



International
Federation
of Accountants

IFAC SMP QUICK POLL: 2011 ROUND-UP



The mission of the International Federation of Accountants (IFAC) is to serve the public interest by: contributing to the development, adoption and implementation of high-quality international standards and guidance; contributing to the development of strong professional accountancy organizations and accounting firms, and to high-quality practices by professional accountants; promoting the value of professional accountants worldwide; speaking out on public interest issues where the accountancy profession's expertise is most relevant.

The [IFAC SMP Committee](#) represents the interests of professional accountants who work in small- and medium-sized accountancy practices (SMPs). It does this primarily by helping IFAC member bodies support their SMP stakeholders. The committee develops guidance and tools and works to ensure the needs of the SMP and small- and medium-sized entity (SME) sectors are considered by standard setters, regulators, and policy makers. The committee also speaks out on behalf of SMPs to raise awareness of their role and value, especially in supporting SMEs, and the importance of the small business sector overall.

See [Activities and Interest Areas](#) (from www.ifac.org/SMP) to learn more about the committee's strategic objectives and for access to the Resources and Tools page, which includes comprehensive lists of links to related resources from IFAC and other organizations in the following areas: implementation of standards, practice management, and business advisory. For a complete committee roster and biographies, see the [SMP Committee Members](#) page.

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EXECUTIVE SUMMARY

CHALLENGES AND ISSUES FACING SMPs AND SMES

For the 2,441 SMP respondents to the fourth and final poll of 2011, keeping up with regulations and standards is practitioners' foremost concern, followed by attracting and retaining clients. Similarly, when asked about the biggest challenge facing their SME clients, respondents cited burden of regulation as their biggest challenge, slightly outweighing economic concerns and difficulties accessing finance. According to the respondents, micro-entity financial reporting is the most important policy development area facing the global accountancy profession in 2012.

PRACTICE GROWTH

For the largest portion of respondents, the main driver of growth is business from new clients: nearly twice as many respondents cited new clients (39%), not existing clients (20%), as their main source of growth. Meanwhile, the fastest growing practice area in 2011 was accounting and compilation (40%) followed by advisory/consulting services (26%).

BUSINESS OUTLOOK

The results give grounds for cautious optimism. Thirty-one percent expect business to be better in

2012 than it was in 2011. Europeans, however, are less optimistic.

REGION AND SIZE OF PRACTICE

The vast majority of the respondents were from Europe (62%), followed by Africa/Middle East (16%) and North America (10%). Thus, the large proportion of European responses heavily influenced the overall results. Europeans were particularly pessimistic on the economy—perhaps not surprising, given the eurozone's sovereign debt crisis. Those from North America and Central and South America/Caribbean were more optimistic. Respondents from Asia (3%) frequently had somewhat different issues/concerns than other respondents; this is possibly a consequence of the accountancy profession being in a more developmental phase in some Asian countries, and their economies not being impacted directly by a debt crisis. However, due to the low response rate from Asia, results may not be statistically representative of the population of SMPs in this region.

The largest portion of respondents were from sole practitioners and practices with 2-5 professional staff; however, relatively few differences in overall results were observed across size of practice.

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PREFACE

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. Long-regarded as trusted and competent business advisers for their clients, SMPs provide high-quality professional services to meet a wide range of client needs. Their services range from the more traditional services, such as audit, accounting, and tax, to value-adding business advisory services. And, SMPs are able to provide these services in a customized and personal manner. For these reasons, small- and medium-sized entities (SMEs) have often turned to SMPs for a broad range of professional services.

The case for supporting SMEs is compelling: SMEs account for the vast majority of businesses globally, and they account for the majority of private sector GDP, employment, and growth. Moreover, many consider SMEs to hold the key to the global economy's recovery from one of the deepest economic downturns in modern times.

In recognition of the importance of SMPs, especially in supporting SMEs, IFAC created the

SMP Committee in 2006. Since then IFAC, largely at the behest of its members, has increased its commitment to helping to cultivate robust SMPs as they are considered key to the prosperity of the SME sector.

For more information, see the SMP Committee's Strategy and Work Plan on its home page (www.ifac.org/SMP).

Giancarlo Attolini
Chair, SMP Committee
February 2012

INTRODUCTION

With the aim of giving SMPs globally an opportunity to express their views about important trends and developments impacting them and their clients, the SMP Committee launched the IFAC SMP Quick Poll in January 2011. The poll was issued quarterly throughout 2011 in the SMP eNews, IFAC's free newsletter for SMPs (see www.ifac.org/SMP to subscribe).

With invaluable assistance from IFAC member bodies and regional organizations (see Acknowledgements) in translating and promoting the poll, the number of respondents climbed markedly over the course of the year from 425 for the first poll, conducted in English only, to 2,441 for the fourth poll, conducted in seven languages (Chinese, English, French, Italian, Portuguese, Romanian, and Spanish).

This report summarizes and analyzes the responses from the fourth quarter poll of 2011, conducted from November 17 to December 19, 2011. The report also illustrates the SMP Committee's activities, undertaken in collaboration with IFAC member bodies, that respond to the issues, challenges, and needs of SMPs as identified by the findings.

Quarterly Trending Data

Some questions were repeated in each of the four polls conducted in 2011. For these questions, we have illustrated the trending data over the course of the year.

However, since the total number of responses as well as the language options varied significantly from one poll to the next, caution should be exercised when interpreting this data. In addition, the break-down by size of practice and region varied widely over the course of the year; for instance, in the fourth poll, 62% of total responses were from Europe and 10% from North America, while in the third poll, 23% of total responses were from Europe and 30% from North America.

RESPONDENTS AT A GLANCE

The following summarizes the profile of respondents to the fourth quarter poll of 2011, conducted from November 17 to December 19, 2011.

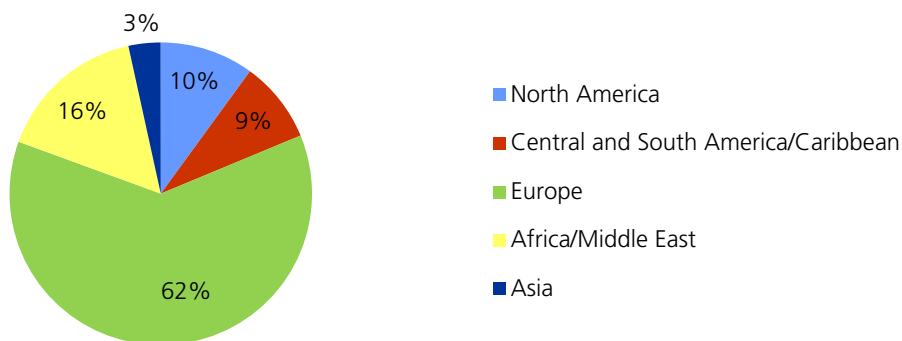
When interpreting the findings of this poll, note that the responses are heavily skewed in favor of practitioners from Europe working in the two smallest categories of practice (sole practitioner and 2-5 professional staff). In addition, within regions, there are some noticeable biases. For example, the Europe respondents include disproportionately large numbers from Italy and Romania. Furthermore, the largest group of practitioners responded in English (41%). For these reasons, results may not be statistically representative of the global population of SMPs.

Region

Of the 2,441 total responses, 2,144 respondents indicated size of practice and region. Thus, responses by region and size of practice are slightly different from total responses.

The majority of respondents were from Europe (62%) with Africa/Middle East (16%) and North America (10%) a distant second and third place,

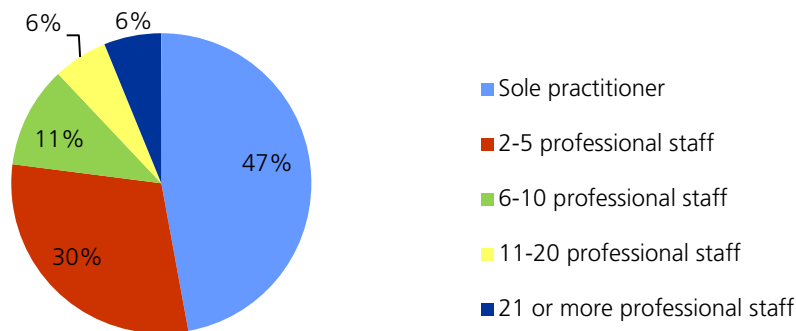
respectively. Relatively few respondents were from North America, Central and South America/Caribbean, and Asia. The very small number of responses from Australasia/Oceania (6 in total) did not constitute a large enough sample size to include in the analysis.



Size of Practice

The vast majority of respondents were from the two smallest categories of practice, with sole practitioners and practices with 2-5 professional staff accounting for 77% of all responses. The exception was Chinese-language

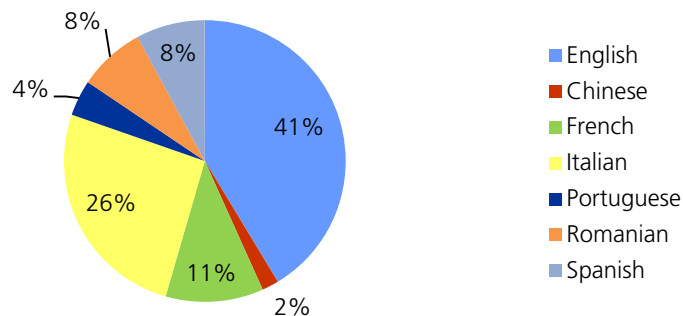
respondents—55% had 11 or more professional staff. However, as the total number of responses in Chinese was only 47, this percentage is not considered statistically representative or significant to the results.



Language

The fourth quarter poll was conducted in seven languages. English was the most common language

used by respondents (41%) followed by Italian (26%).

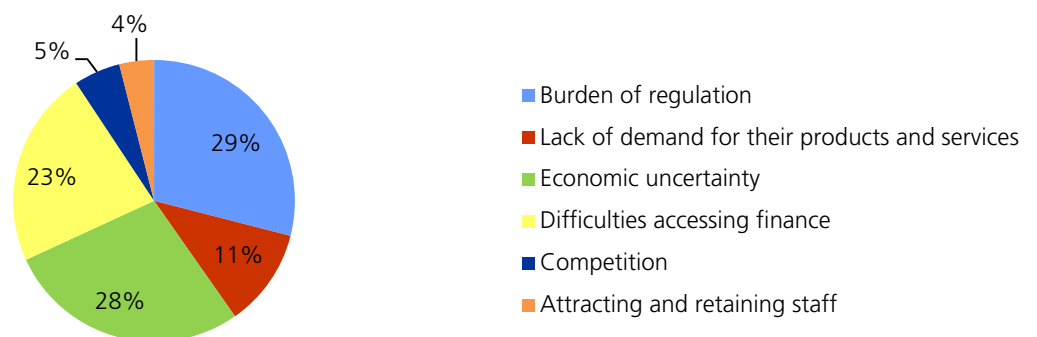




CHALLENGES AND ISSUES FACING SMPS AND SMES

Biggest Challenges Faced by SME Clients

The top two challenges faced by practitioners' SME clients—burden of regulation and economic uncertainty—were nearly tied with 29% and 28% respectively. This is not surprising given the continuing global economic uncertainty and slowing global economy. The results suggest that smarter, less onerous regulation might facilitate increased confidence and growth in the SME sector. It should be noted that the poll did not seek to identify what type of regulation created the burden.



Region and Size of Practice

Views varied greatly across region, and somewhat across size of practice. In Europe, economic uncertainty and difficulties accessing finance were the top two challenges. Elsewhere, regional economies are growing, and the main concern

seems to be the way regulation is impeding business activity.

Across size of practice, while the number one challenge varied, the burden of regulation was in the top three for all sizes of practice.

Region

	North America (%)	Central and South America/ Caribbean (%)	Europe (%)	Africa/ Middle East (%)	Asia (%)
Burden of regulation	33	51	21	40	13
Lack of demand for their products and services	10	6	14	4	26
Economic uncertainty	29	16	30	29	20
Difficulties accessing finance	8	15	29	17	11
Competition	9	8	4	3	22
Attracting and retaining staff	12	5	2	7	8

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Burden of regulation	28	28	30	21	26
Lack of demand for their products and services	12	11	13	8	11
Economic uncertainty	29	28	23	32	28
Difficulties accessing finance	22	24	23	27	22
Competition	5	5	6	8	4
Attracting and retaining staff	3	4	6	4	10

* Professional staff

Boldface indicates highest percentage per size of practice

Quarterly Trending Data

Beginning in Q2, burden of regulation and economic uncertainty were the number one and two challenges, respectively, in each poll; in the first poll, these rankings were reversed. There were no significant changes in percentages across the year, with the exception of difficulties accessing finance, which fell and rose as the year progressed, ending six points higher in December compared to January.

In the [second quarter poll](#), we asked what aspect of regulation posed the greatest challenge for their SME clients. Most respondents said pace of change (37%) followed by complexity (26%). This may have important implications for policy makers and regulators who may need to consider measures to slow down the speed with which regulations are changed, such as temporary moratoriums on changes.

2011

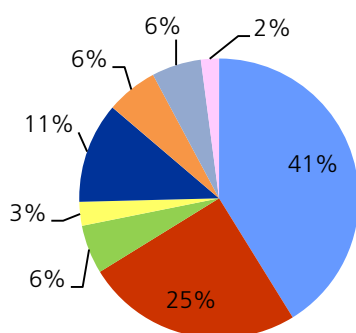
	Q4 (%)	Q3 (%)	Q2 (%)	Q1 (%)
Burden of regulation	29	32	37	27
Lack of demand for their products and services	11	12	13	10
Economic uncertainty	28	24	26	29
Difficulties accessing finance	23	18	10	17
Competition	5	8	8	9
Attracting and retaining staff	4	7	7	8

Boldface indicates highest percentage per quarter

Most Important Issues Practices Are Facing

For SMPs, keeping up with new regulations and standards was the top issue facing their practice, with attracting and retaining clients second most important, followed by work-life balance at a distant third. Responses may suggest that difficult economic conditions are impacting the ability of practices to attract and retain clients.

One might have expected the top two issues to have been reversed given the slowing global economy and large European response rate. It should be noted, however, that the poll did not seek to identify what type of regulation and standards created the burden.



- Keeping up with new regulations and standards
- Attracting and retaining clients
- Ability to adapt to changing client needs
- Succession planning
- Work-life balance
- Attracting and retaining staff
- Competition
- Keeping up with new technology

Region and Size of Practice

This question had a high degree of uniformity of responses in all regions except for Asia. Across size of practice, keeping up with regulation and standards and attracting and retaining clients were cited as the top two issues, respectively.

Even in Europe, where economic conditions were the most unfavorable, regulatory concerns prevailed.

Region

	North America (%)	Central and South America/Caribbean (%)	Europe (%)	Africa/Middle East (%)	Asia (%)
Keeping up with new regulations and standards	48	42	36	59	24
Attracting and retaining clients	18	15	29	21	29
Ability to adapt to changing client needs	3	5	7	1	11
Succession planning	5	4	2	2	3
Work-life balance	13	14	13	8	2
Attracting and retaining staff	9	11	5	6	16
Competition	3	5	7	1	11
Keeping up with new technology	3	5	2	1	3

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Keeping up with new regulations and standards	45	41	36	28	26
Attracting and retaining clients	27	25	21	21	25
Ability to adapt to changing client needs	4	6	7	8	6
Succession planning	2	3	5	6	4
Work-life balance	13	12	9	12	7
Attracting and retaining staff	3	5	13	13	18
Competition	4	6	9	10	9
Keeping up with new technology	2	2	1	1	5

* Professional staff

Boldface indicates highest percentage per size of practice

Quarterly Trending Data

Throughout the year, keeping up with new regulations and standards and attracting/retaining clients consistently ranked first and second; work-life balance increased steadily throughout the year, but still finished the year at a distant third.

In the [second quarter poll](#), we asked what aspect of keeping up with new regulation and standards

posed the greatest challenge for SMPs. Most respondents said pace of change (40%), followed by volume (21%). This may have important implications for policy makers, regulators, and standard setters who may need to consider measures to slow down the speed with which regulation and standards are changed, such as temporary moratoriums on changes.

2011

	Q4 (%)	Q3 (%)	Q2 (%)	Q1 (%)
Keeping up with new regulations and standards	41	35	44	41
Attracting and retaining clients	25	26	26	27
Ability to adapt to changing client needs	6	3	4	5
Succession planning	3	4	3	3
Work-life balance	12	12	10	8
Attracting and retaining staff	6	9	7	6
Competition	6	8	6	7
Keeping up with new technology	2	2	2	3

Boldface indicates highest percentage per size of practice

Most Important Policy Development Areas

With ten possible choices, respondents were somewhat divided on this question; the most popular choice, micro-entity financial reporting, was cited as the most important policy development area facing the profession in 2012 by only 21% of respondents. At a close second was global

regulatory convergence (17%), not surprising given the regulatory concerns revealed by the other poll questions. What it means to be a professional and belong to a profession and international harmonization of taxation were tied for third place with 13%.



Region and Size of Practice

While micro-entity financial reporting (MEFR) appeared in the top two concerns across all regions, the top area of concern varied significantly from region to region. MEFR was the top concern for respondents by a wide margin in Central and South America/Caribbean and Africa/Middle East. Global regulatory convergence was uppermost in the minds of those from North America, perhaps owing to the debate over if and when to adopt International Financial Reporting Standards (IFRS). In Asia, competition issues including audit firm market structure were of most concern, perhaps reflecting anxiety over the influx of large foreign practices. Meanwhile, in Europe, there was no

strong consensus, with international harmonization of taxation topping the rankings by a small margin.

By size of practice, MEFR ranked among the top three most important areas for all except the largest category of practice. In addition, the larger the practice, the more important global regulatory convergence and competition issues including audit firm market structure seemed to be, with the latter coming out as the top issue for the largest category of practice. Meanwhile, MEFR and what it means to be a professional and belong to a profession decrease in prominence as the size of practice increases.

Region

	North America (%)	Central and South America/Caribbean (%)	Europe (%)	Africa/Middle East (%)	Asia (%)
Micro-entity financial reporting	19	38	16	30	18
Global regulatory convergence	33	18	15	13	8
Integrated reporting and sustainability	12	5	6	19	10
International harmonization of taxation	6	10	17	3	2
Competition issues including audit firm market structure	5	8	12	6	30
Attracting new talent to the profession	5	4	4	8	11
What it means to be a professional and belong to a profession	11	6	16	11	10
Anti-money laundering and anti-corruption	3	6	7	6	3
IT developments	5	7	4	3	6
Other	2	0	2	3	2

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Micro-entity financial reporting	20	24	19	16	10
Global regulatory convergence	14	18	20	21	18
Integrated reporting and sustainability	9	8	8	11	10
International harmonization of taxation	13	14	8	18	10
Competition issues including audit firm market structure	9	10	13	15	25
Attracting new talent to the profession	4	5	4	2	17
What it means to be a professional and belong to a profession	17	12	15	8	3
Anti-money laundering and anti-corruption	8	4	7	5	2
IT developments	4	4	4	3	4
Other	2	2	4	2	2

* Professional staff

Boldface indicates highest percentage per size of practice

What is the SMP Committee Doing to Help?

Shaping Regulation, Policy, and Standards

The committee works to ensure the needs of the SMP and SME sectors are considered by standard setters, regulators, and policy makers, by stressing the need for a stable platform of regulation and standards that are relevant and capable of being applied in a manner proportionate to size of practice. For example, in the area of global public policy and regulation, the committee has contributed to the development of IFAC's responses to and dialogue with policy makers and regulators, such as the [European Commission on audit policy](#).

Similarly, the committee provides regular and timely input to standard setters, including the [International Auditing and Assurance Standards Board \(IAASB\)](#) and [International Ethics Standards Board for Accountants \(IESBA\)](#) at all key stages of the standard-setting process. In addition, a representative from the SMP Committee attends all Consultative Advisory Group meetings of the IAASB and IESBA. See the [SMP Committee's web pages \(www.ifac.org/SMP\)](#) for links to comment letters submitted by the committee. In 2012, the SMP Committee's Strategy and Work Plan includes input

to a number of IAASB projects and standards—ISA implementation monitoring, review engagements, and auditor reporting—and the IESBA's *Code of Ethics for Professional Accountants* to ensure their relevance and proportionality to the size of SMPs and SMEs. The committee is also vocal in the area of integrated reporting, submitting a [comment letter](#) on the International Integrated Reporting Council's Discussion Paper, *Towards Integrated Reporting, Communicating Value in the 21st Century*, in December.

Resources and Tools—Implementation Guidance

In order to help SMPs efficiently implement standards issued by the IAASB, the committee has developed the following free resources: *Guide to Quality Control for Small- and Medium-Sized Practices (QC Guide)* and the *Guide to Using International Standards on Auditing in the Audit of Small- and Medium-Sized Entities (ISA Guide)*; and other resources at www.ifac.org/about-ifac/small-and-medium-practices-committee/smp-resources-and-tools (see Implementation).

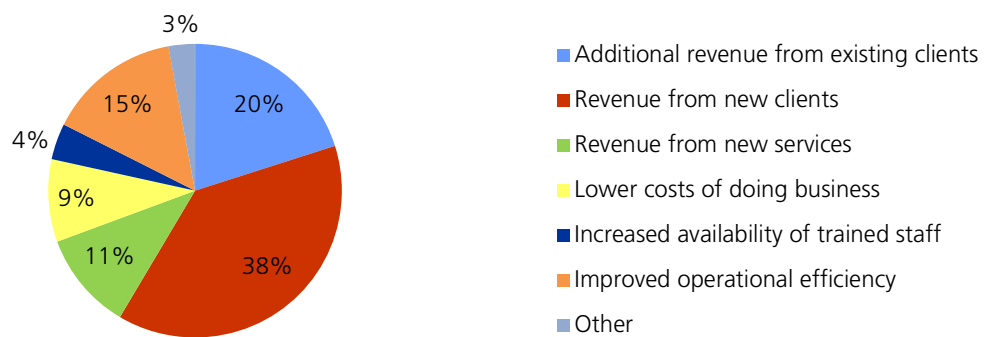


PRACTICE GROWTH

Main Drivers of Growth

Revenue from new clients was seen as the main driver of practice growth by the largest group of respondents, while additional revenue from existing clients and improved operational efficiency (of the

practice) ranked second and third respectively. This means that revenue growth will likely demand increased focus on marketing and promotion to prospective clients.



Region and Size of Practice

The top two sources of revenue—from new clients and from existing clients—were similar across region and size of practice, though revenue from existing

clients was a distant second. In Africa/Middle East, improved operational efficiency nearly tied revenue from existing clients for second place.

Region

	North America (%)	Central and South America/Caribbean (%)	Europe (%)	Africa/Middle East (%)	Asia (%)
Additional revenue from existing clients	24	15	19	20	23
Revenue from new clients	49	46	35	38	55
Revenue from new services	6	12	12	12	5
Lower costs of doing business	5	5	12	6	5
Increased availability of trained staff	3	7	3	4	5
Improved operational efficiency	8	12	16	18	8
Other	4	4	3	2	0

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Additional revenue from existing clients	18	20	24	18	22
Revenue from new clients	38	40	34	37	45
Revenue from new services	11	11	9	17	10
Lower costs of doing business	13	7	6	4	7
Increased availability of trained staff	2	5	7	7	2
Improved operational efficiency	15	15	17	15	12
Other	3	2	3	2	2

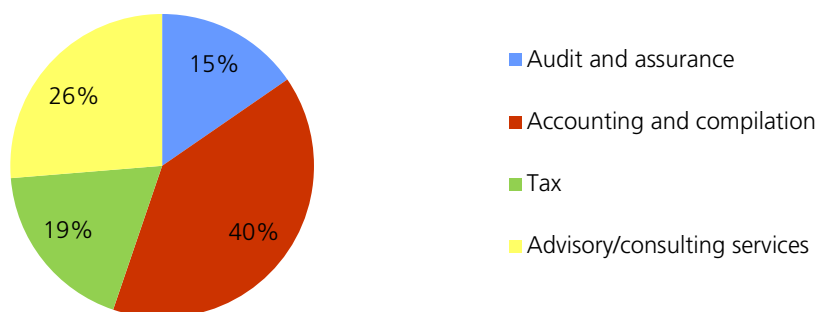
* Professional staff

Boldface indicates highest percentage per size of practice

Fastest Growing Sources of Revenue

Accounting and compilation ranked as the fastest growing source of revenue in the past year for the largest group of respondents, while advisory/consulting services ranked second. This might be explained by practices harnessing emerging technologies like cloud computing, which can help

practices expand the breadth and depth of their accounting and related advisory services. Audit and assurance, in contrast, ranked fourth and last, perhaps owing to the fact that increasing numbers of SMEs are being exempted from the mandatory audit requirement.



Region and Size of Practice

This question produced considerable diversity of results across regions: accounting and compilation was top in North America, Africa/Middle-East, and Europe, while tax in Central and South America/Caribbean and audit and assurance in Asia took the top spot in those jurisdictions. Meanwhile, accounting and compilation was the fastest growing source of revenue for all sizes of practice except for those with 6-10 or 21 or more professional staff.

In addition, the larger the practice, the greater the percentage that said that audit and assurance was the fastest growing source of revenue, and the lower the percentage that said accounting and compilation was the fastest growing source, suggesting that the smallest categories of SMPs are relying the most heavily on traditional accounting and compilation services, possibly due to the increase in audit exemption for their SME clients as noted above.

Region

	North America (%)	Central and South America/Caribbean (%)	Europe (%)	Africa/Middle East (%)	Asia (%)
Audit and assurance	10	14	16	7	50
Accounting and compilation	55	21	39	49	20
Tax	20	38	14	29	13
Advisory/consulting services	14	27	31	16	18

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Audit and assurance	8	16	25	24	33
Accounting and compilation	45	40	32	32	25
Tax	22	19	10	14	14
Advisory/consulting services	25	25	33	30	28

* Professional staff

Boldface indicates highest percentage per size of practice

Advisory/Consulting Services

The [third quarter poll](#) included some questions focused on advisory/consulting services.

Practitioners were asked to indicate the percentage of fee revenue generated from each service area. According to the results, only 18% of total fee revenue comes from advisory/consulting services, making it the smallest of the four revenue sources listed. Of this 18%, tax consulting represents the highest portion of consulting fee revenue with 45%.

Meanwhile, the biggest challenges in building advisory/consulting services work were cited as insufficient partner time (30%) and marketing services to clients (29%). The main reason SMEs seek advisory/consulting services from a particular practice is an existing customer-client relationship (37%), with competence and expertise a distant second (21%).

These results suggest that the keys to building a successful advisory/consulting practice are a combination of adept marketing, freeing up partner time, and selling services to existing clients.

What is the SMP Committee Doing to Help?

Resources and Tools—Practice Management Support

To help SMPs cope with the increasingly complex and competitive global marketplace for professional services, the SMP Committee has developed the [*Guide to Practice Management for Small- and Medium-Sized Practices*](#) (PM Guide), a comprehensive free guide. The PM Guide includes guidance on how SMPs can build and grow their practices.

Resources and Tools—Business Advisory Practice Development

The committee has also developed resources to help SMPs position and equip their practices to provide value-adding business advisory services as demand in this area from SMEs grows. SMPs are well positioned to provide these services, according

to the committee's Information Paper, the [*Role of SMPs in Providing Business Support to SMEs*](#). See also links to additional relevant, free resources at www.ifac.org/about-ifac/small-and-medium-practices-committee/smp-resources-and-tools (see Business Advisory). A video series featuring interviews with SMP Committee members on tips for building a successful business advisory practice is currently in development and will be released to IFAC member organizations in early 2012.

Communication

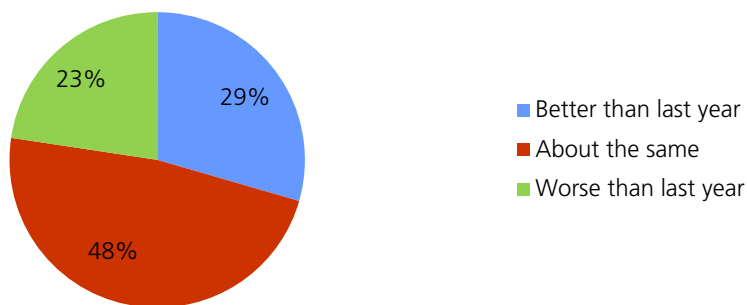
The SMP Committee also works, through speaking engagements and other initiatives, to raise awareness of the value of SMPs in supporting the SME sector, including their ability to provide a wide range of professional services.



BUSINESS OUTLOOK

Business Performance in 2011 Versus 2010

Since 2011 was almost over when respondents answered this question (How does your practice expect business to be this year compared with last year?) in the fourth quarter poll, the results are more reflective than predictive. Overall, results showed optimism with 77% indicating either an improvement or no change over the previous year. Nearly half the respondents (48%) said that business stayed the same in 2011 as 2010. The remainder was divided almost evenly with slightly more, 29%, indicating that business was better and 23% indicating that business was worse than in the previous year.



Region and Size of Practice

North America and Central and South America/Caribbean were the most positive with 45% and 44% respectively indicating that business was better in 2011 than the previous year. Meanwhile, Europeans were the most negative with those saying it was worse (28%) outnumbering those that said it was better (24%). Economic conditions have most likely affected responses to this question: at the 2011 year-end, Europe's economy was on

the brink of a double-dip recession, while the US economy was starting to accelerate.

By size of practice, responses were relatively uniform. The largest portion of respondents in each category indicated that business remained the same in 2011 with the exception of practices with 11-20 professional staff, where those indicating that business was better in 2011 (42%) narrowly eclipsed those who said business stayed the same (40%).

Region

	North America (%)	Central and South America/Caribbean (%)	Europe (%)	Africa/Middle East (%)	Asia (%)
Better than last year	45	44	24	31	35
About the same	47	51	48	51	40
Worse than last year	9	6	28	18	24

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Better than last year	26	30	31	42	35
About the same	50	49	45	40	46
Worse than last year	23	21	24	18	19

* Professional staff

Boldface indicates highest percentage per size of practice

Quarterly Trending Data

This question was asked throughout the year, but as noted, it became an increasingly backward-looking question as the year progressed. The global economy appears to have impacted the quarterly results. Optimism waned between the first and second quarter polls as the global economy

deteriorated, but improved in the third quarter as economic conditions showed signs of improvement. In the fourth quarter, optimism once again slipped, with negative responses from Europe and Asia, reflecting their respective economies decelerating, more than offsetting positive sentiment in North and South America.

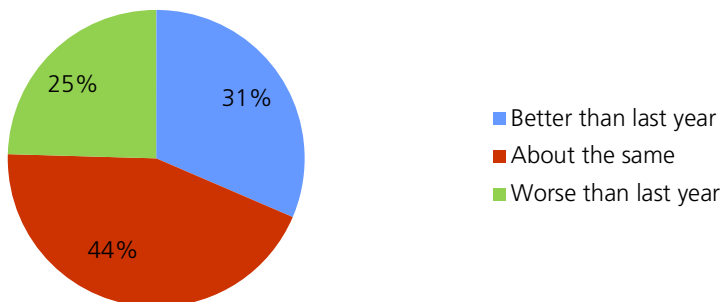
2011

	Q4 (%)	Q3 (%)	Q2 (%)	Q1 (%)
Better	29	38	23	38
About the same	48	44	51	43
Worse	23	18	26	19

Expectations for Business Performance in 2012

Thirty-one percent of respondents indicated that business will be better in 2012 than it was in 2011, showing that respondents are slightly more optimistic about the year to come. These results

may suggest that the European sovereign debt crisis is one of the main impediments to economic growth.



Region and Size of Practice

The aggregate results hide significant regional variations, most likely reflecting the marked differences in economic climate. Respondents from Central and South America/Caribbean and North America were the most optimistic, with 59% and 52%, respectively, indicating that they expect business to be better in 2012.

Europeans, not surprising given their slowing economy, were the most pessimistic with just 22% expecting business to improve and 33% expecting business to be worse, the highest of any region. No significant differences in responses were observed across size of practice.

Region

	North America (%)	Central and South America/Caribbean (%)	Europe (%)	Africa/Middle East (%)	Asia (%)
Better than last year	52	59	22	41	32
About the same	43	37	45	47	36
Worse than last year	6	5	33	12	32

Boldface indicates highest percentage per region

Size of Practice

	Sole practitioner (%)	2-5* (%)	6-10* (%)	11-20* (%)	21 or more* (%)
Better than last year	31	32	31	36	35
About the same	45	42	47	40	44
Worse than last year	23	27	22	24	21

* Professional staff

Boldface indicates highest percentage per size of practice

What is the SMP Committee Doing to Help?

Resources and Tools

SMPs are often constrained by limited in-house resources, and therefore face challenges in efficiently implementing international standards and running their practice. As noted previously, the SMP Committee's implementation guides—[*Guide to Quality Control for Small- and Medium-Sized Practices*](#) and [*Guide to Using International Standards on Auditing in the Audit of Small- and Medium-*](#)

[*Sized Entities*](#)—can help SMPs cost effectively provide high-quality services. The committee's [*Guide to Practice Management for Small- and Medium-Sized Practices*](#) also provides guidance to help SMPs improve their operational efficiency and boost revenue, thus helping them maximize their bottom line.

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

Member Bodies

The Association of Chartered Certified Accountants
 Certified General Accountants Association of Canada
 The Chinese Institute of Certified Public Accountants
 Colegio de Auditores de Bolivia
 Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili
 Corpul Expertilor Contabili si Contabililor Autorizati din Romania
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 Hong Kong Institute of Certified Public Accountants
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 Institute of Certified Public Accountants in Israel
 Institute of Certified Public Accountants of Kenya
 The Institute of Chartered Accountants in England & Wales

The Institute of Chartered Accountants of Nigeria
 The Institute of Chartered Accountants of Scotland
 Instituto dos Auditores Independentes do Brasil
 Institute of Financial Accountants
 Institute of Public Accountants
 Iraqi Union of Accountants and Auditors
 Philippine Institute of Certified Public Accountants
 The South African Institute of Chartered Accountants
 Wirtschaftsprüferkammer

Regional Organizations and Accountancy Groupings

Confederation of Asian and Pacific Accountants
 Eastern Central and Southern African Federation of Accountants
 Fédération des Experts Comptables Européens
 Fédération des Experts-Comptables Méditerranéens

Other

AIA Worldwide
 European Federation of Accountants and Auditors of Small- and Medium-Sized Entities

For more information
on the SMP Committee, please contact:
Paul Thompson
Deputy Director, SME and SMP Affairs
paulthompson@ifac.org
T +1 212 471 8715
www.ifac.org/SMP