 11% substantially). Profits, in general, increased for the SME clients of 31% (29% moderately and 2% substantially) of respondents. No change in profits was reported by 22%.

Decreases in the profits of their clients were considerably more prevalent for respondents in the Middle East (46%) and Asia (46%). On the other hand, increases in profit were more prevalent for the SME clients of respondents in Africa (40%), Central and South America and the Caribbean (39%), and North America (38%).

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INTRODUCTION

Small- and medium-sized practices (SMPs) constitute the vast majority of accountancy practices worldwide and, in many jurisdictions, are believed to employ the majority of professional accountants working in practice. [Nexus 1: The Accountancy Profession, Behind the Numbers](#) found that 45% of accountants are in public practice.

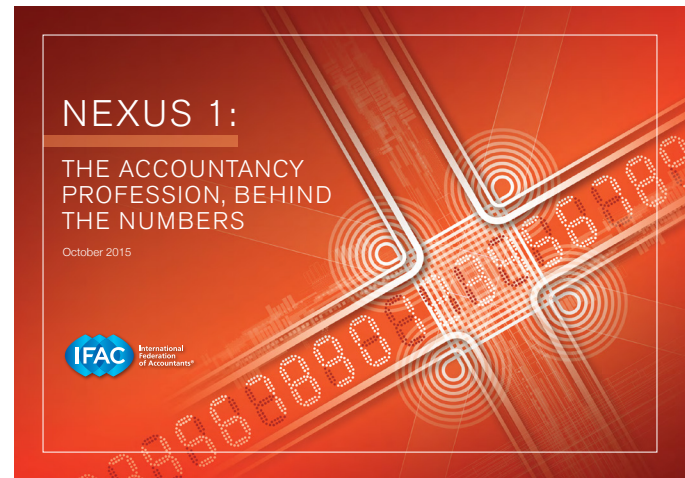
It is well recognized that professional accountants are often the preferred source of advice for small- and medium-sized entities (SMEs), typically forming long-term relationships founded on trust. SMPs can provide a range of high-quality professional services to their SME clients, including audit and assurance and expert business advisory services. SMEs account for the vast majority of businesses globally and, in many if not most jurisdictions, account for the majority of private sector GDP, employment, and growth.

IFAC supports this important 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.

This is the fifth consecutive year that IFAC has performed a global SMP survey. This survey is designed to be completed by senior professionals of SMPs, whose clients are predominately SMEs. It is intended to take a snapshot of key issues, and track important trends and developments, facing this sector. The survey helps IFAC and its members gain an understanding of the specific challenges and opportunities faced by SMPs and SMEs globally, and as a result, better serve this critical constituency.

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](#).

IFAC has developed the [Global Knowledge Gateway](#), an online portal for accountancy news, discussions, resources, and thought leadership from IFAC, its member organizations, and other notable groups and individuals. The Gateway is a place for SMPs to access high-quality resources, in particular, in the areas of audit & assurance, practice management, ethics, and business reporting.



The 2015 survey contained 10 primary questions, as well as 5 demographic questions. It included new questions on the number of SME clients, the change in their revenue, and engagement in international activities. In addition, questions on the key SMP and SME challenges, the future environmental factors impacting SMPs, their performance in 2015 and outlook for 2016 were retained to enable comparisons with the 2014 results.

The 2015 survey was the second edition in which leading researchers at the University of Dayton worked closely with IFAC on the analysis of survey data, and the compilation and reporting of results.

IFAC wishes to thank the numerous IFAC member bodies and regional organizations (see [pages 41-43](#) for a list of Acknowledgments) who lent their invaluable assistance in translating and promoting the survey. IFAC extends its appreciation and thanks to the SMP Committee for assisting in developing the questions for this survey.

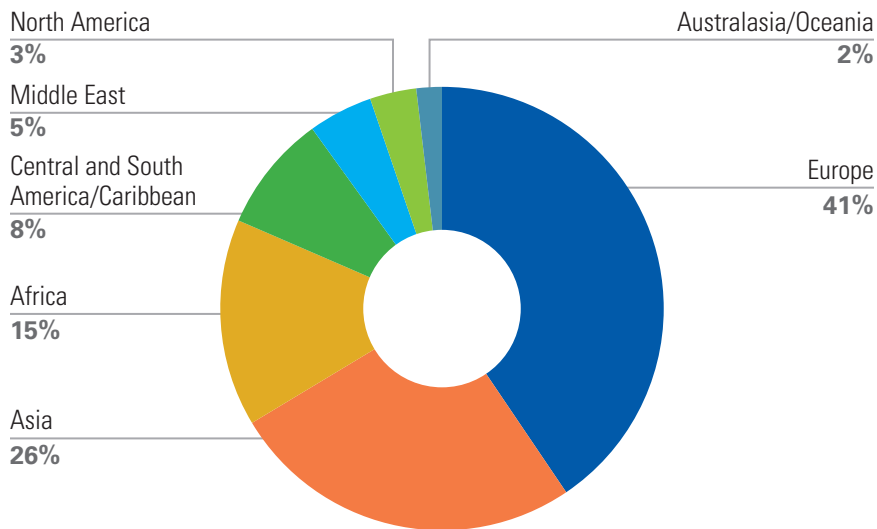
The survey helps IFAC and its members gain an understanding of the specific challenges and opportunities faced by SMPs and SMEs globally, and as a result, better serve this critical sector.

RESPONDENTS AT A GLANCE

Regions of the World. The survey was completed by 6,725 respondents representing 169 countries. The largest groups of respondents were from Europe (41%) and Asia (26%). Africa (15%) was also well represented. Central and South America and the Caribbean (8%), the Middle East (5%), North America (3%), and Australasia and Oceania (2%) had a lower representation. Caution should be exercised when evaluating the results from regions with lower participation, as these responses may not reflect the views of the larger population of SMPs in these regions.

Note that, for simplicity, the percentages in some tables and charts have been rounded, and totals may not sum to 100 as a result.

RESPONDENTS BY REGION



COUNTRIES WITH 50 OR MORE RESPONSES

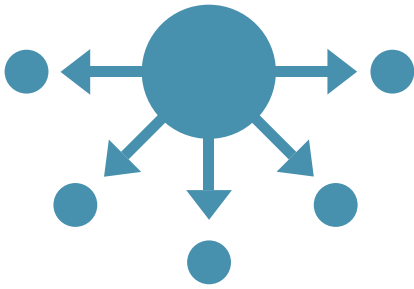
Country	Number of Respondents	Percentage of Respondents
China	692	10%
Romania	668	10%
India	435	6%
Italy	392	6%
Nigeria	365	5%
Hungary	260	4%
South Africa	254	4%
Colombia	248	4%
Poland	247	4%
Thailand	211	3%
Canada	154	2%
United Kingdom	148	2%
Germany	120	2%
Spain	117	2%
Turkey	101	2%
Australia	97	1%
Uganda	96	1%
Brazil	75	1%
Tunisia	74	1%
France	73	1%
Belgium	67	1%
Japan	65	1%
Kenya	65	1%
Finland	63	1%
Lebanon	59	1%
Israel	55	1%
Palestinian Territory, Occupied	54	1%
Pakistan	51	1%
Portugal	51	1%

Countries. Ten of the 169 participating countries had more than 200 responses (i.e., China, Romania, India, Italy, Nigeria, Hungary, South Africa, Colombia, Poland, and Thailand) and account for a 56% of the responses. Five countries had between 100 and 200 responses (i.e., Canada, UK, Germany, Spain, and Turkey), and 14 countries had between 50 and 99 responses (i.e., Australia, Uganda, Brazil, Tunisia, France, Belgium, Kenya, Japan, Finland, Lebanon, Israel, Palestinian Territory [Occupied], Pakistan, and Portugal). Therefore, 29 countries, each with 50 or more responses, accounted for about 80% of the responses.

Asia’s respondents (26%) were primarily from the region’s two most heavily populated countries, China (10%) and India (6%), as well as Thailand (3%). African respondents (15%) were primarily from the continent’s most populous country Nigeria (5%), as well as South Africa (4%). With Europe accounting for 41% of the responses, representation was disproportionately greater in this region for Central and Southern Europe (i.e., Romania [10%], Hungary [4%], Poland [4%], and Italy [6%]).



Responses in **2015**
exceeded those of **2014**
32%

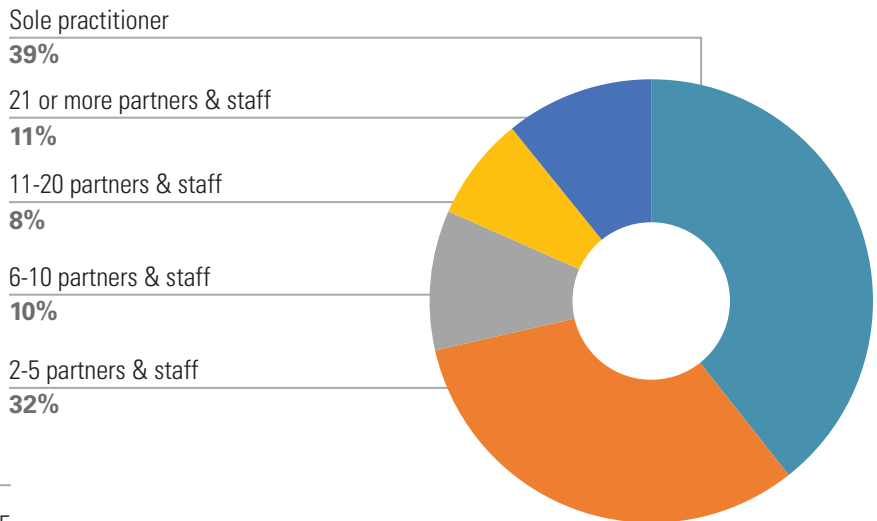


Comparison to Prior Years. The overall number of responses to the annual SMP survey and the number of countries represented continues to rise each year. For example, responses in 2015 exceeded those of 2014 by 32%, and the number of countries with 50 or more responses each is approaching 30 compared to 27 in 2014. Specifically, for the 2014 survey, there were 5,083 respondents representing 135 countries. Europe (46%), Asia (17%), Africa (15%), and the Middle East (11%) had the highest rates of participation. For the 2013 survey, there were 3,709 responses representing over 120 countries with 15 countries contributing 50 or more responses. Europe (45%) and Asia (27%) had the largest number of responses.

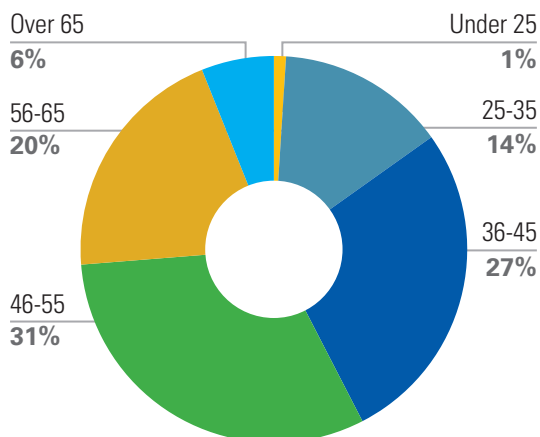
For the 2015 survey, some of the world's most populous countries including China, India, and Nigeria were well represented with over 200 responses each, and with the exceptions of the US and Russia, there were more than 70 responses each from the 10 countries ranked the highest globally on Gross Domestic Product. However, caution should be exercised when generalizing the overall findings to specific regions and countries as the data are not equally representative of all regions of the world. For example, participation was low in certain significant regions of the Western Hemisphere, and there were disproportionately higher response rates for example in Central Europe, Italy, Thailand, and Colombia.

Size of Practice. The survey results are skewed toward the smallest SMPs. A majority of respondents were either sole practitioners (39%) or practitioners from practices with two to five partners and staff (32%). This is similar to prior years including 2014 when these two practice sizes accounted for 37% and 35%, respectively, of respondents. Caution should be exercised when attempting to generalize the results to SMPs of all sizes.

RESPONDENTS BY SIZE OF PRACTICE



AGE



SIZE OF PRACTICE BY REGION

Region	Sole practitioner	2-5 partners & staff	6-10 partners & staff	11-20 partners & staff	21 or more partners & staff
Africa	46%	35%	9%	5%	6%
Asia	23%	32%	14%	13%	17%
Australasia and Oceania	47%	34%	6%	6%	8%
Central and South America and Caribbean	32%	38%	11%	10%	10%
Europe	49%	31%	8%	4%	8%
Middle East	31%	32%	15%	9%	14%
North America	45%	22%	8%	7%	18%

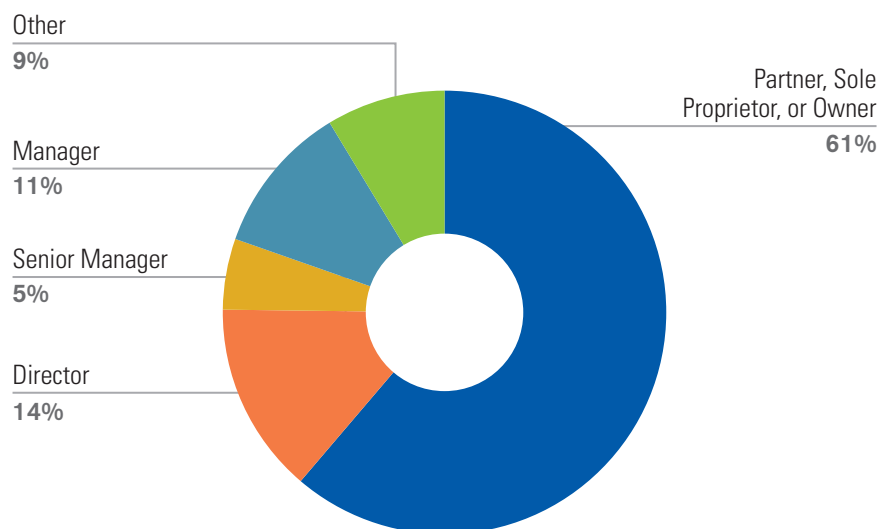


Within each region, the sole practitioner and two to five partners and staff categories comprised the majority of responses. Larger practices were, however, better represented in some regions. For example, 30% of respondents from Asia were from practices with 11 or more partners and staff, with 17% of Asian respondents representing practices with 21 or more partners and staff. For North America and the Middle East, 25% and 23%, respectively, of respondents represented practices with 11 or more partners and staff; for North America, 18% represented SMPs with 21 or more partners and staff.

Level of Respondents. Of respondents, 61% were a Partner, Sole Proprietor, or Owner. Directors accounted for an additional 14% of respondents. Senior Managers and Managers accounted for 16% of respondents. Thus, the survey results provide useful insights as respondents at these levels were likely well informed regarding the survey topics.



RESPONDENTS' TITLES



Language	
English	38%
Chinese	10%
Romanian	9%
Spanish	8%
Italian	5%
Hungarian	4%
Polish	4%
French	3%
Thai	3%
Arabic	3%
German	2%
Portuguese	2%
Turkish	1%
Dutch	1%
Japanese	1%
Russian	1%
Finnish	1%
Hebrew	1%
Lithuanian	1%
Swedish	1%
Korean	1%
Latvian	1%

Language of Respondents. For the 2015 survey, participants could choose between 22 languages (i.e., Arabic, Chinese, Dutch, English, Finnish, French, German, Hebrew, Hungarian, Italian, Japanese, Korean, Latvian, Lithuanian, Polish, Portuguese, Romanian, Russian, Spanish, Swedish, Thai, and Turkish). Consistent with prior years' surveys, the largest number of respondents completed the survey in English (38%). Chinese, Romanian, Spanish, and Italian versions of the survey were completed by 10%, 9%, 8%, and 5% of respondents, respectively.



22 Languages

Gender of Respondents. Consistent with prior surveys, more of respondents were males (69%) (down slightly from 73% in 2014). Female participation was greater in Europe (42%), North America (32%), Asia (30%), and Australasia and Oceania (30%). Female participation was lower in the Middle East (5%), Africa (12%), and Central and South America and the Caribbean (24%).

GENDER OF RESPONDENTS



GENDER OF RESPONDENTS BY REGION

	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
Female	12%	30%	30%	24%	42%	5%	32%
Male	88%	70%	70%	76%	58%	95%	68%

CHALLENGES FACING SMPs

Overall Top Challenges. Respondents ranked the extent to which they faced 12 challenges. Consistent with 2014, a majority viewed all 12 as a moderate, high, or very high challenge. Thus, SMPs continued to face many challenges.

Some challenges were considered more pressing. Specifically, more than 40% of respondents viewed Attracting New Clients (47%), Keeping Up with New Standards and Regulations (44%), Differentiating from the Competition (43%), and Experiencing Pressure to Lower Fees (41%) as a high or very high challenge.

Six of the 12 were viewed as a very high challenge by 10% or more of respondents (i.e., Serving Clients Operating Internationally [17%], Differentiating from Competition [12%], Keeping up with New Technology [10%], Keeping Up with New Standards and Regulations [14%], Attracting New Clients [12%], and Experiencing Pressure to Lower Fees [12%]). The latter three indicate some improvement in comparison to 2014 when larger proportions of respondents viewed Keeping up with New Regulations and Standards (23%), Attracting New Clients (22%), and Experiencing Pressure to Lower Fees (19%) as a very high challenge.

From a regional perspective, the top four challenges, assessed as those rated as high or very high, varied considerably as follows.

- **Africa:** Rising Costs (56%), Attracting New Clients (51%), Experiencing Pressure to Lower Fees (48%), and Managing Cash Flow and Late Payments (47%).
- **Asia:** Serving Clients Operating Internationally (52%), Attracting New Clients (48%), Differentiating from the Competition (46%), and Experiencing Pressure to Lower Fees (42%).
- **Australasia and Oceania:** Keeping Up with New Standards and Regulations (44%), Keeping Up with New Technology (31%), Succession Planning (29%), and Enabling Employee Work Life Balance (27%).
- **Central and South America and the Caribbean:** Keeping Up with New Standards and Regulations (63%), Keeping Up with New Technology (59%), Differentiating from the Competition (55%), and Attracting New Clients (49%).
- **Europe:** Keeping Up with New Standards and Regulations (54%), Attracting New Clients (48%), Differentiating from Competition (43%), and Keeping up with New Technology (40%).
- **Middle East:** Attracting New Clients (56%), Rising Costs (45%), Differentiating from the Competition (44%), and Experiencing Pressure to Lower Fees (42%).
- **North America:** Keeping Up with New Regulations and Standards (41%), Attracting New and Retaining Staff (36%), Keeping Up with New Technology (31%), and Attracting New Clients (29%).

IMPACT OF CHALLENGES ON SMPs

Challenge	Not a Challenge	Low Challenge	Moderate Challenge	High Challenge	Very High Challenge	Sum of High and Very High Challenge	Sum of Moderate, High, and Very High Challenge
Attracting New Clients	8%	14%	31%	35%	12%	47%	78%
Retaining Existing Clients	14%	26%	36%	19%	5%	24%	60%
Experiencing Pressure to Lower Fees	12%	17%	30%	29%	12%	41%	71%
Managing Cash Flow and Late Payments	14%	23%	31%	23%	9%	32%	63%
Rising Costs	6%	18%	39%	29%	8%	37%	76%
Succession Planning	25%	24%	28%	17%	6%	23%	51%
Enabling Employee Work-Life Balance	16%	22%	35%	20%	7%	27%	62%
Attracting New and Retaining Existing Staff	19%	19%	29%	24%	9%	33%	62%
Differentiating from Competition	9%	17%	31%	31%	12%	43%	74%
Keeping Up with New Technology	9%	19%	35%	27%	10%	37%	72%
Keeping Up with New Regulations and Standards	8%	18%	30%	30%	14%	44%	74%
Serving Clients Operating Internationally	24%	17%	21%	21%	17%	38%	59%

The survey revealed variations by region in the extent to which SMPs faced each challenge.

ATTRACTING NEW CLIENTS

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	51%	48%	23%	49%	48%	56%	29%
Moderate, high or very high	82%	81%	61%	86%	76%	86%	65%



Attracting New Clients by Region. With the exception of Australasia and Oceania (23%) and North America (29%), 48% or more of respondents in all regions ranked Attracting New Clients as a high or very high challenge. In the Middle East, the percentage of respondents that viewed Attracting New Clients as a high or very high challenge decreased from 80% in 2014 to 56% in 2015. Indeed for each region, with the exception of Africa (remaining at 51%), the percentage of respondents that viewed Attracting New Clients as a high or very high challenge declined during 2015.

RETAINING EXISTING CLIENTS

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	17%	19%	5%	39%	29%	34%	11%
Moderate, high or very high	49%	55%	32%	75%	66%	67%	42%



Retaining Existing Clients by Region. Retaining Existing Clients was a greater challenge for practices in Central and South America and the Caribbean, the Middle East, and Europe, with 39%, 34%, and 29%, respectively, viewing this challenge as high or very high.

EXPERIENCING PRESSURE TO LOWER FEES

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	48%	42%	21%	43%	39%	42%	27%
Moderate, high or very high	75%	74%	57%	72%	68%	70%	57%



Experiencing Pressure to Lower Fees by Region. This challenge was perceived as the greatest (listed as high or very high challenge) by respondents in Africa (48%), Central and South America and the Caribbean (43%), Asia (42%), the Middle East (42%), and Europe (39%). On a positive note, the 2015 survey indicated that the situation had improved for practitioners in the Middle East, Asia, and Africa who had previously indicated it was especially problematic as 68%, 56%, and 52%, respectively, viewed the challenge as high or very high in 2014.

MANAGING CASH FLOW AND LATE PAYMENTS

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	47%	26%	20%	33%	30%	34%	20%
Moderate, high or very high	81%	56%	50%	69%	61%	67%	46%



Managing Cash Flow and Late Payments by Region. In comparison to the other regions, Managing Cash Flow and Late Payments was a greater challenge for African practices with 47% of respondents ranking the challenge as high or very high. For the other regions, 34% or less of respondents viewed the challenge as high or very high.

RISING COSTS

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	56%	39%	22%	40%	28%	45%	26%
Moderate, high or very high	89%	77%	62%	81%	69%	83%	69%



Rising Costs by Region. Rising Costs was considered to be the most problematic in Africa, the Middle East, Central and South America and the Caribbean, and Asia where 56%, 45%, 40%, and 39%, respectively, of respondents viewed the challenge as high or very high.

SUCCESSION PLANNING

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	31%	26%	29%	25%	16%	26%	26%
Moderate, high or very high	62%	58%	55%	57%	40%	53%	57%



Succession Planning by Region. Succession Planning was rated as the most troublesome in Africa where 31% of respondents rated the challenge as high or very high.

The survey revealed variations by region in the extent to which SMPs faced each challenge.

ENABLING EMPLOYEE WORK LIFE BALANCE

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	23%	26%	27%	33%	28%	26%	23%
Moderate, high or very high	61%	64%	53%	71%	60%	61%	61%



Enabling Employee Work Life Balance by Region. Enabling Employee Work Life Balance was considered to be the most problematic in Central and South America and the Caribbean where 33% of respondents rated the challenge as high or very high.

ATTRACTING NEW AND RETAINING EXISTING STAFF

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	32%	38%	24%	43%	29%	34%	36%
Moderate, high or very high	65%	71%	50%	75%	55%	61%	63%



Attracting New and Retaining Existing Staff by Region. Attracting New and Retaining Existing Staff was perceived as the most difficult in Central and South America and the Caribbean where 43% of respondents, rated the challenge as high or very high. Additionally, 32% or more of respondents in Asia (38%), North America (36%), the Middle East (34%), and Africa (32%) viewed Attracting New and Retaining Existing Staff as a high or very high challenge.

DIFFERENTIATING FROM COMPETITION

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	35%	46%	26%	55%	43%	44%	28%
Moderate, high or very high	71%	80%	62%	83%	72%	73%	55%



Differentiating from the Competition by Region. Compared to other regions, respondents from Central and South America and the Caribbean viewed Differentiating from Competition as the most problematic, with 55% rating the challenge as high or very high.

KEEPING UP WITH NEW TECHNOLOGY

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	30%	31%	31%	59%	40%	30%	31%
Moderate, high or very high	66%	69%	66%	87%	74%	63%	68%



Keeping up with New Technology by Region. Compared to other regions, respondents from Central and South America and the Caribbean perceived Keeping Up with New Technology to be a greater challenge with 59% rating the challenge as high or very high. Among European respondents, 40% viewed Keeping Up with New Technology as a high or very high challenge. In contrast, 31% or less of respondents from the remaining regions viewed the challenge as high or very high.

KEEPING UP WITH NEW REGULATIONS AND STANDARDS

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	32%	32%	44%	63%	54%	28%	41%
Moderate, high or very high	65%	65%	76%	87%	82%	57%	79%



Keeping Up with New Regulations and Standards by Region. Consistent with the 2014 survey, Keeping up with New Regulations and Standards represented a greater concern for respondents from Central and South America and the Caribbean with 63% rating the challenge as high or very high. While the challenge continued to be considered very problematic in Europe and the Middle East, the situation improved in comparison to 2014. Among European respondents, the percentage of respondents considering the challenge to be high or very high decreased from 63% to 54%. While 65% of Middle Eastern respondents viewed Keeping up with New Regulations and Standards as a high or very high challenge in 2014, only 28% viewed the challenge similarly in 2015.

SERVING CLIENTS OPERATING INTERNATIONALLY

Level of Challenge	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
High or very high	37%	52%	13%	48%	30%	41%	23%
Moderate, high or very high	57%	75%	36%	67%	51%	63%	42%



Serving Clients Operating Internationally by Region. Serving Clients Operating Internationally was considered to be a greater challenge by respondents from Asia and Central and South America and the Caribbean with 52% and 48%, respectively, rating the challenge as high or very high.

HIGH AND VERY HIGH CHALLENGES BY SIZE OF PRACTICE

Challenge	Sole practitioner	2-5 partners & staff	6-10 partners & staff	11-20 partners & staff	21 or more partners & staff
Attracting New Clients	48%	49%	44%	48%	48%
Retaining Existing Clients	23%	25%	27%	24%	26%
Experiencing Pressure to Lower Fees	38%	42%	41%	44%	46%
Managing Cash Flow and Late Payments	32%	33%	33%	26%	26%
Rising Costs	36%	38%	38%	38%	37%
Succession Planning	22%	22%	23%	22%	24%
Enabling Employee Work-Life Balance	24%	29%	28%	27%	31%
Attracting New and Retaining Existing Staff	25%	35%	38%	40%	48%
Differentiating from Competition	38%	45%	46%	48%	50%
Keeping Up with New Technology	36%	38%	38%	36%	37%
Keeping Up with New Regulations and Standards	47%	45%	41%	37%	37%
Serving Clients Operating Internationally	35%	39%	41%	47%	39%



Size of Practice. Based on those rating the challenge as high or very high, some of the 12 challenges were viewed somewhat differently by practice size as follows.

- Respondents from practices with 11 to 20 (44%) and 21 or more (46%) partners and staff viewed Experiencing Pressure to Lower Fees as a greater challenge.
- Managing Cash Flow and Late Payments was less of a challenge for larger practices (i.e., 26% for practices with 11 or more partners and staff).
- Attracting New and Retaining Existing Staff was viewed as a greater challenge by practices with 11 or more partners and staff. Specifically, 40% and 48%, respectively, of respondents from practices with 11 to 20 and 21 or more partners and staff viewed the challenge as high or very high.
- As practice size increased, Differentiating from the Competition was viewed as more problematic, e.g., 50% of respondents from practices with 21 or more partners and staff rated the challenge as high or very high.
- As practice size increased, Keeping Up with New Standards and Regulations was viewed as less of a challenge, e.g., 37% of respondents from practices with 11 or more partners and staff rated the challenge as high or very high.
- Servicing Clients Operating Internationally was viewed as less of a challenge by sole practitioners with 35% viewing the challenge as high or very high.

ENVIRONMENTAL FACTORS IMPACTING SMPs OVER NEXT FIVE YEARS

Overall Top Factors. Respondents rated eight environmental factors to indicate the extent to which they believed each would impact their SMP over the next five years. Consistent with 2014, the Regulatory Environment and Competition were viewed as the most impactful with 52% (down from 61% in 2014) and 46% (down from 57% in 2014), respectively, anticipating that the environmental factor would have a high or very high impact on their practice. Technology Developments at 43% (down from 48% in 2014) were viewed as having the next highest potential impact.



ENVIRONMENTAL FACTORS

Factor	Very Low Impact	Low Impact	Moderate Impact	High Impact	Very High Impact	Sum of High and Very High Impact
Globalization	15%	19%	32%	25%	8%	33%
Technology developments	6%	15%	35%	33%	10%	43%
Regulatory environment	4%	12%	32%	36%	16%	52%
Capability to adapt to new client needs	6%	18%	40%	28%	8%	36%
Mergers, acquisitions, and consolidation in the accountancy industry	16%	22%	33%	22%	7%	29%
Competition	7%	14%	33%	33%	13%	46%
Political instability	16%	20%	26%	21%	16%	37%
Perceived trust and credibility of the profession	12%	21%	33%	24%	11%	35%

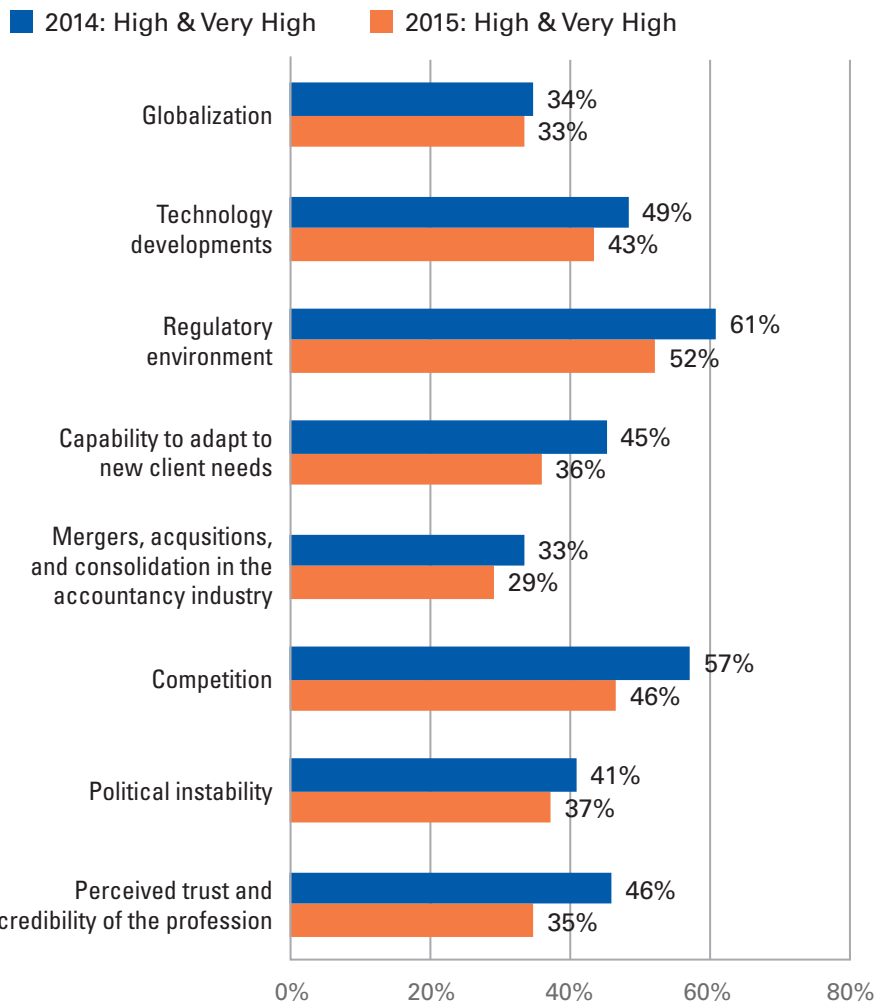
Reflection on Prior Year Responses.

With one exception (i.e., Globalization, which remained steady), the percentage of respondents rating the potential impact of each environmental factor on their SMP as high or very high dropped between 2014 and 2015.

Summary by Region. In summary, with the exception of Political Instability, respondents from Central and South America and the Caribbean anticipated that each of the other seven environmental factors would have a greater impact on their SMP in comparison to respondents from other regions.



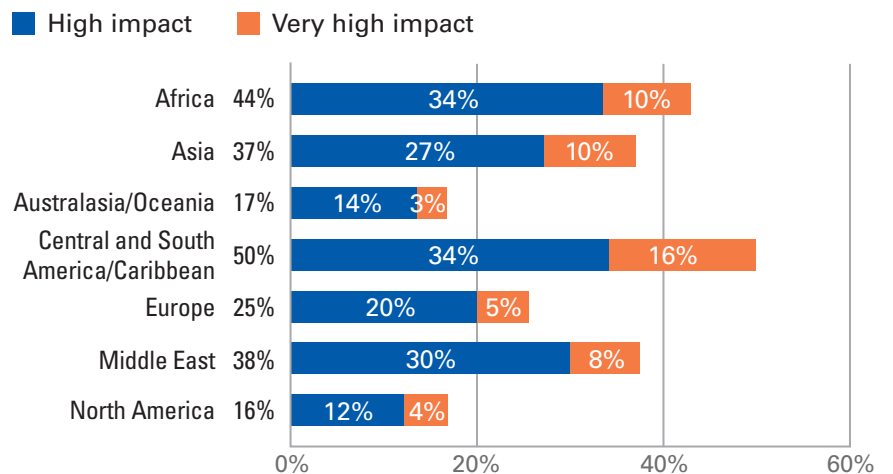
COMPARISON OF 2015 AND 2014 ENVIRONMENTAL FACTORS



Globalization by Region. The anticipated impact of Globalization over the next five years varied considerably by region. Based on the percentage of respondents assigning a rating of high or very high, Globalization was considered to have a greater potential impact in Central and South America and the Caribbean (50%), followed by Africa (44%).



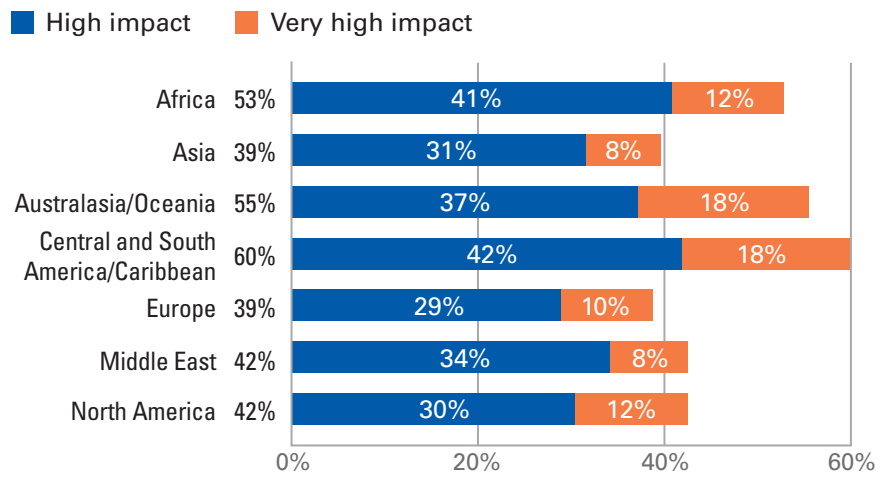
GLOBALIZATION



Technology Developments by Region.

The anticipated impact of Technology Developments was viewed as the greatest in Central and South America and the Caribbean, Australasia and Oceania, and Africa with 60%, 55%, and 53%, respectively, of respondents rating the potential future impact as high or very high. In contrast, only 39% of European respondents rated the potential impact of Technology Developments as high or very high.

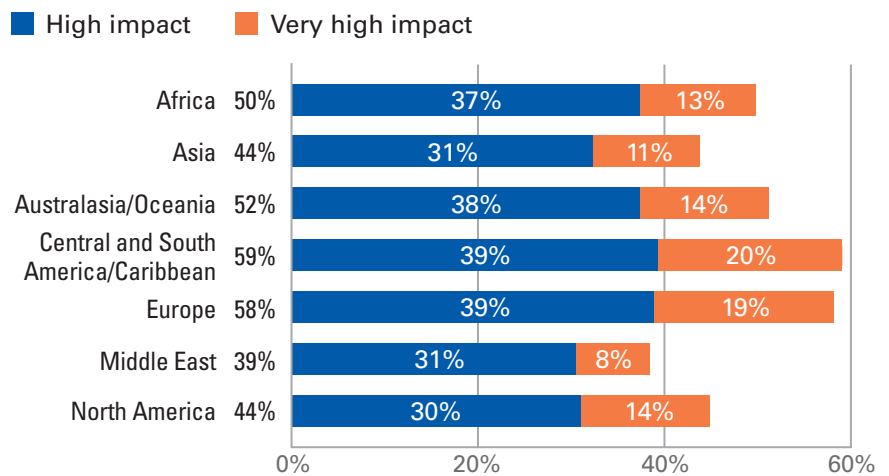
TECHNOLOGY DEVELOPMENTS



Regulatory Environment by Region.

Concerns regarding the regulatory environment's impact on SMPs over the next five years were greatest in Central and South America and the Caribbean and Europe with 59% and 58%, respectively, of respondents rating the potential impact as high or very high. Notably, the rating for Europe, which was the highest for any region in 2014, dropped from 66%. Also, in contrast to 2014, respondents from the Middle East rating Regulatory Environment as having a potentially high or very high impact on their SMP in the next five years fell considerably from 65% to 39%; for 2015, the lowest of any region.

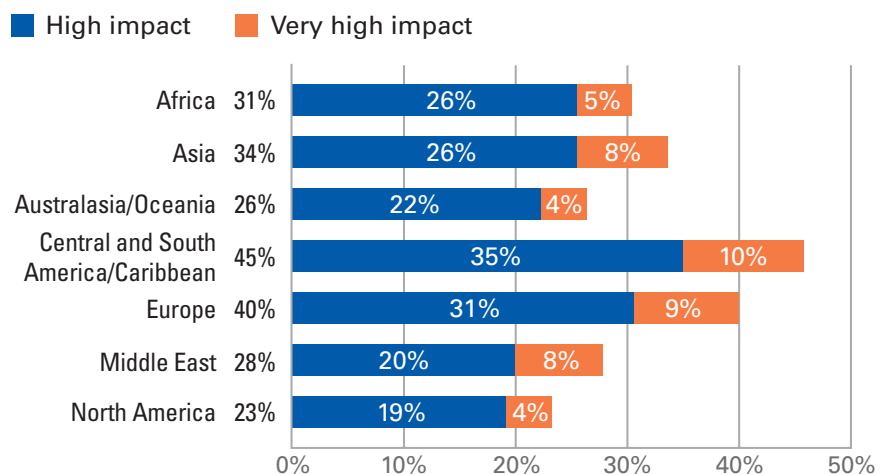
REGULATORY ENVIRONMENT



Capacity to Adapt to New Client Needs by Region.

The expected impact of Capacity to Adapt to New Client Needs was viewed as the greatest in Central and South America and Europe with 45% and 40%, respectively, of respondents rating the potential impact as high or very high.

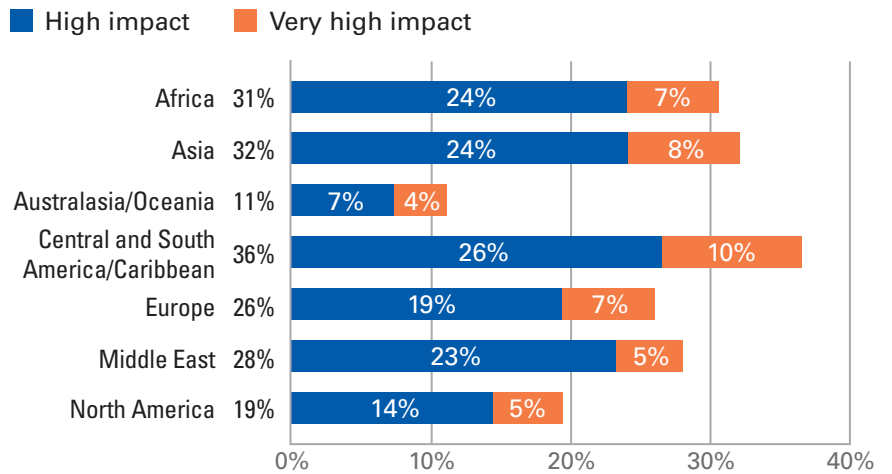
CAPACITY TO ADAPT TO NEW CLIENT NEEDS



Mergers, Acquisitions and Consolidation in the Accountancy Industry by Region.

In comparison to other regions, respondents from Central and South America and the Caribbean rated Mergers, Acquisitions and Consolidation in the Accountancy Industry as likely to have a greater impact on their practice over the next five years with 36% assigning a rating of high or very high.

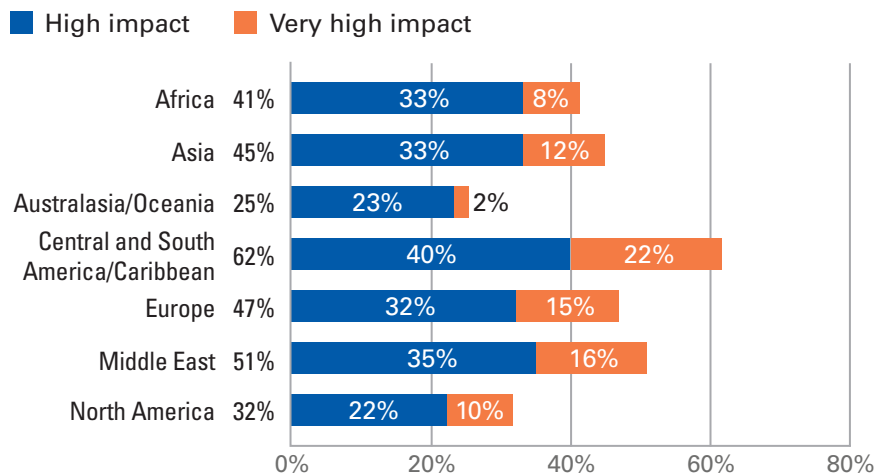
MERGERS, ACQUISITIONS AND CONSOLIDATION IN THE ACCOUNTANCY PROFESSION



Competition by Region.

Competition was an especially large concern in Central and South America and the Caribbean and the Middle East with 62% and 51%, respectively, of respondents anticipating a high or very high impact on their SMP over the next five years. However, on a positive note, the corresponding rating for the Middle East fell considerably from 79% in 2014. Consistent with 2014, respondents in North America (32%; up slightly from 27% in 2014) and Australasia and Oceania (25%; down slightly from 30% in 2014) expressed less concern regarding the potential impact of Competition.

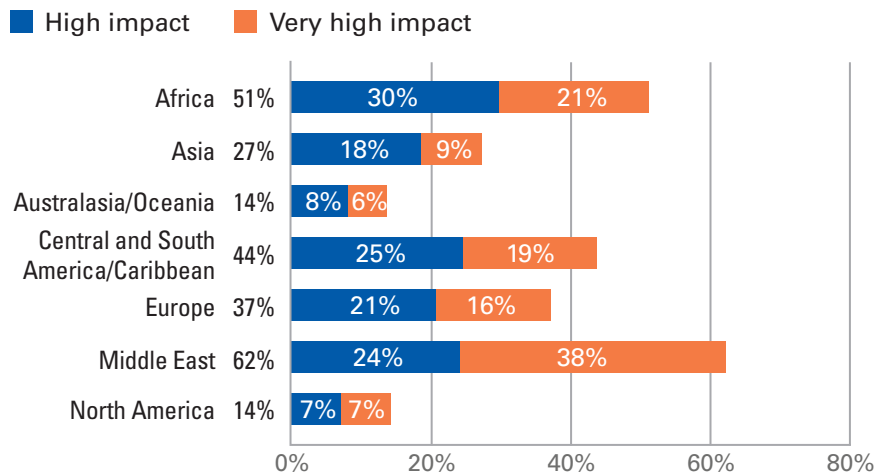
COMPETITION



Political Instability by Region.

Respondents from the Middle East and Africa expressed the greatest concern regarding the impact Political Instability might have on their SMP over the next five years, with 62% and 51%, respectively, rating the anticipated impact as high or very high. However, on a positive note, the corresponding rating for the Middle East dropped considerably from 78% in 2014.

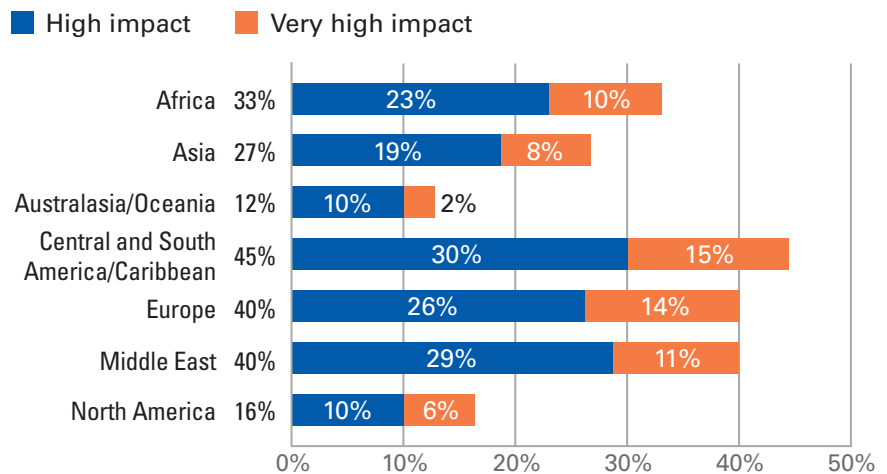
POLITICAL INSTABILITY



Perceived Trust and Credibility of the Accountancy Profession by Region.

The anticipated impact of Perceived Trust and Credibility of the Accountancy Profession over the next five years was rated the highest by respondents from Central and South America and the Caribbean, followed closely by respondents from Europe and the Middle East, with 45%, 40%, and 40%, respectively, rating the potential impact on their SMP as high or very high.

PERCEIVED TRUST AND CREDIBILITY OF THE ACCOUNTANCY PROFESSION



Size of Practice. There was some variation between respondents from smaller and larger practices regarding the anticipated impact of various environmental factors on their SMP over the next five years. For example, compared to smaller practices, fewer respondents from SMPs with 11 or more partners and staff rated the expected impact of Perceived Trust and Credibility of the Profession as high or very high, and slightly more of respondents from these two groups rated the potential impact of Competition as high or very high. Furthermore, compared to smaller SMPs, fewer respondents from practices with 21 or more partners and staff rated the expected impact of Political Instability as high or very high. Compared to larger practices, fewer sole practitioners rated the anticipated impact of Globalization as high or very high.



ENVIRONMENTAL FACTORS BY SIZE OF PRACTICE*

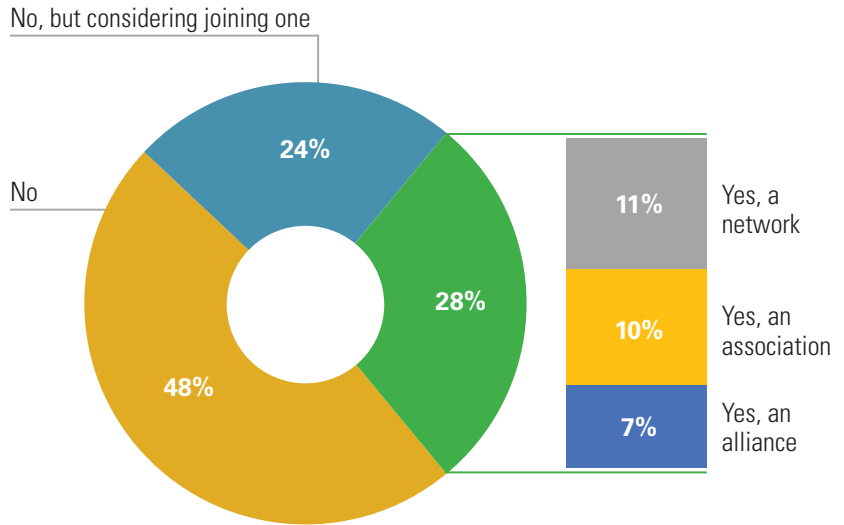
Factor	Sole practitioner	2-5 partners & staff	6-10 partners & staff	11-20 partners & staff	21 or more partners & staff
Globalization	30%	35%	36%	35%	37%
Technology developments	41%	44%	46%	41%	48%
Regulatory environment	53%	53%	48%	49%	50%
Capability to adapt to new client needs	35%	36%	38%	35%	40%
Mergers, acquisitions, and consolidation in the accountancy industry	28%	29%	28%	29%	31%
Competition	45%	47%	46%	49%	50%
Political instability	40%	38%	35%	35%	28%
Perceived trust and credibility of the profession	38%	35%	33%	29%	27%

* Percentages combine high and very high.

MEMBERSHIP IN NETWORK, ASSOCIATION, OR ALLIANCE

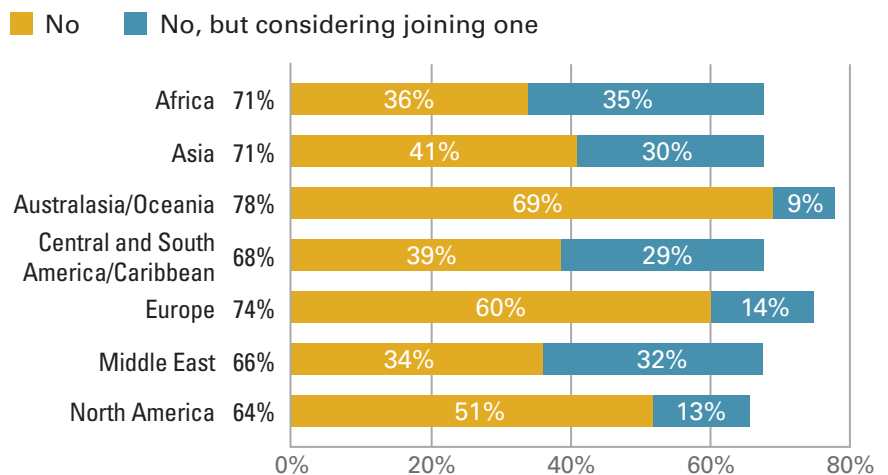
Overall. Only 28% (up slightly from 27% in 2014) of respondents reported that their SMP belonged to a network (11%), association (10%), or alliance (7%). An additional 24% indicated that their practice was considering joining one. Slightly less than half of respondents in both 2015 and 2014 (48% and 49%, respectively) indicated that their SMP had no interest in joining a network, association, or alliance.

MEMBERSHIP



Membership by Region. In comparison to other regions, more SMPs from North America (36% in 2015; 27% in 2014), the Middle East (34% in 2015; 18% in 2014), and Central and South America and the Caribbean (33% in 2015; 26% in 2014) belonged to a network, association, or alliance. In 2014, 40%, 35%, and 10% of respondents from the Middle East, Central and South America and the Caribbean, and North America, respectively, indicated that their practice was considering joining a network, association, or alliance. Thus, the increase in membership in these regions appears to reflect SMPs in these regions following through on last year's intention to reap the benefits of membership in a network, association, or alliance.

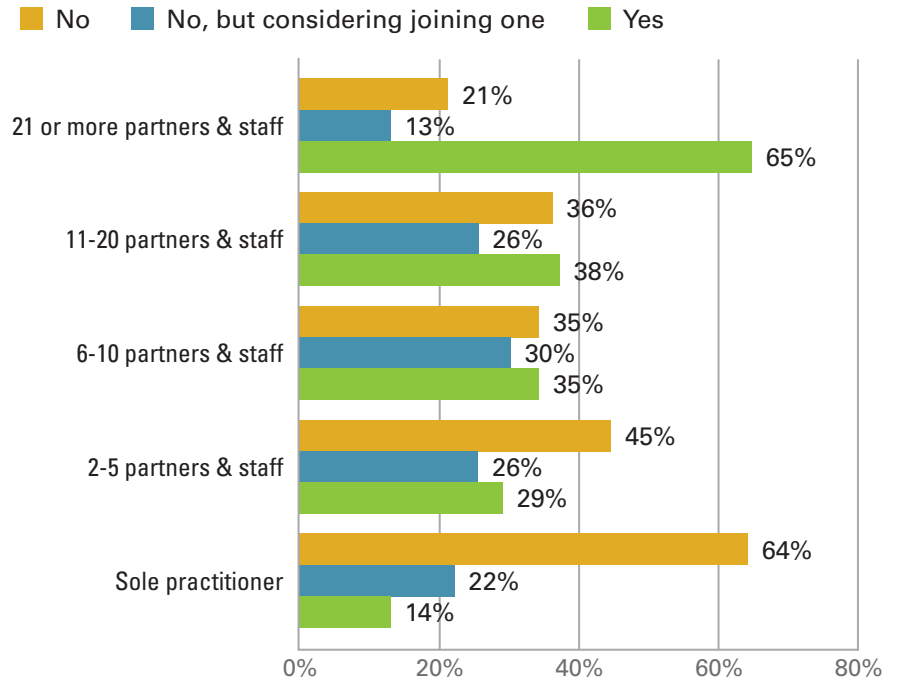
NO MEMBERSHIP BY REGION



The regions with the largest number of respondents considering membership were: Africa (35%), the Middle East (32%), Asia (30%), and Central and South America and the Caribbean (29%). Over half of respondents representing practices in Australasia and Oceania (69%), Europe (60%), and North America (51%) indicated that their practices were not members of a network, association, or alliance and were not considering joining one.

Size of Practice. Consistent with the 2014 survey, the larger the SMP, the more likely the practice was to belong to a network, association, or alliance. Of the responses from practices with 21 or more partners and staff, 65% indicated they belonged to a network, association, or alliance. The majority of respondents in all other size groupings did not belong to a network, association, or alliance, with the percentage holding memberships ranging from 38% for practices with 11 to 20 partners and staff to only 14% for sole practitioners.

MEMBERSHIP BY SIZE OF PRACTICE



Benefits of Membership. At least 30% of respondents viewed the following as benefits of membership in a network, association, or alliance: Attracting New Clients (36%), Broadening Client Service Offerings (34%), Branding and Marketing (32%), Training, Conferences and Workshops (30%), and Technical and Practice Management Assistance (30%).

BENEFITS OF JOINING A NETWORK, ASSOCIATION, OR ALLIANCE



SMP PERFORMANCE IN 2015

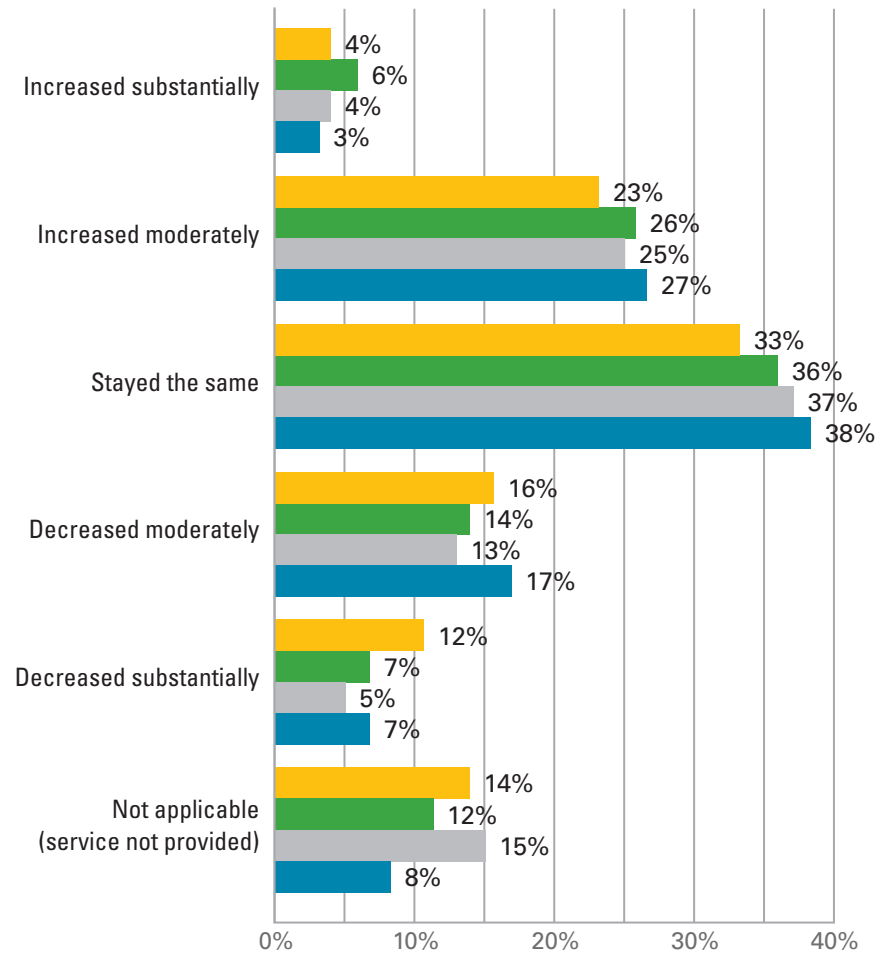
Respondents were asked how their revenues changed in 2015 compared to 2014. For the four service areas, 33% to 38% indicated revenues stayed the same. For each service area, 23% to 27% indicated that revenues increased moderately, and 6% or less reported a substantial increase. For each service area, 13% to 17% reported moderate decreases, and 5% to 12% reported substantial decreases. Changes in fee revenues varied both by region and practice size.

The reasons given for revenue movements included, but were not limited to, government politics and regulation changes (e.g., introduction of International Financial Reporting Standards and audit thresholds), the economic climate and its impact on retaining, adding, or losing clients, and both competition and fee pressure.

“More small businesses have opted out of the audit. This has given us the opportunity to provide more business advice.”

CHANGES IN FEE REVENUE BY PRACTICE AREA

- Audit and Assurance
- Advisory and Consulting Services
- Tax
- Accounting, Compilation, and Other Non-assurance/Related Services



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

More of respondents from North America (54%), Africa (41%), and Australasia and Oceania (40%) indicated that their practices experienced increases in fee revenues from Accounting, Compilation, and Other Non-assurance and Related Services during 2015 in comparison to other regions.

By size of practice, a greater percentage of respondents representing the largest SMPs, with 21 or more partners and staff (39%), reported increases in comparison to respondents from smaller practices.

Advisory and Consulting Services.

More of respondents from Australasia and Oceania (50%), North America (44%), and Central and South America and Caribbean (41%) reported an increase in revenues from Advisory and Consulting services during 2015 compared to other regions.

The percentage of SMPs that experienced an increase in fees associated with Advisory and Consulting increased with practice size. Of the sole practitioners, 25% reported increases in comparison to 45% of respondents representing practices with 21 or more partners and staff.

Tax. More of respondents from North America (59%), Africa (42%), Central and South America and the Caribbean (40%), and Australasia and Oceania (39%) reported increases in revenues from Tax services during 2015 than did respondents from other regions. With the exception of respondents representing practices with 21 or more partners and staff (38%), 33% or less of respondents from all practice sizes reported increases in revenue from Tax services.

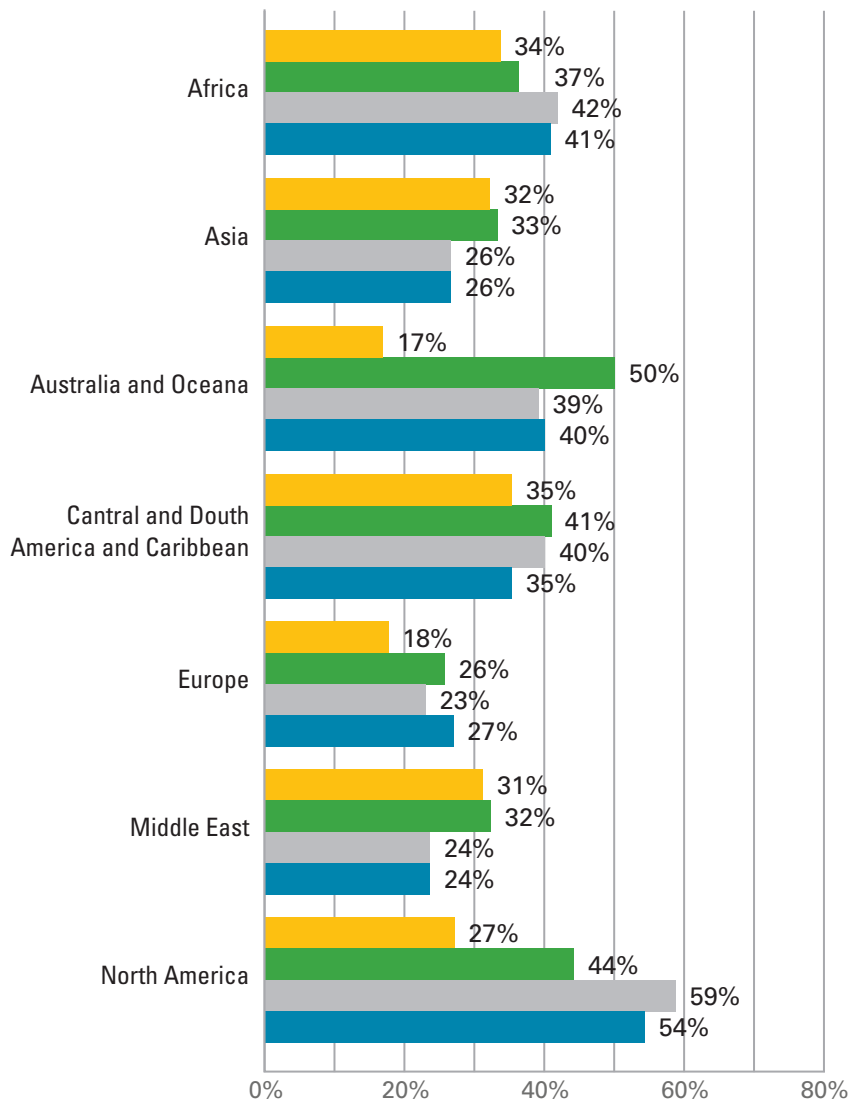
“Our revenue increased as a result of more communication to the target market about the value-adding benefits of our services. It is also a result of the relationship of trust that we have built with clients.”

“The development of innovative services and providing enterprises with financial advisory services is the main reason for a substantial increase in consultancy services.”

Audit and Assurance. More of respondents from Central and South America and the Caribbean (35%), Africa (34%), Asia (32%), and the Middle East (31%) reported an increase in Audit and Assurance revenues during 2015 compared to other regions. The percentage reporting revenue increases from Audit and Assurance was especially small in Australasia and Oceania (17%) and Europe (18%). Again, the percentage of SMPs that experienced an increase in Audit and Assurance fees during 2015 increased with practice size. Of the sole practitioners, 21% reported increases, in comparison to 40% of respondents representing practices with 21 or more partners and staff.

2015 FEE REVENUES INCREASES BY REGION

- Audit and Assurance
- Advisory and Consulting Services
- Tax
- Accounting, Compilation, and Other Non-assurance/Related Services



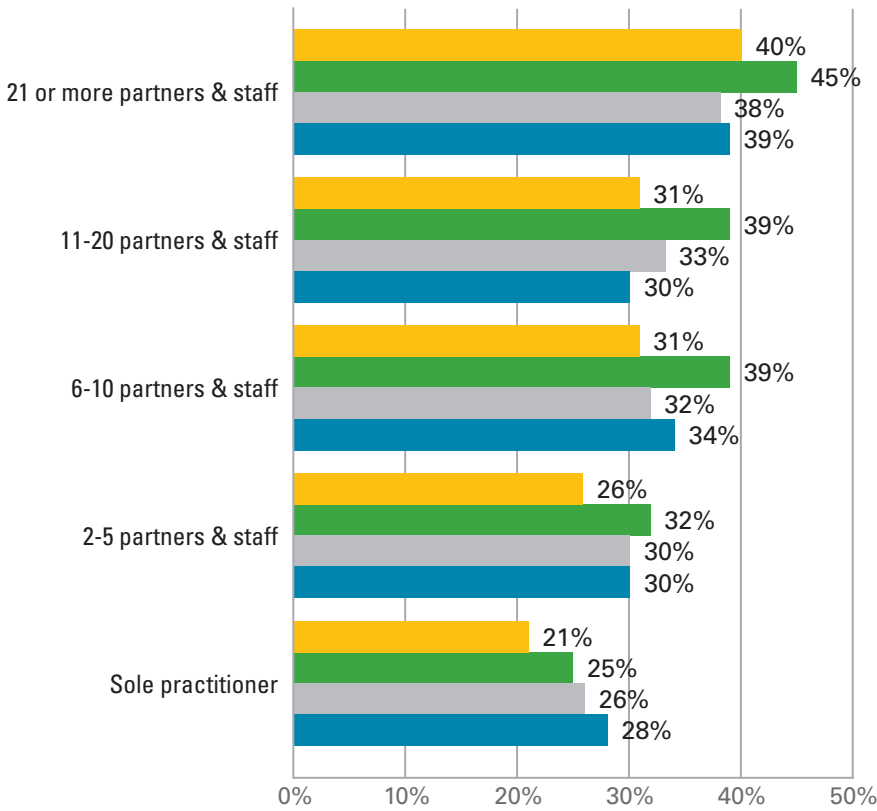
* Percentages combine high and very high.



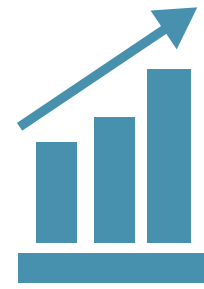
“The general economic situation and change of government have affected business and commercial activities.”

2015 FEE REVENUES INCREASES BY PRACTICE SIZE

- Audit and Assurance
- Advisory and Consulting Services
- Tax
- Accounting, Compilation, and Other Non-assurance/Related Services



* Percentages combine high and very high.



“The reason for the decrease in revenue is competition that forces us to lower prices for services; as a result, we lose customers for whom the most important determinant is price, rather than quality.”

SMP OUTLOOK FOR 2016

Overall. When asked about their expectations for 2016 revenues, approximately one-third of respondents indicated that their fees from Accounting, Compilation, and Other Non-assurance and Related Services (35%), Tax (33%), Advisory and Consulting Services (32%), and Audit and Assurance (31%) would stay the same. Reflective of an optimistic outlook, more SMPs anticipated revenue increases for each service area: Accounting, Compilation, and Other Non-assurance and Related Services (41%), Tax (39%), Advisory and Consulting Services (44%), and Audit and Assurance Services (35%).

Reflection on Prior Year Responses. The projected changes in 2016 are more conservative when compared to the prior year with increases predicted from 35% to 44% across the service lines compared to from 39% to 50% for 2015.

Services	Decrease substantially	Decrease moderately	Stay the same	Increase moderately	Increase substantially	N/A
Accounting, Compilation, and Other Non-assurance and Related Services	4%	13%	35%	35%	6%	7%
Tax	3%	10%	33%	33%	6%	14%
Advisory and Consulting Services	4%	10%	32%	35%	9%	11%
Audit and Assurance	7%	14%	31%	29%	6%	13%



By Region. An analysis by region shows that respondents in some regions were considerably more cautious in their anticipated growth projections for 2016 than others.

Regarding Accounting, Compilation, and Other Non-assurance and Related Services, a majority of respondents from Africa (64%), North America (60%), and Central and South America and the Caribbean (58%) forecasted fee increases in 2016. More conservative increases in revenues were expected by respondents in Australasia and Oceania (46%), Asia (37%), the Middle East (36%), and Europe (30%).

A majority of respondents from Africa (66%), North America (62%), and Central and South America and the Caribbean (59%) projected that Tax revenues would increase in 2016. More conservative tax revenue increases were forecasted by respondents from Australasia and Oceania (46%), Asia (36%), the Middle East (33%), and Europe (26%).

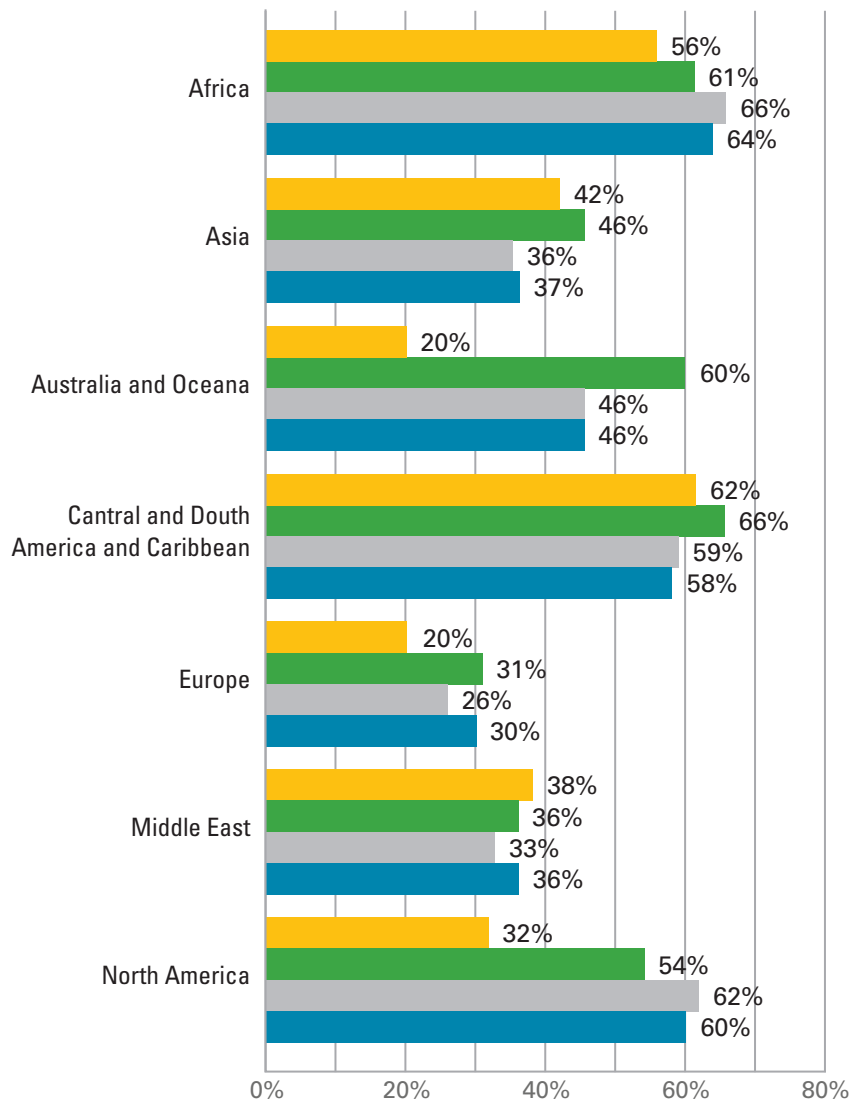
A majority of respondents from Central and South America (66%), Africa (61%), Australasia and Oceania (60%), and North America (54%) forecasted that Advisory and Consulting revenue would increase during 2016. More conservative fee increases were expected by respondents from Asia (46%), the Middle East (36%), and Europe (31%).

In regard to Audit and Assurance revenues, a majority of respondents from Central and South America (62%) and Africa (56%) projected revenue to increase during 2016. More conservative fee increases were expected by respondents from Asia (42%), the Middle East (38%), North America (32%), and Europe (20%).



FORECASTED FEE INCREASES BY REGION

- Audit and Assurance
- Advisory and Consulting Services
- Tax
- Accounting, Compilation, and Other Non-assurance/Related Services



Size of Practice. By practice size, respondents representing the largest SMPs (21 or more partners and staff) had a brighter outlook for 2016 than those representing smaller practices. For all four service areas, a larger percentage of respondents from the largest practices anticipated fee increases. In general, sole practitioners with one exception (i.e., sole practitioners tied with 6 to 10 partners and staff for Accounting Compilation, Review and Other Non-assurance and Related Services) were the most pessimistic with fewer anticipating fee increases for each of the four services areas compared to respondents representing other practice sizes.

FORECASTED FEE INCREASES BY PRACTICE SIZE

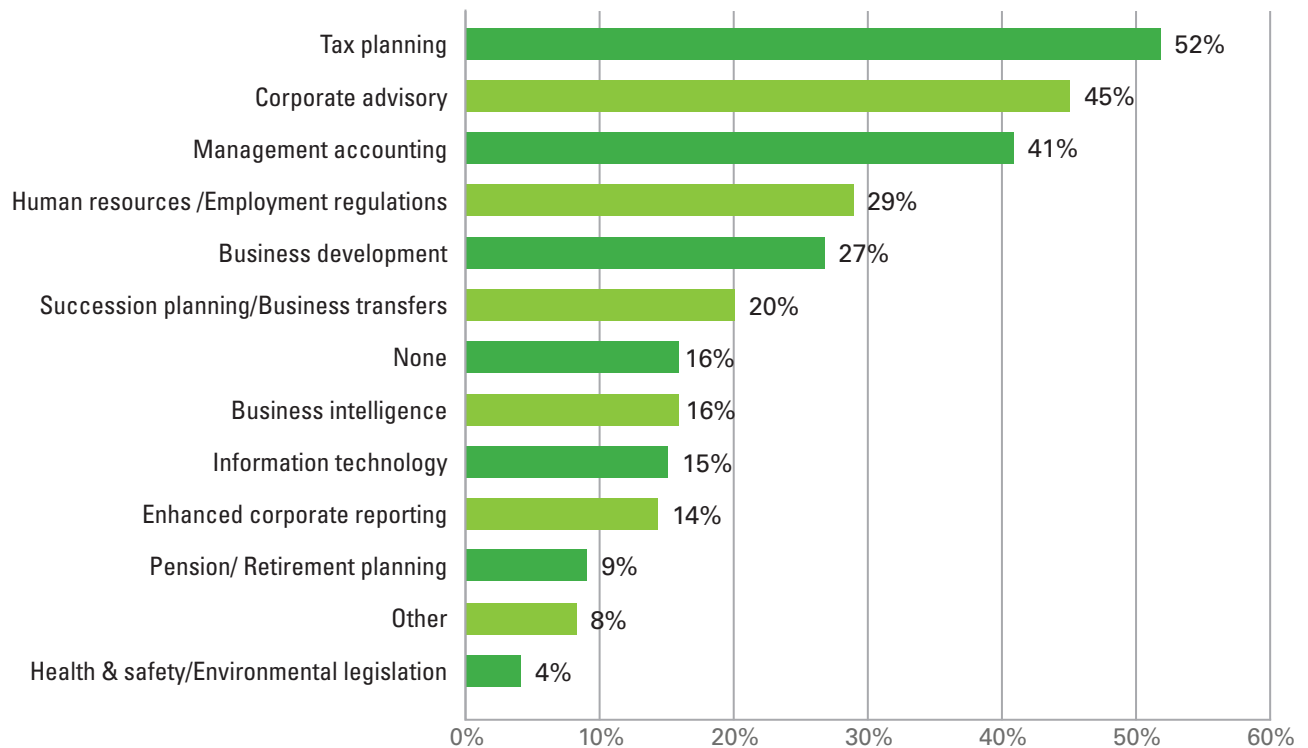
Practice Area	Sole practitioner	2-5 partners & staff	6-10 partners & staff	11-20 partners & staff	21 or more partners & staff
Accounting, Compliance and Other Non-assurance Related Service	39%	43%	39%	40%	44%
Tax	36%	41%	42%	38%	46%
Advisory and Consulting	37%	46%	47%	49%	55%
Audit and Assurance	30%	37%	38%	42%	46%

BUSINESS ADVISORY AND CONSULTING SERVICES

Overall. Respondents were asked to specify the types of advisory and consulting services their SMP provides. Consistent with the previous year, the most frequently provided services in 2015 were: Tax Planning at 52% down considerably from 76% in 2014 and Corporate Advisory, including advice on

mergers and acquisitions, valuations and legal issues, at 45% down considerably from 61% in 2014. The next most frequently provided service was Management Accounting, including planning, performance and risk management at 41% (not assessed by the 2014 survey). Less than 30% of respondents indicated that their SMP provided the remaining advising and consulting services. The percentage of respondents indicating their practice does not provide any advisory or consulting services increased from 7% in 2014 to 16%.

BUSINESS ADVISORY AND CONSULTING SERVICES PROVIDED IN 2015¹



¹ Services description:

Corporate advisory (mergers, legal, valuations, due diligence, financing)

Management accounting (planning, performance, and risk management)

Human resources policies and procedures/Employment regulations (hiring and firing, employee contracts, maternity/paternity/sick pay, remuneration structures)

Business development (strategy, marketing, benchmarking, budgeting)

Business intelligence (transformation of data for business analysis purposes)

Information technology (system support/reviews, security, monitoring computers/networks, database management systems selection and integration)

Enhanced corporate reporting (integrated reporting, sustainability reporting, corporate social responsibility reporting)

Pension/Retirement planning (national, company, individual pensions)

Other (forensic services, business restructuring and liquidations and training)

By Region. The survey results reveal considerable variation in the frequency of various advisory offerings by region, for example:

- Corporate Advisory services were offered by fewer practices in Central and South America and the Caribbean (34%), Australasia and Oceania (41%), and Africa (40%).
- More practices in Central and South America and the Caribbean (26%) and the Middle East (22%) provided Enhanced Corporate Reporting advisory services.
- Fewer practices in Europe (42%), Asia (51%), and the Middle East (52%) provided Tax Planning advisory services.
- Fewer SMPs in North America (36%), Asia (37%), and Europe (37%) offered Management Accounting advisory services.



BUSINESS ADVISORY AND CONSULTING SERVICES BY REGION

Advisory Service	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
Tax Planning	66%	51%	74%	60%	42%	52%	76%
Corporate Advisory	40%	48%	41%	34%	47%	50%	53%
Management Accounting	53%	37%	56%	51%	37%	50%	36%
Human resources and Employment regulations	32%	13%	23%	37%	35%	42%	28%
Business Development	36%	22%	53%	25%	24%	41%	37%
Succession planning and Business transfers	17%	12%	52%	12%	24%	22%	48%
Business Intelligence	18%	9%	16%	18%	18%	13%	21%
None	8%	22%	8%	10%	18%	9%	9%
Information Technology	21%	11%	24%	22%	11%	27%	25%
Enhanced Corporate Reporting	18%	15%	14%	26%	9%	22%	12%
Pension/Retirement Planning	12%	6%	38%	4%	8%	13%	25%
Other	10%	8%	6%	15%	6%	6%	8%
Health & safety/ Environmental Legislation	4%	4%	4%	8%	4%	3%	3%

Size of Practice. At least 45% of respondents for each size group indicated that their SMP provided Tax Planning services. Furthermore, Tax Planning was the most commonly offered service from practices with two to five partners and by sole practitioners. Compared to sole practitioners, certain advisory and consulting services were more frequently provided by larger practices (i.e., Tax Planning, Corporate Advisory, Management Accounting, Succession Planning, Information Technology, Enhanced Corporate Reporting, and Pension and Retirement Planning).

Furthermore, as practice size increased so did the percentage of respondents indicating that their practice provides Corporate Advisory services. While 69% of respondents from practices with 21 or more partners and staff indicated that their SMP provided Corporate Advisory services, only 32% of the sole practitioners provided these services. Indeed Corporate Advisory was the most commonly offered service by practices with 6 to 10, 11 to 20, and 21 or more partners and staff. Among the sole practitioners, 20% did not provide any advisory or consulting services compared to 10% to 15% of respondents from other practice sizes.

BUSINESS ADVISORY AND CONSULTING SERVICES BY PRACTICE SIZE

Advisory Service	Sole practitioner	2-5 partners & staff	6-10 partners & staff	11-20 partners & staff	21 or more partners & staff
Tax Planning	45%	56%	56%	52%	61%
Corporate Advisory	32%	46%	59%	59%	69%
Management Accounting	37%	45%	42%	43%	46%
Human Resources and Employment Regulations	28%	31%	29%	24%	27%
Business Development	25%	29%	29%	24%	29%
Succession Planning and Business Transfers	15%	21%	25%	23%	34%
Information Technology	13%	15%	16%	14%	21%
Enhanced Corporate Reporting	11%	16%	14%	17%	18%
Business Intelligence	15%	18%	15%	11%	14%
None	20%	14%	13%	15%	10%
Pension/Retirement Planning	8%	9%	9%	9%	14%
Other	9%	7%	8%	8%	9%
Health and Safety and Environmental Legislation	4%	4%	5%	4%	4%

CHALLENGES FACING SME CLIENTS

Top Challenges. A new question was added to this year's survey asking respondents to approximate the number of small- and medium-sized entities (SME) clients they serve. The results revealed that the SMPs represented by respondents serve more than 800,000 SME clients. Thus, respondents are well informed regarding the challenges facing SMEs.



In addition to the six challenges assessed in the 2014 survey, respondents were asked to address two additional challenges potentially facing their SME clients: 1) Keeping up with New Technology and 2) Financial Crimes. Consistent with last year, 75% or more of respondents viewed the original six challenges, as well as the new item, Keeping up with New Technology, as a moderate or greater challenge for their SME clients. Financial Crime was considered by 44% to be a moderate or greater challenge. Additionally, a majority of respondents rated four of the eight challenges (Economic Uncertainty [61%], Rising Costs [58%], Competition [54%], and Difficulties Accessing Finance [51%]) as a high or very high challenge for their SME clients.

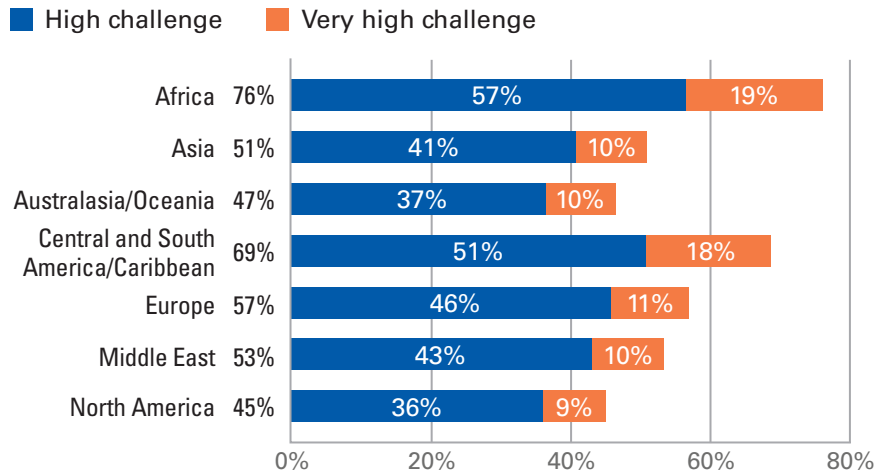
IMPACT OF POTENTIAL CHALLENGES FACING SME CLIENTS IN 2015

	Not a Challenge	Low Challenge	Moderate Challenge	High Challenge	Very High Challenge	Sum of Moderate, High, and Very High	Sum of High and Very High
Competition	3%	9%	35%	43%	11%	89%	54%
Rising Costs	2%	8%	31%	46%	12%	90%	58%
Economic Uncertainty	2%	9%	28%	41%	20%	89%	61%
Difficulties Accessing Finance	4%	13%	32%	34%	17%	83%	51%
Attracting and Retaining Staff	5%	20%	40%	28%	7%	75%	35%
Compliance with Regulation	5%	17%	36%	31%	11%	78%	42%
Keeping up with New Technology	4%	15%	39%	33%	9%	81%	42%
Financial Crime	23%	33%	27%	12%	5%	44%	17%

By Region. In line with the global results, for each region, Economic Uncertainty, Rising Costs, Competition, and Difficulties Accessing Finance were generally considered as one of the top four challenges. There were two exceptions: Keeping up with New Technology was in the top four challenges in Australasia and Oceania, Central and South America and Caribbean, and North America; and Compliance with Regulation was the top challenge in Australasia and Oceania.

Rising Costs by Region. A majority of respondents from Africa (76%), Central and South America and the Caribbean (69%), Europe (57%), the Middle East (53%), and Asia (51%) viewed Rising Costs as a high or very high challenge for their SME clients.

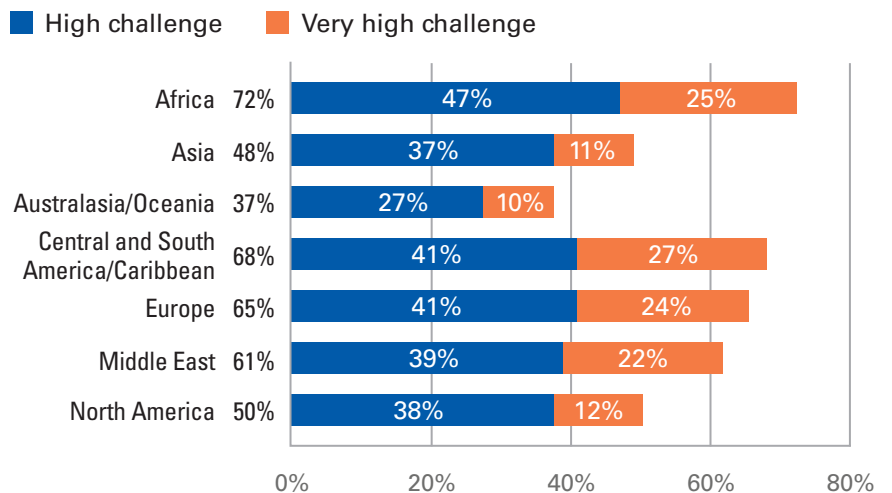
RISING COSTS



Economic Uncertainty by Region.

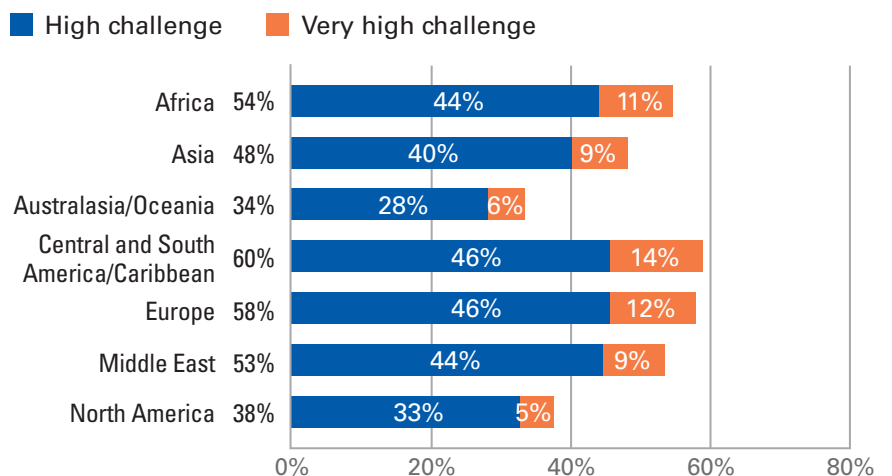
At least half of respondents from Africa (72%), Central and South America and the Caribbean (68%), Europe (65%), the Middle East (61%), and North America (50%) indicated that Economic Uncertainty was a high or very high challenge for their SME clients. In comparison to 2014, the results suggest substantial improvement in the Middle East (81% in 2014) and improvement in Europe (73% in 2014). On the other hand, Economic Uncertainty was viewed as more of a concern for SME clients in Africa (66% in 2014), Central and South America and the Caribbean (53% in 2014), and North America (37% in 2014).

ECONOMIC UNCERTAINTY



Competition by Region. Competition was perceived to be a greater challenge for SME clients in Central and South America and the Caribbean (60%), Europe (58%), Africa (55%), the Middle East (53%), and Asia (49%). In comparison to 2014, the results suggest substantial improvement for the Middle East when 82% of respondents reported that Competition was a high or very high challenge for their SME clients.

COMPETITION



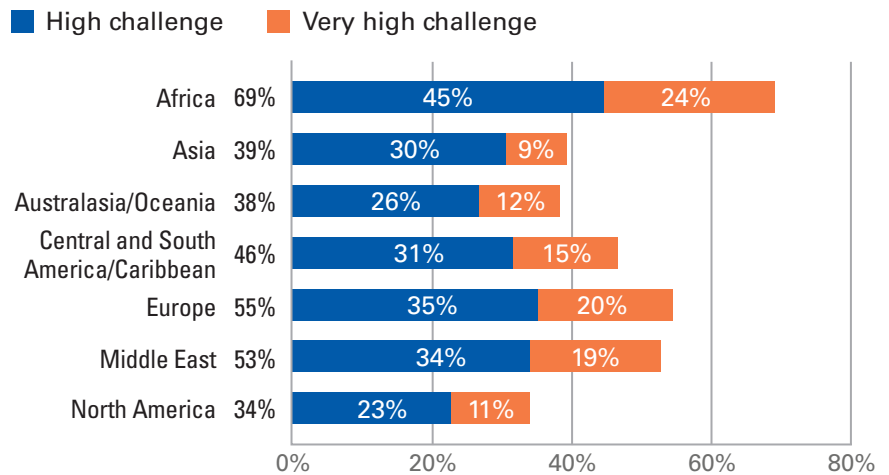
Difficulties Accessing Finance by Region.

A majority of respondents in Africa (69%), Europe (55%), and the Middle East (53%) indicated that Difficulties Accessing Finance was a high or very high challenge for their SME clients. Compared to 2014, the situation improved for SME clients in the Middle East (63% in 2014) and became more troublesome for SME clients in Africa (52% in 2014), while remaining similar in Europe (57% in 2014).



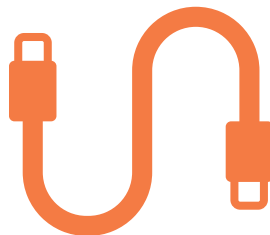
Financial Crimes by Region. In 2014, 46% of respondents reported that they were not aware of any of their firm's SME clients experiencing a Financial Crime during the year. In 2015, respondents viewed Financial Crimes as the least frequently occurring challenge for their SME clients. Indeed, 23% indicated that Financial Crimes were not a challenge. However, there was considerable variability in ratings across regions. The challenge was viewed as greater in the Middle East and Central and South America and the Caribbean with 25% of respondents reporting that Financial Crimes was a high or very high challenge for their SME clients. Africa (23%) and Asia (19%) followed close behind. Respondents from Australasia and Oceania (5%), North America (10%), and Europe (13%) reported that Financial Crimes were less of a challenge for their SME clients.

DIFFICULTIES ACCESSING FINANCE



Compliance with Regulations by Region. Approximately half of respondents from Central and South America and the Caribbean (51%) and Australasia and Oceania (51%) indicated that Compliance with Regulations was a high or very high challenge for their practice's SME clients. Europe (47%) and Africa (44%) followed closely behind. Compliance with Regulations was considered to be the least problematic for SME clients in the Middle East (37%), Asia (34%), and North America (33%). The result for the Middle East is notable as in 2014, 64% of respondents from the region reported that Compliance with Regulations was a high or very high challenge for their practice's SME clients.

Keeping Up with New Technology by Region. At least half of respondents from Central and South America and the Caribbean (57%) and Australasia and Oceania (50%) reported that Keeping up with New Technology was a high or very high challenge for their SME clients. At least 34% of respondents from other regions rated the challenge as high or very high.



INTERNATIONAL ACTIVITIES OF SME CLIENTS

Overall. In 2015, a question was added asking respondents to specify the types of international activities that their SME clients were involved in.¹ While 74% of respondents' firms had SME clients engaged in Import or Export activities, SME client engagement in other types of international activities was substantially more limited.

In the 2014 survey, respondents were asked to estimate the percentage of their practice's SME clients that operated internationally. Globally, 57% indicated that their practice had a small number (0% to 5%) of SME clients that operated internationally. Only 5% indicated that their SMP had a majority of SME clients operating internationally.

By Region. The results indicate that SME client engagement in specific international activities varied considerably by region. For example,

- More respondents from the Middle East (85%) and Europe (80%) indicated that their practice had SME clients engaged in the import or export of goods or services.

INTERNATIONAL ACTIVITIES OF SME CLIENTS



- More respondents from the Middle East (49%) and North America (46%) reported that their SMP had SME clients dealing in foreign currency.
- More respondents from the Middle East (36%) and Australasia and Oceania (32%) indicated that their practice had SME clients with part of the business infrastructure or operations in one or more foreign countries.
- Fewer respondents from in Asia (12%), Africa (14%), and Europe (15%) reported that their practice had SME clients owning international assets.
- More respondents from the Middle East (38%) and Asia (34%) reported that their practice serviced SME clients with joint ventures or partnerships with companies based abroad.

INTERNATIONAL ACTIVITIES OF SME CLIENTS BY REGION

International Activity	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
Import or export of goods or services	75%	66%	66%	77%	80%	85%	58%
Dealing in foreign currencies	33%	27%	38%	37%	24%	49%	46%
Part of the business infrastructure or operations in one or more foreign countries	25%	19%	32%	27%	24%	36%	29%
Owning international assets	14%	12%	29%	22%	15%	22%	26%
Foreign owners or investors	29%	33%	34%	36%	34%	37%	31%
Joint ventures or partnerships with companies based abroad	27%	34%	23%	16%	17%	38%	21%

¹ For the question regarding International Activities of SME Clients, "None" (i.e., the respondent's firm had no SME clients with international activities) was not provided as a possible response. Thus, respondents were not required to answer this question or the follow-up "Other" option. In some, but not all, instances respondents with no SME clients with international activity specified this under "Other" allowing for reclassification of the response.

By Size. Results varied by practice size in regard to the types of international activities that SME clients were engaged in. In general, respondents from the larger SMPs indicated that their practice had SME clients engaged in a higher level of international activities. For example, 75% or more of respondents from SMPs with two or more partners and staff reported that their practice had SME Clients engaged in the Import or Export of Goods or Services. In comparison, 68% of sole practitioners had SME Clients engaged in these activities. While only 14% of the sole practitioners had SMEs with Joint Ventures or Partnerships with Companies Based Abroad, 49% of respondents from SMPs with 21 or more partners and staff had SME clients engaged these activities.



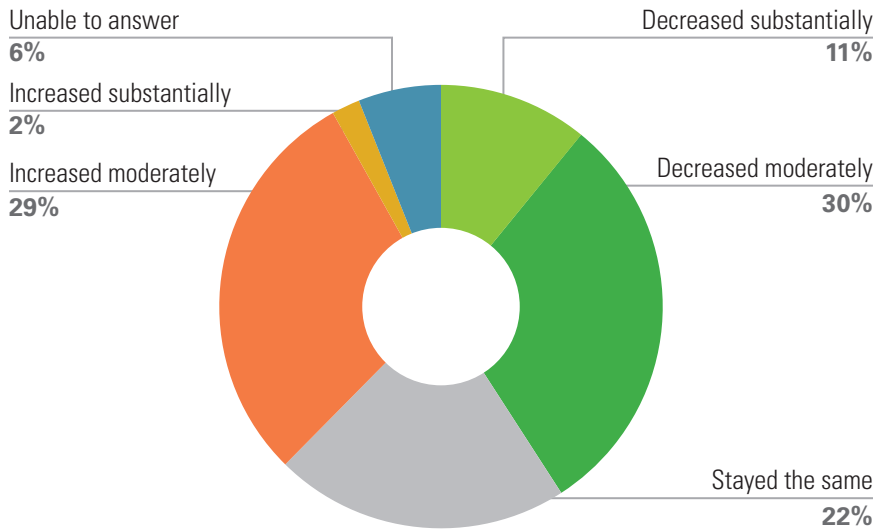
INTERNATIONAL ACTIVITIES OF SME CLIENTS BY SIZE OF PRACTICE

International Activity	Sole practitioner	2-5 partners & staff	6-10 partners & staff	11-20 partners & staff	21 or more partners & staff
Import or export of goods or services	68%	78%	80%	75%	81%
Dealing in foreign currencies	24%	32%	30%	31%	39%
Part of the business infrastructure or operations in one or more foreign countries	15%	25%	29%	32%	45%
Owning international assets	10%	16%	17%	20%	28%
Foreign owners or investors	23%	37%	38%	40%	49%
Joint ventures or partnerships with companies based abroad	14%	23%	33%	39%	49%

CHANGE IN SME CLIENTS' PROFITS FROM 2014 TO 2015

A new question was added to this year's survey to assess changes in the profits of respondents' SME clients between 2014 and 2015. For 41% of respondents, the profits of their SME clients, in general, decreased (30% moderately and 11% substantially). Profits, in general, increased for the SME clients of 31% (29% moderately and 2% substantially) of respondents. No change in the profits of their SME clients was reported by 22%

CHANGE IN PROFITS FOR SME CLIENTS



By region. The results revealed some variation by region. Decreases in the profits of their SME clients between 2014 and 2015 were considerably more prevalent for respondents from the Middle East (46%) and Asia (46%). On the other hand, increases in profit were more prevalent for the SME clients of respondents from Africa (40%), Central and South America and the Caribbean (39%), and North America (38%) compared to the other regions.

CHANGE IN PROFITS FOR SME CLIENTS BY REGION

International Activity	Africa	Asia	Australasia and Oceania	Central and South America and Caribbean	Europe	Middle East	North America
Decreased Substantially	11%	13%	5%	11%	10%	18%	3%
Decreased Moderately	31%	33%	18%	30%	29%	28%	23%
Stayed The Same	12%	18%	40%	19%	26%	25%	30%
Increased Moderately	38%	25%	31%	35%	28%	20%	36%
Increased Substantially	2%	1%	1%	4%	2%	1%	2%
Unable To Answer	5%	9%	6%	2%	5%	9%	6%
Sum of Decreased Moderately and Substantially	42%	46%	23%	41%	39%	46%	26%
Sum of Increased Moderately and Substantially	40%	26%	32%	39%	30%	21%	38%

By size. The analysis did not reveal any notable variation in responses by practice size.

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Please also let us know if your organization wishes to help translate and promote future surveys.

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