



Good afternoon - we hope you are keeping well. This is the July 2020 monthly recruitment news update for accountants from Ten Percent Financial.

Job Market Report

Recent Survey of Accountants by Ten Percent Financial - state of the job market

58% of accountants responding had been furloughed.

25% of accountants had been made redundant.

75% of accountants are working less than their normal hours.

58% of accountants are being paid a lower salary.

From the accountants who had lost their jobs 63% have not worked since. 9% have been claiming Universal Credit.

Accountancy Job Market Report - KPMG and REC Update July 10th 2020

We contribute to this report - a survey of 100s of UK recruitment businesses large and small - every month. June findings below:

Softer, but still steep, falls in permanent placements and temp billings

Quickest rise in staff supply since start of 2009

Starting pay continues to fall as vacancies decline further

Softer fall in overall recruitment activity

Recruitment consultancies signalled a softer decline in hiring activity at the end of the second quarter. Permanent staff placements and temporary billings both fell at notably weaker rates than in April and May when the coronavirus disease 2019 (COVID-19) pandemic was at its most severe. That said, rates of contraction remained sharp amid reports that clients continued to either pause or cancel recruitment plans.

Steepest rise in staff supply since global financial crisis

The availability of workers rose at the quickest rate since January 2009 in June. There were widespread reports of staff supply increasing due to redundancies and workers who were on furlough and seeking new roles. Substantial increases were signalled for both permanent and temporary staff numbers, with the latter rising at the quickest rate in the survey's 23-year history.

Downward pressure on pay

Starting pay for both permanent and short-term staff fell further in June as demand for workers remained weak and labour supply continued to increase. Though not as severe as in May, rates of reduction remained sharp for both starting salaries and temp wages.

Vacancies decline at weaker, but still sharp, rate.

Demand for staff remained historically weak during June, despite the decline in overall vacancies easing further from April's record pace. While permanent staff vacancies continued to contract at a faster pace than seen for temporary roles, rates of decline were substantial in both cases.

KPMG Vice Chair James Stewart said:

"Despite an inevitable further drop in hiring activity for permanent and temporary staff, it is encouraging to see they both fell at softer rates than seen in April and May. However, the air of uncertainty around the COVID-19 pandemic will linger – and rebuilding confidence in the UK jobs market will take time."

Accountancy Recruitment Update

We have seen very little activity other than a few localised vacancies, a few financial controller requests, and an uptake in the use of our [Freelance Accountant Platform](#) (no recruitment fees). We have plenty of available contract and permanent financial controllers, payroll managers and administrators for a range of sectors if any of your clients are on the lookout - drop us a note across to view our current candidates.

How to Value an Accountancy Practice for Sale

Ten Percent Financial offers an [accountancy practice sale service](#). Fairly uniquely we charge the sellers no fees (buyers pay us an introduction fee). One of the key questions we get asked by potential sellers is about the value of their practice. We know accountants are used to valuing other businesses, but it can be hard to do the same objectively for yourself. If you're thinking of selling – or buying – an accountancy practice, then one of the most important questions you'll probably have is: how is an accountancy practice valued? You don't want to sell yourself short by letting your practice go for too little or, equally, end up getting ripped off if you're in the market to buy. So what determines how much an accountancy practice is worth?

The Short Answer

An accountancy practice is worth anywhere from 50% to 150% of its gross recurring fees (GRF). The most common range is from 80% to 120% with various factors dictating which end of the range a practice falls.

What Factors Influence an Accountancy Practice's Value?

While GRF is the basis upon which an accountancy practice's value is calculated, a variety of factors influence where in the range a specific practice might fall. Some of the most common are:

Reason for Sale

The reason for sale can be a big factor in determining the price of a practice. If personal circumstances mean that selling up quickly is the priority – for example, in the case of death or a sudden illness – then the practice is much more likely to close at the lower end of the range than a firm that is not under time constraints.

Stage of Evolution

The stage the accountancy practice is at also influences its value. A firm that is thriving, on an upward trajectory, and experiencing consistent growth is going to have a higher value than a stagnating practice with a similar GRF.

Location

Location, location, location is not just a watchword for buying property, it extends to accountancy practices too. Where the practice is based can have a huge effect on how much it is worth. Unfortunately, as with so many other things, if you're in the London area, you're more likely to be quids in than if your practice is based in a more rural location. On the flip side, however, if you're looking to buy, the bargains are usually to be found outside of the capital.

Involvement of Existing Staff

Some accountancy practices are sold without the continuing involvement of the partners and/or

accountancy staff. Some want to remain part of the organisation after it changes hands. Others are open to either option. Depending on both parties' starting positions and wishes, this can alter the final price tag of the practice. Having people who are already part of the operation help ease the transition to new ownership can often be a distinct advantage.

Regular Monthly Income

Some accountancy practices, in particular smaller firms, bill their clients on a monthly basis by either standing order or direct debit. Having this type of regular monthly income can increase the practice's value when it comes time to sell.

Portfolio

The number of regular, repeat clients the practice has can add greatly to its overall value. Diversity of clients is also a positive and may help protect against fluctuations in specific industries. On the other hand, if a practice has recently lost – or is due to lose – a significant number of clients, then this would decrease its value.

Types of Services

Different types of services can also affect the asking price for an accountancy practice. Offering advisory services can add value to a practice, for example, as can a strong emphasis on cloud accounting. The general consensus is that the future is in the cloud, so being on board with modern accounting software and systems is a big plus for any practice these days.

Reputation

The standing of the firm can increase – or decrease – its value. An established accountancy practice with a good, solid reputation can expect to fetch a price more towards the higher end of the range. Conversely, a firm that is generally less well-respected is likely to command a much lower figure, even if location and GRF are the same.

Final Thought: a Thing is Worth as Much as the Buyer Wants It

While the factors outlined above very commonly influence how much a buyer is willing to pay for an accountancy practice, there could be other unforeseeable considerations that may also swing the deal. If, for example, a buyer is looking for a practice in a very specific location, then they might be willing to pay that bit more than expected for the area. There are no hard and fast rules when it comes to the buying and selling of accountancy practices, so the best thing to do is go into negotiations – whichever side you're on – with an open mind.

[To get your firm listed for sale at no cost please click here.](#)

Tune your CV - 25 tips to improve your accountancy CV

We see so many utterly appalling CVs from accountants and bookkeepers. Most of the damage is done through the omission of information and also the layout. This article has 25 easy suggestions for improving your CV. [Click here.](#)

[Join our Freelance Accountant Directory - no charge.](#)

New for 2020: Freelance Accountant Directory - accountants and bookkeepers available to undertake freelance work for accountants and businesses. Hourly rates range from £16 per hour and upwards.

[Join our Freelance Accountant Directory](#)

Add your Fees to our Fixed Fee Accountant Directory - no charge

Ten Percent Financial maintains a directory of advertised accountancy fees and we can add your business to the list at no cost. Whilst we appreciate that an accountant should, like any professional, be never selected solely on cost as the quality is an important factor, we are maintaining a directory of accountancy services and fees where they are advertised on the internet on a monthly or yearly subscription basis.

To add your details simply click the button below.

[Join our Accountant Fixed Fee Directory](#)

Our directory can be viewed here: [The Ten Percent Accountancy Service Fees Directory](#)

Looking to sell a block of fees or your practice?

No fees charged to sellers. We have a number of investors looking to purchase accountancy firms and/or blocks of fees across the UK of all shapes and sizes. [Register your sale here](#) - <https://www.tenpercentfinancial.co.uk/buy-or-sell-accountancy-firms-and-fee-blocks/>

We also specialise in buying and selling law firms - see here for our current list of over 35 firms for sale: <https://www.ten-percent.co.uk/buy-or-sell-a-solicitors-practice/>

Looking to recruit?

Let us help you find contract, temporary or permanent staff. Simply reply to this email with your requirements, call 0800 246 5016 or [visit our website by clicking here](#). We work with both practice and industry accountants across the UK, ACCA, AAT and CIMA. We have plenty of remote working accountants available to assist.

Why use us?

Candidates benefit from our lighter touch - no sales talk or pressure - together with our commitment to donate 10% of our profits to charity (19 years and counting!). Please visit our website at www.tenpercentfinancial.co.uk for further information.

Employers benefit from our assistance recruiting Seniors, Semi-Seniors, Assistant Accountants, Audit Semi and Seniors, Bookkeepers, Trainee Accountants, Accounting Technicians and other staff. We are also part of the Ten Percent Group, specialists in the recruitment of solicitors and legal staff since 2000.

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We hope to be able to assist you with your recruitment, now or in the future.

Kind regards,

Jonathan Fagan

Director

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