

## SMP Quick Poll

*August/September Results*



International Federation  
of Accountants

### **About the SMP Committee**

The [SMP Committee](#) of the International Federation of Accountants represents the interests of professional accountants operating in small- and medium-sized practices and other professional accountants who provide services to small- and medium-sized entities (SMEs). The committee develops guidance and tools, and works to ensure the needs of the SMP and 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.

### **About IFAC**

[IFAC](#) is the global organization for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of 164 members and associates in 125 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

Copyright © October 2011 by the International Federation of Accountants (IFAC). All rights reserved. Permission is granted to make copies of this work provided copies are for use in academic classrooms or for personal use and are not sold or disseminated and provided that each copy bears the following credit line: *“Copyright © October 2011 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC. Contact [permissions@ifac.org](mailto:permissions@ifac.org) for permission to reproduce, store, or transmit this document.”* Otherwise, written permission from IFAC is required to reproduce, store, or transmit, or make other similar uses of, this document, except as permitted by law. Contact [permissions@ifac.org](mailto:permissions@ifac.org).

## KEY FINDINGS

In our third SMP Quick Poll, (see [August/September Results](#) below), burden of regulation was again the biggest challenge faced by practitioners' small- and medium-sized entity (SME) clients, followed by economic uncertainty and difficulties accessing finance. ([Question 1](#)) Similarly, when asked about the most important issue facing their practices right now, the largest group of respondents once again indicated keeping up with regulations and standards (35%), followed by attracting and retaining clients (26%). ([Question 2](#))

Optimism increased since last quarter, with 38% of respondents expecting an improvement in business this year compared with 23% in April/May. Nearly half the respondents indicated that they expect no change in business performance compared to last year, while 18% expect business to be worse than last year. ([Question 3](#))

Practitioners were asked to indicate by percent from which service areas they generate their fee revenue. According to the results, accounting and compilation services generate the largest portion of fee revenue for SMPs (an average of 38%) with audit and assurance services (35%) close behind; only 18% of total fee revenue comes from advisory/consulting services ([Question 4](#)). Accounting and compilation is also the fastest growing source of revenue according to the largest number of respondents (34%) followed by audit and assurance and advisory/consulting services (with 26% and 23% respectively). ([Question 5](#)) Practitioners were also asked how their fee revenue is split among the different areas of advisory/consulting services; tax consulting came out highest with an average of 45% of consulting fee revenue. ([Question 6](#))

The biggest challenges in building advisory/consulting services work are insufficient partner time (30%) and marketing services to clients (29%). ([Question 7](#)) The main reason SMEs seek advisory/consulting services from a particular practice is an existing customer-client relationship (37%); competence and expertise (21%) lagged considerably as the second most cited reason. ([Question 8](#))

The poll included two questions on auditor reporting (see the recent [IAASB Consultation Paper](#) on enhancing auditor reporting). Most respondents indicated there are significant information or expectation gaps and, of these, the largest group of respondents feels these gaps could be addressed by changes to auditor reporting ([Question 9](#) and [10](#)).

### Survey Information and Acknowledgements

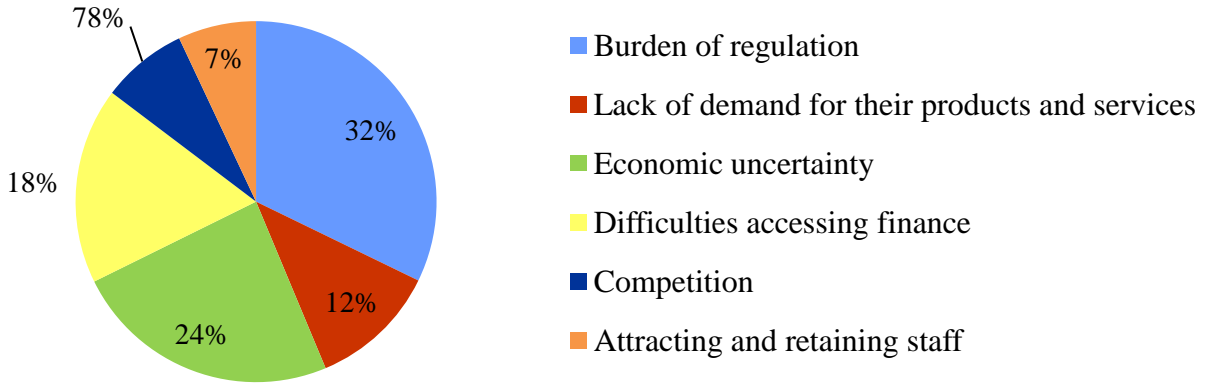
The SMP Quick Poll is conducted by the IFAC to take a snapshot of the key issues confronting SMPs and their SME clients. The SMP Quick Poll was issued in January (see [results](#)) and again in April/May (see [results](#)).

The third SMP Quick Poll was translated into three languages—English, French and Spanish—and elicited 798 responses over approximately one month (August 8, 2011 to September 9, 2011). The respondents represent all regions of the world, with most from Europe and North America. Compared to the first two polls, the third poll received a much smaller response rate from Asia and an increased number of respondents from North America. ([Question 11](#)) The largest proportion of respondents are SMPs with 2-5 professional staff (36%) or sole practitioners (34%). ([Question 12](#)) Please note the percentages in this report have been rounded. As a result, some percentages or graphs might have small rounding errors.

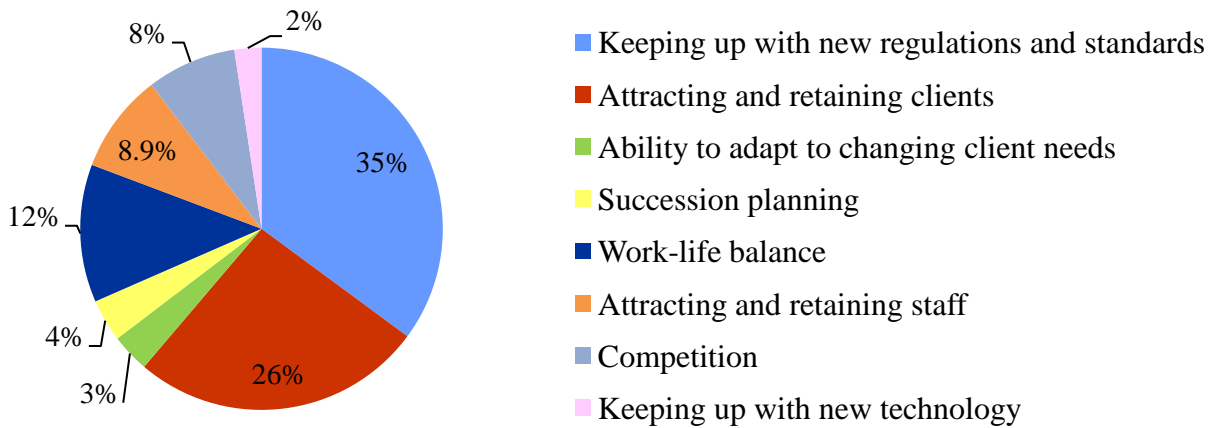
IFAC wishes to thank those member bodies and regional organizations who helped promote the poll by distributing, publishing, or hosting it on their websites.

## AUGUST/SEPTEMBER POLL RESULTS

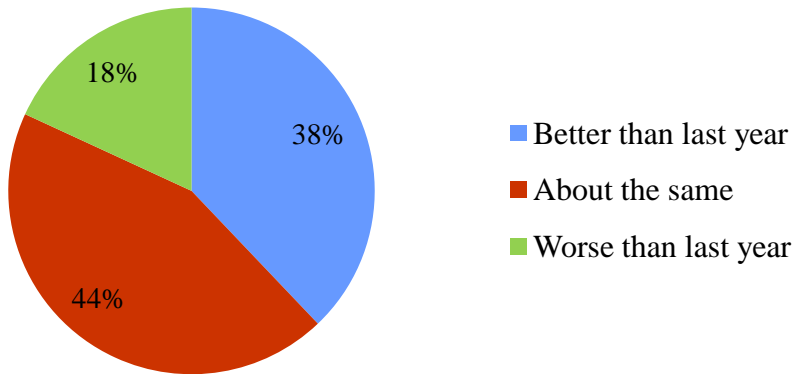
1) What is the biggest challenge faced by your small- and medium-sized entity (SME) clients?



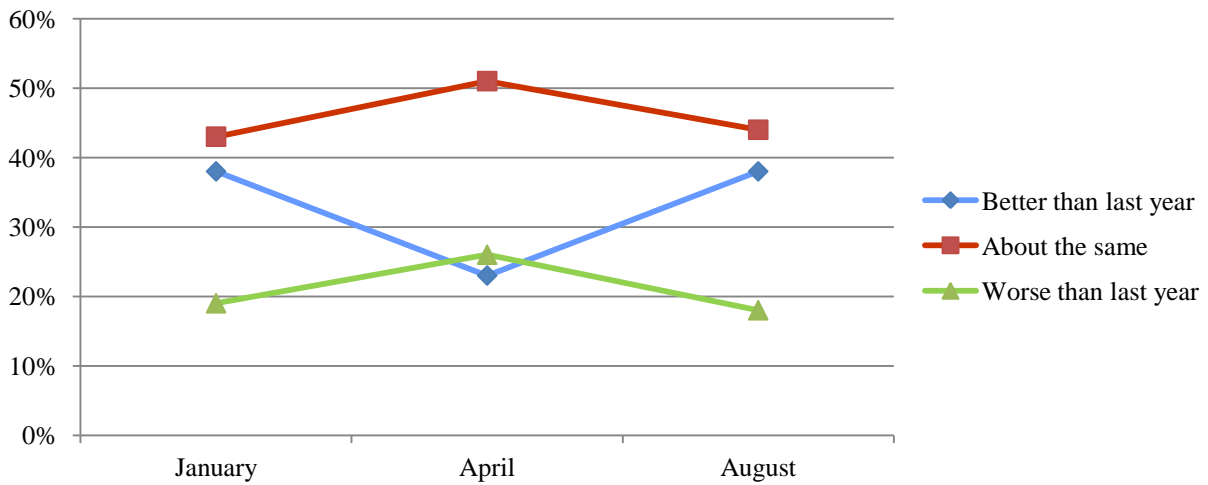
2) What is the most important issue your practice is facing right now?



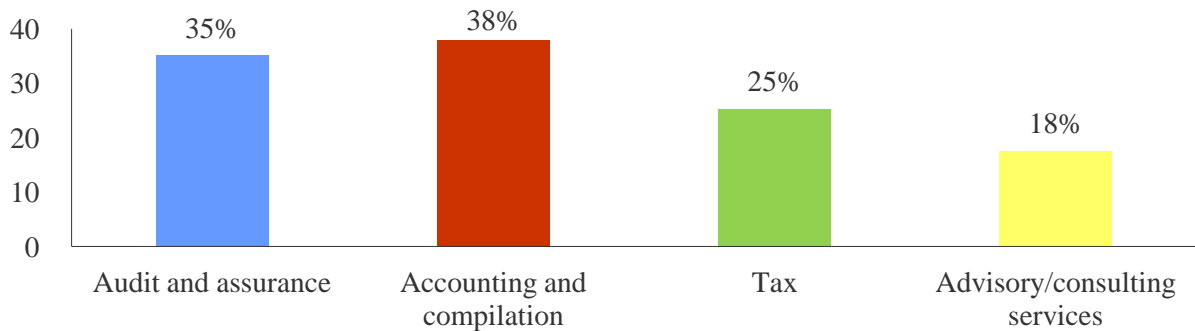
3) How does your practice expect business to be this year compared with last year?



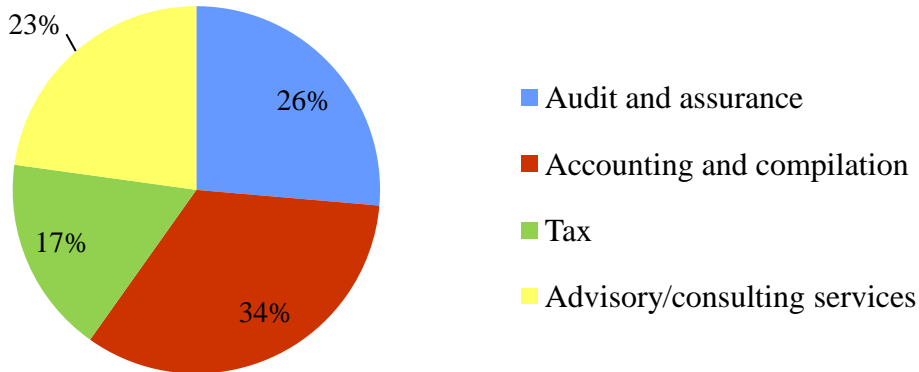
January vs. April vs. August Poll Results



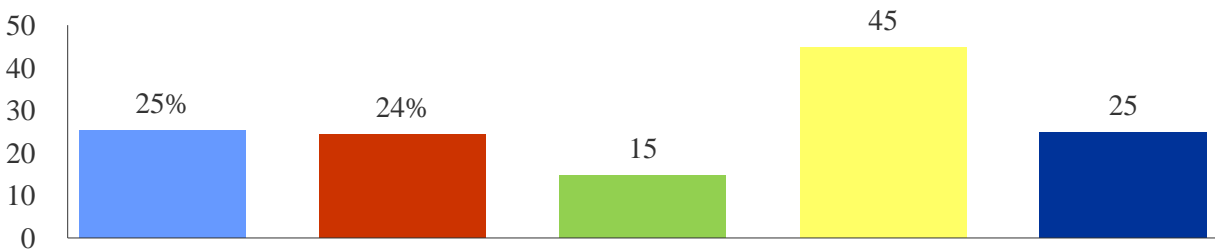
4) How is your fee revenue split among the following categories of services? Please indicate the approximate percentage of fee revenue from each. Total must add up to 100%.



5) What has been the fastest growing source of revenue for your practice in the past year?

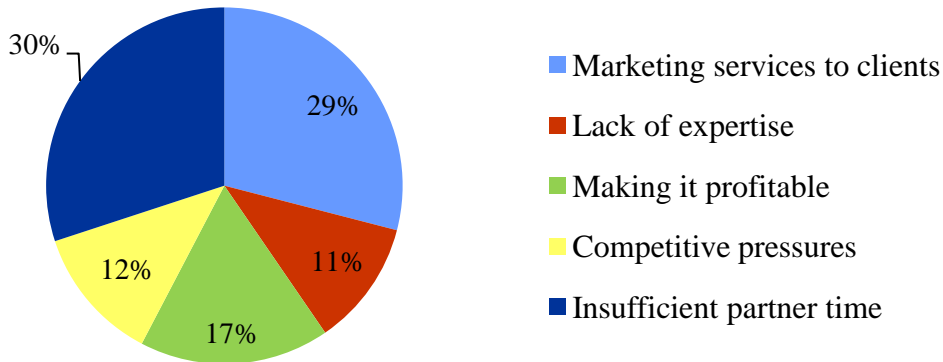


6) How is your fee revenue split among the following advisory/consulting services? Please indicate the approximate percentage of fee revenue from each. Total must add up to 100%.

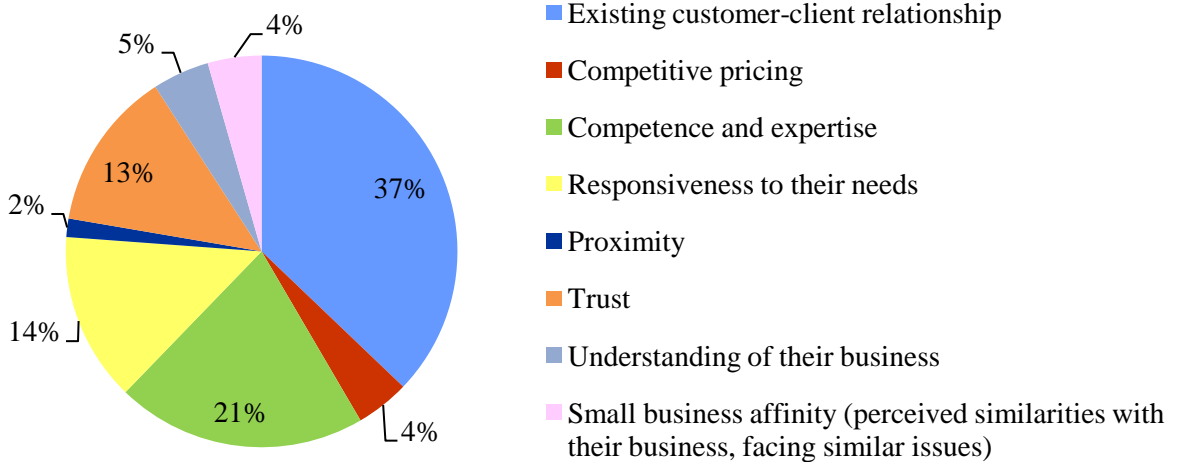


- Business development (strategic business planning, budgets and projections, sustainable business practice, virtual CFO, etc.)
- Corporate advisory (valuations, litigation support, forensic accounting, treasury, debt/equity funding, equipment finance, etc.)
- Wealth creation and preservation (finance evaluation, estate/succession planning, pension planning, etc.)
- Tax consulting (tax advice and/or representation on tax matters to revenue authorities, etc.)
- Management accounting (cost accounting, benchmarking, product/customer profitability analysis, etc.)

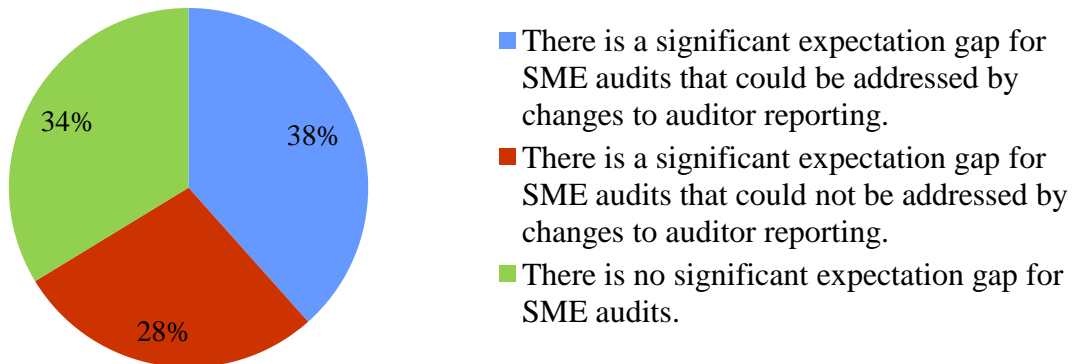
7) What is the biggest challenge your practice faces in building its advisory/consulting services work?



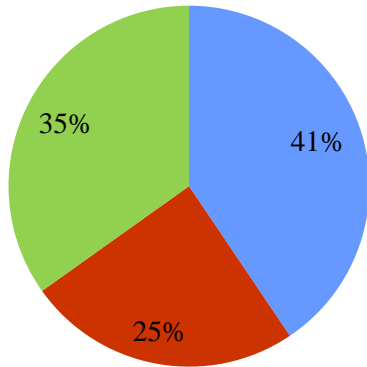
8) What do you think is the main reason SMEs seek advisory/consulting services from your practice?



9) With which of the following statements about the expectation gap (the difference between what financial statements users expect from an audit and the actual scope of an audit) do you most agree?

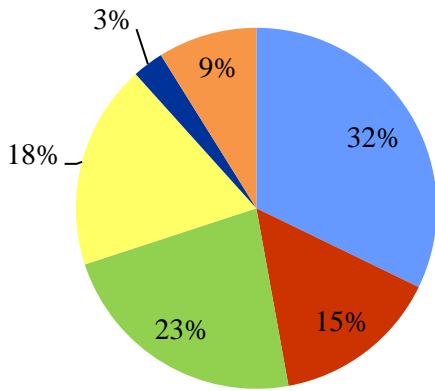


10) With which of the following statements about the information gap (the difference between the information needs of financial statement users and the information available to them from audited financial statements and other publicly available information) do you most agree?



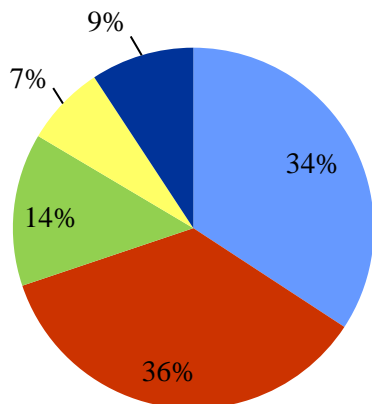
- There is a significant information gap for SME audits that could be addressed by changes to auditor reporting.
- There is a significant information gap for SME audits that could not be addressed by changes to auditor reporting.
- There is no significant information gap for SME audits.

11) In what region of the world is your practice located?



- North America
- Central and South America/Caribbean
- Europe
- Africa/Middle East
- Asia
- Australasia/Oceania

12) What is the size of your practice?



- Sole practitioner
- 2-5 professional staff
- 6-10 professional staff
- 11-20 professional staff
- 21 or more professional staff





**International Federation of Accountants**

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1(212) 286-9570 [www.ifac.org](http://www.ifac.org)