

ACCOUNTING FOR THE SMB ECONOMY

Highlighting the transformational impact Accountants and Bookkeepers have on sole traders, micro, small and medium businesses in the UK

The research was conducted by Dr Chris Brauer, Director of Innovation, Goldsmiths, University of London alongside Dr Jennifer Barth, Research Director, Symmetry and Dr Hoang Luong, data analyst, Symmetry

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Foreward

Foreword by Glenn Collins, Head of Technical and Strategic Engagement at the Association of Chartered Certified Accountants

We at the Association of Chartered Certified Accountants (ACCA) recognise that in a dynamic, fast-evolving and tumultuous market, the relationship between accountants and small and medium-sized businesses (SMBs) with 0-250 employees – including sole traders – is more valuable than ever.

We've witnessed firsthand just how much accountants can transform outcomes for enterprises of every size. That's because accountants today often go above and beyond financial management or regulatory support – they've become trusted advisors.

Accountants are increasingly looked to for guidance on a range of business issues, helping leaders foster resilient, thriving businesses with the capacity to also prioritise the wellbeing of workers. So, the relationship between accountants and SMBs has transformed in recent years, with much more of a focus on business performance and long-term growth.

This is why we work in conjunction with Intuit Quick Books – to shine a light on the instrumental role accountants play every day in helping businesses achieve their goals and objectives, through their technical knowledge and personal experiences.

One of the most powerful findings from this research has been how smarter, more data-driven decision-making – facilitated by these sorts of partnerships – can lead to an 11.5% growth in revenue for SMBs.

Having an accountant manage cash flow, advise on investments and help navigate the unique challenges of one's industry, can have a dramatic impact on a company's potential to succeed.

By embracing clear communication and accessible language, accountants can bridge the technical gap and form deep relationships with SMBs built on trust and understanding. In turn, this gives SMB leaders the bandwidth to fully understand the breadth of support available to them.

The shifting and crucial role of accountants is what the findings in this report highlight. More and more, success for SMBs is being determined by whether they've been able to evolve their relationship with their accountant into one of an advisor, strategist or mentor.

Fundamentally, accounting services will always be there to alleviate the day-to-day pressures of financial management. However, we at the ACCA believe that emphasising just how much of a trusted advisor accountants can be will be key to helping SMBs flourish – giving them the peace of mind that comes with knowing someone is in your corner and committed to your success.

So, as the world continues to evolve into one whereby business resilience and adaptability are essential ingredients to success, we remain dedicated to fostering fruitful connections between accounting professionals and SMBs.

Executive Summary

Small and medium-sized businesses are the powerhouse behind the UK's commercial landscape. They represent 99.9% of all UK businesses and contribute a staggering £2.4 trillion to the economy.

The nation's 5.5 million SMBs are the product of hard working individuals braving countless challenges, such as economic uncertainty, access to financing, and the complexities of regulatory compliance.

Navigating these economic waters alone can take its toll on business leaders. And, over time, these daily pressures can start to have detrimental effects on the mental health and wellbeing of not just leaders but employees too.

Professional accounting and bookkeeping is far from a new service. And with many of the concerns business leaders have tending to revolve around financial management, it's generally understood that an accountant or bookkeeper helps ameliorate many of these stresses.

However, there can also be preconceptions among some SMBs that hiring an accountant or using an accounting service is an unnecessary expense – especially when leaders believe their enterprises are too small or cash-strapped to warrant it.

Yet, our research has shown that the benefits of taking on professional accounting services are significant, even in smaller SMBs.

From helping businesses stimulate higher revenue and avoid fines and penalties, to elevating the confidence and wellbeing of the individuals who work there, accounting professionals can be a powerful ally to SMBs, especially in trying times.

We worked with Dr Chris Brauer from Goldsmiths, University of London, Symmetry Research and the Association of Chartered Certified Accountants (ACCA) on this first-of-its-kind academic study. By utilising rigorous methodologies that mirror established research models, we examined the correlation between the use of accountancy services and revenue growth among sole traders, micro, small and medium businesses respectively.

The research models were supplemented by a survey of managers and decision-makers from 4,000 SMBs across all four nations of the UK, exploring how their use of internal and external accountants and bookkeepers affects their performance.

By the end of this report, we hope to dispel some of the long-held preconceptions, referenced above, around the impact of accounting services on SMBs, and empower leaders to make truly informed decisions when deciding whether additional support is right for them.

Stats at a glance:

The impact of accounting services on SMBs

11.5%

Revenue increase experienced by SMBs using accounting and bookkeeping services compared to those that don't.

+70%

Agree or strongly agree accounting services strengthen their financial reporting.

9 hrs

Time saved every week on finance management by using an accountant.

21.4%

Don't use accountants and bookkeepers.

Chapter 1:

Unlocking hidden revenue potential

When it comes to running an SMB, no goal is more of a priority – from sole trader up to the largest medium-sized business – than generating revenue.

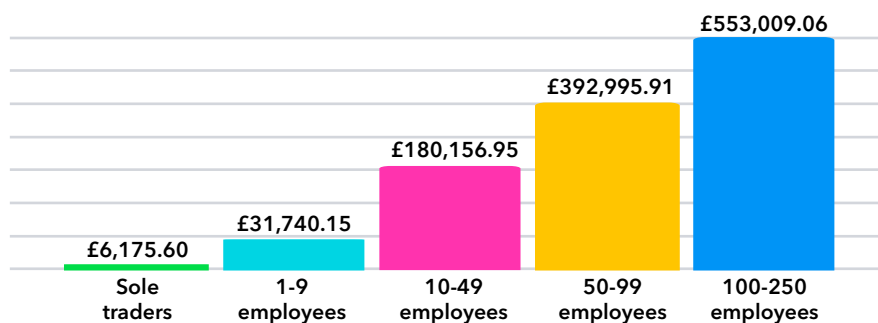
Yet keeping track of expenses and cash flow (35.1%) and trying to orchestrate a strategic, long-term financial plan (34.6%), are the two most keenly felt accounting challenges by leaders from firms of all sizes, according to our research.

And considering it's widely acknowledged that cash flow problems are a big driver behind why SMBs fail, it's a justified concern. However, leveraging accounting services can make a big difference on this front, regardless of a business' size.

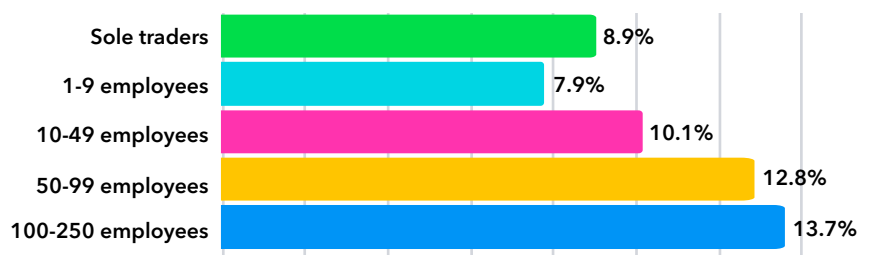
Using academic-led research models, we set out to apply a forensic lens on the impact internal and external accountants and bookkeepers have on revenue growth, time savings and business leader stress reduction, as well as their level of satisfaction.

We concluded that SMBs who use professional accounting services saw an 11.5% increase in revenue per year – a number that grows to 12.8% per year when considering only medium-sized firms.

Average increase in revenue per year for those SMBs using professional accounting services in £



Average increase in revenue per year for those SMBs using professional accounting services in %

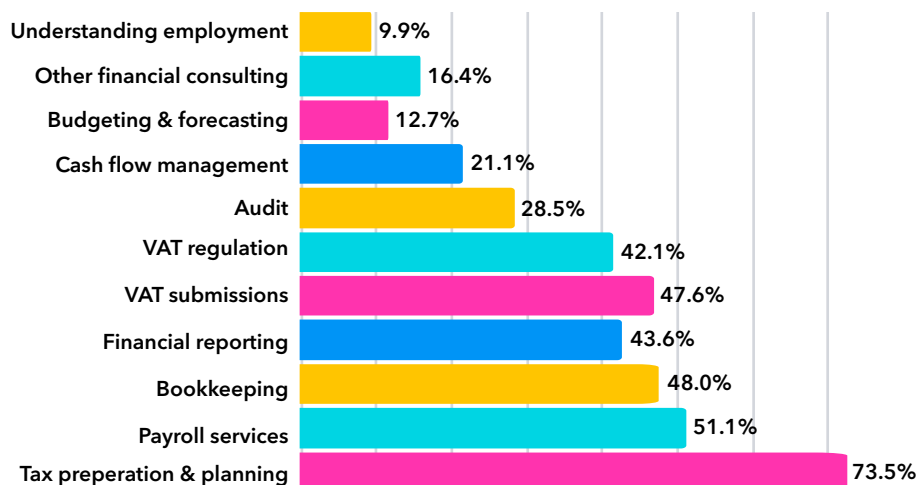


Accounting services drive greater revenue in SMBs in several ways. For one, having a professional accountant or bookkeeper manage a business' finances means it's much more likely to follow financial best practices. Around 71% of our respondents agreed that professional accounting services improve cash flow management, which makes both current and future business decision-making run more smoothly. In addition, 73.1% said that using professional accounting services has strengthened their financial reporting, and this alone has offered increasing opportunities to get bank loans or government support.

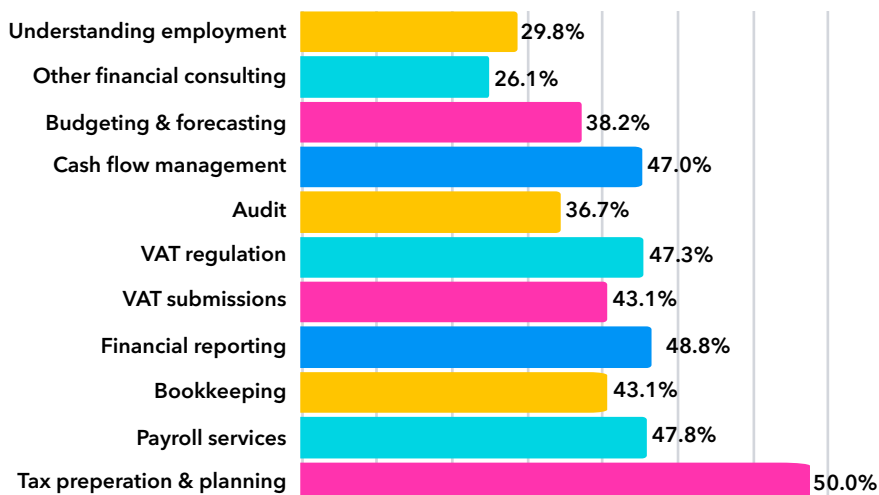
We found that smaller firms and sole traders were more likely to rely on accountants for foundational accounting activities, such as tax preparation and planning, and bookkeeping. Mid-sized enterprises, on the other hand, tend to use accountants more for financial management support, such as cash flow management, budgeting and forecasting.

Accounting services used by SMBs (Micro-businesses vs Mid-sized businesses)

Accounting services used by Micro-businesses (1-9) employees



Accounting services used by Mid-size businesses (100-250) employees



Offloading the burden of financial management to an accountant can save up to nine hours a week. SMBs located in Greater London save the most time, at 10.19 hours per week, while those in the South West save the least (7.88 hours).

Some 77% of those surveyed agree professional accounting services help save time in managing a business. That's time that can go towards allowing leaders to focus more on their strengths and work towards developing their enterprise in other ways.

However, more than simply crunching the numbers, accountants can also serve an integral role as strategic financial advisors, counselling on business planning, tax compliance and financial management.

What's more, around 80% of SMB leaders who have used an accountant say it has had either a moderate, significant or transformational effect on their financial literacy. This means that over time, SMBs can become more confident when it comes to their own financial management.

So, it's no surprise that nearly all respondents who've used accounting services recommend them to others. SMBs from the East Midlands are the most likely to recommend an accountant to a peer at 95%. And while those in Greater London are the least likely, they still do at a very high rate (90%).

Recommending an accountant

Proportion of businesses that would recommend other businesses hire an accountant if they don't already have one



"When accountants take an active role in their clients' strategic decisions, the impact can be transformative. We've seen clients grow from small operations to multi-site businesses, all because they were open to our guidance. The real value lies in empowering business owners with the financial knowledge and tools they need to expand and thrive, not just keeping them compliant."

– Eriona Bajrakurtaj, Managing Director, Majors Accounts

"Niche expertise is becoming a game changer for accountants. By specialising in specific sectors [such as] e-commerce, we can offer tailored advice that directly impacts a client's success. Coupled with proactive communication, we're not just checking boxes anymore—we're building long-term relationships where we actively help SMBs make strategic decisions, thrive, and grow."

– Aaron Patrick, Chartered Accountant, Boffix

Chapter 2:

Mitigating risks to strengthen financial confidence

Few people start their own business because they're experienced at managing enterprise finances or have a comprehensive understanding of tax law.

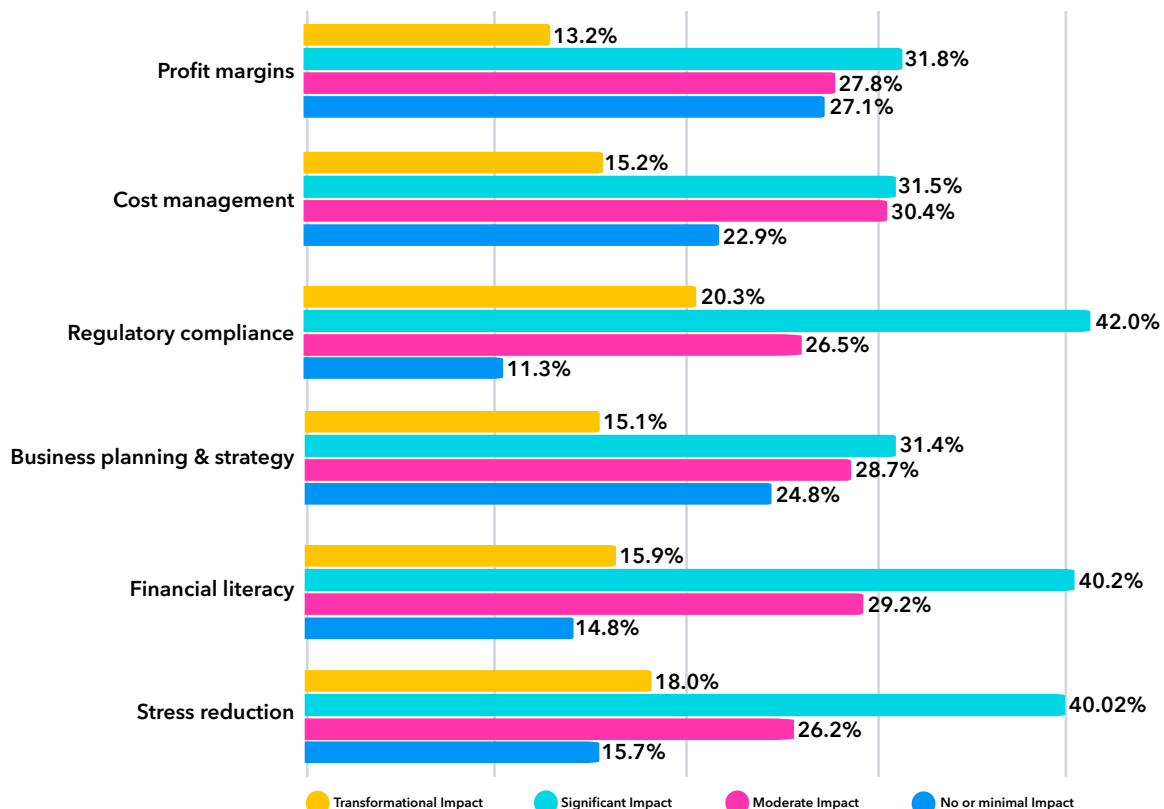
Yet, whether you're a sole trading plumber or the owner of a vintage retail store, it's an inevitability that you'll eventually have to engage in any number of financial activities. And understanding the true scope of these many tasks can be daunting for leaders.

The study found that 88.3% of SMBs are concerned about making accounting mistakes, with 27.9% being very concerned that they will make mistakes in financial reporting, payroll, and tax preparation.

That's not to say these hurdles can't be overcome. But getting up to speed with the various laws and regulations necessary to keep a small or mid-sized business compliant – while also doing the everyday work required to run it – can be a steep hill to climb.

However, our research shows that accountants tend to save SMBs a lot more money than they cost.

Effects of using accountants

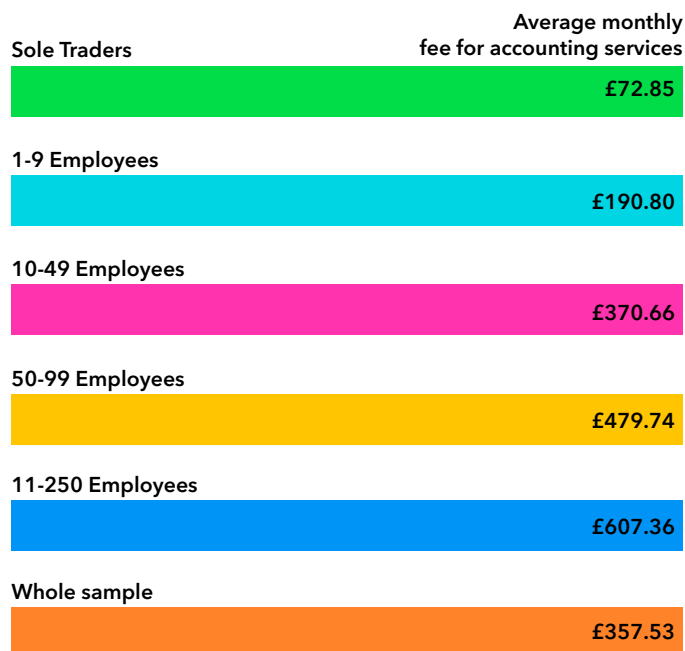


It's easy to underestimate just how costly and complex taxes and regulatory compliance can be for even a small business. For instance, over the course of the business' lifespan, our study found that SMBs incur nearly £9,000 in tax penalties, and accounting mistakes cost more than £8,300 on average.

For sole traders, tax penalties incurred averaged £2,103, with accounting mistakes costing them £2,818. On the other hand, mid-sized businesses (50-99 employees) cough up an average of £11,008 in tax penalties and £9,657 in accounting mistakes.

By leveraging accounting services, businesses can significantly reduce penalties and mistakes. And considering the average monthly fee for an accounting service is £360 (across our entire sample), in most cases, hiring one is by far the more fiscally responsible choice.

Average monthly fee for accounting services



Aside from preventing unnecessary losses in the form of penalties, simply having a professional accountant manage the business' finances imbues leaders with a greater sense of confidence.

A leader who is confident that their house is in order is more likely to go for new opportunities. For instance, 70% of businesses agree that professional accounting strengthens financial reporting, better positioning them to secure bank loans or government support. SMBs in Greater London are on the higher end of the scale, at 77.3%, while SMBs in the East Midlands were least likely to agree that accounting strengthens their financial reporting (65%).

However, consistently, between 75-85% of all SMBs surveyed reported feeling high to moderate levels of satisfaction with the accounting services they've used.

And this confidence stretches into how these leaders view their future, with 83% of SMBs who use professional accounting services saying they feel confident about facing upcoming challenges, including regulatory ones such as Making Tax Digital.



Again, SMBs in Greater London (77.3%) and North West England (76.5%) seemed to get the biggest confidence boost from accountant use, while those in the East Midlands (65%) and Wales (68.3%) saw the least.

So, aside from the strong financial motivations, leveraging the assistance of accounting services can also be great for morale, and help SMBs take advantage of more opportunities to grow the business.

"Accountants play a vital role in building confidence for SMBs by bringing clarity to their finances. Whether it's through managing cash flow, ensuring compliance, or providing strategic insights, we give business owners the reassurance that their finances are in good hands. This not only reduces stress but also empowers them to make informed decisions with confidence, knowing they have a trusted advisor guiding them every step of the way."

– Russell Frayne, Director of Transformation, Gravita

Chapter 3:

Economic growth opportunities through expert accounting

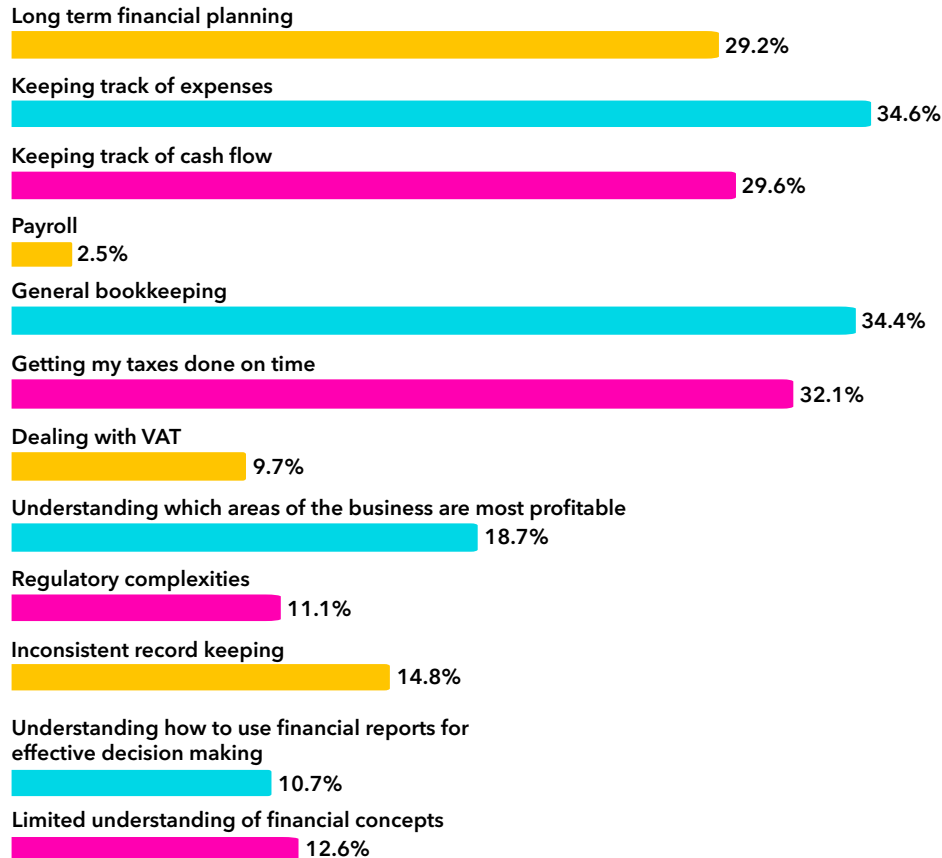
Running an SMB is not for the faint-hearted.

It can come with an immense amount of financial and administrative pressure, such as ensuring books are balanced, taxes are paid and regulations are complied with – all while trying to grow a business in increasingly uncertain and unpredictable economic environments.

So, it's no surprise SMB leaders are stressed.

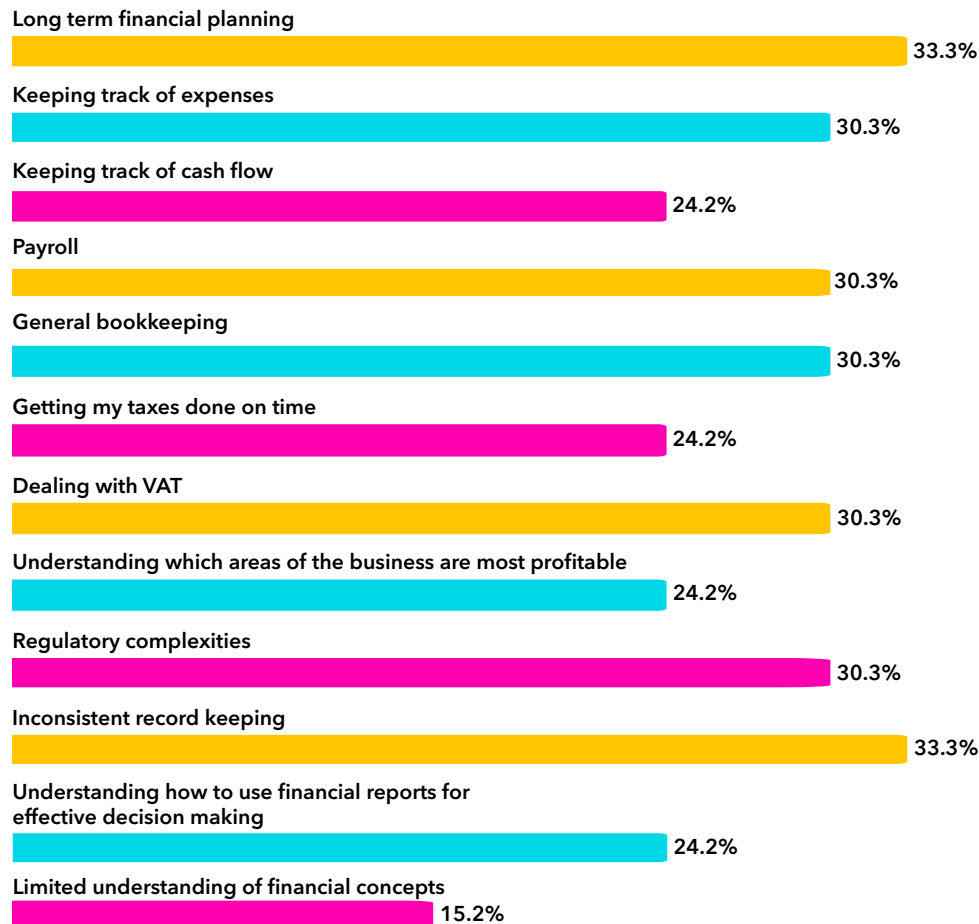
But these anxieties can end up having a crippling impact on SMB leaders' health in a myriad of ways. For instance, sole traders (23%) and SMBs in the North East (30.5%) were among the most likely to report loss of sleep and other detrimental effects due to accounting mistakes, according to our study. Across the UK, 38.3% of SMBs suffer from a lack of confidence, and 27.8% suffer from a loss of sleep when it comes to their business finances.

Accounting tasks that are challenges for sole traders



And while people who start businesses may not expect it to be easy, that doesn't mean they have to just put up with ever-worsening wellbeing to achieve success. This is especially true when you consider the larger, indirect effects of having leaders who are sleep-deprived or in a constant state of stress.

Accounting tasks that are challenges for businesses with 50-100 employees



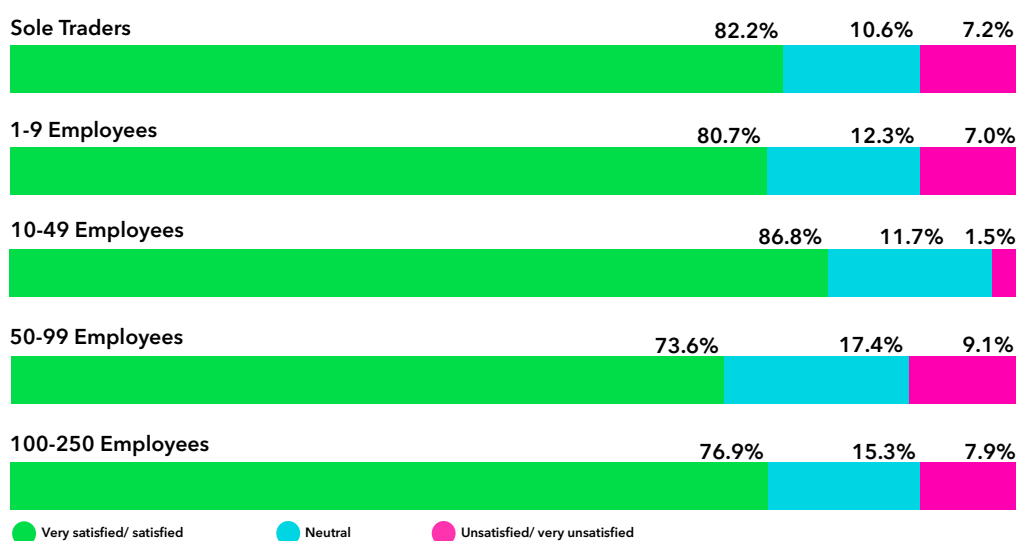
Taking on the services of an accountant can drastically help lessen the load. This is especially the case for businesses in Northern Ireland, with 78.6% of SMBs saying accounting services help reduce their financial stress.

The study highlights a notable gap in accounting support among SMBs, with only 78.6% of small and medium businesses currently utilising accountants or bookkeepers. This leaves a significant 21.4% operating without professional accounting support – a gap that could potentially hinder economic growth within the sector.

When examining this trend regionally, there are stark differences in accountant utilisation rates. For example, in the North West of England, 80% of SMBs already work with accountants or bookkeepers, demonstrating a robust reliance on financial expertise in that area. Northern Ireland sees the highest adoption rate, with an impressive 93.3% of SMBs engaging accounting professionals – a likely contributor to the stability and growth within that region’s business landscape.

However, the South West of England presents a different picture: here, only 68.7% of SMBs have an accountant or bookkeeper, suggesting a considerable opportunity for economic advancement through greater adoption of accounting services. This regional variance emphasises the importance of accessible and affordable accounting support services for SMBs across the UK, with a potential economic boost awaiting if those currently unassisted can be encouraged to leverage this expertise.

Level of satisfaction with accounting services by firm size



With more time and less stress, SMB leaders can focus on the parts of the business that they can influence, while remaining primed to take advantage of any opportunity that comes their way.

“Accountants are not just about compliance anymore; we’re here to reduce the stress that keeps business owners up at night. By taking care of financial management and offering proactive advice, we give SMBs the peace of mind to focus on growing their business, knowing they have someone they trust looking out for them. In collaboration with leading academics, this research demonstrates the significant impact that accountants and bookkeepers have in promoting growth and strengthening confidence within the SMB community.”

– Glenn Collins, Head of Technical and Strategic Engagement, ACCA

Conclusion:

Unleash your business potential through accounting services

Running a small business often means juggling numerous responsibilities just to keep things going, and for many SMB leaders, success can feel more about keeping afloat than actively growing. But imagine achieving more with less strain – that's where the right accounting support can make a transformative difference.

Accounting services are integral to helping businesses generate more revenue through stronger financial management, strategic planning, and expert insight. By handling the complex technical and regulatory side of business, accountants and bookkeepers empower SMB leaders to focus on growth, building confidence and enhancing wellbeing across the board.

The findings of this study reveal a substantial opportunity for both SMBs and accountants to drive meaningful economic impact – yet the level of accounting support available varies greatly across the UK.

For accountants, these insights present opportunities to reach SMB communities that are underserved and in need of your expertise. For SMB leaders who haven't yet tapped into professional accounting support, consider this: there may be untapped revenue within your business waiting to be unlocked.

Throughout every stage of a small business journey, accounting services play a pivotal role in strengthening financial health, mitigating risks, and supporting sustainable growth. By forming trusted relationships with skilled accountants, SMB leaders gain not just survival strategies, but a blueprint for thriving.

SMBs can find an accountant or bookkeeper with Intuit's [regional directory](#) of Quick Books-certified ProAdvisors.

Methodology

The questionnaire was designed and delivered to the managers/decision-makers of small and medium-sized businesses (SMBs). Our sample contains data from 4,000 SMBs across all four nations of the UK.

The respondents provided information about their use of internal and external accountants, looking at how it affects their performance, both in terms of revenue, manager time and stress reduction. It also looked at their level of satisfaction with their accountant.

We follow Kamyabi and Devi (2011) to estimate the effect of using an accountant on SMEs' performance. In our model, the dependent variable reflects whether an SMB reports an increase in their revenue in their most recent financial year.

Our main explanatory variable is another binary variable that equals 1 if an SMB has used an accountant, and 0 otherwise. Our model also controls for firm size and age.

$$\text{Revenue}_i = \text{Acct} + \text{Size}_i + \text{age}_i + \epsilon$$

Standard statistical method to find the revenue figure

We gave firms several options to report their revenue. These options create a frequency distribution table with class intervals (Up to £50,000; £50,001 - £100,000; £100,001 - £250,000; £250,001 - £500,000; £500,001 - £999,999; £1m - £4.99m; £5m - £10m; More than £10m).

First, we multiply the midpoint of each class interval with the number of firms who report it (since there's no upper boundary for the final class: "More than £10m", and due to the fact that our sample contains only SMBs, we assume that the midpoint of this class interval is exactly £10m).

Then we sum it all up and divide the result by the total number of firms. It gives us the average revenue of the whole sample. We do the same for the increase in their revenue.



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About Symmetry Research

Symmetry looks beyond the surface and behind the curtain of the fundamental innovations and trends shaping our society, markets, culture, and values. We are academics and researchers looking at the intersections of emerging technology and socioeconomic impact, producing independent research for thought leadership and AI solutions for business performance.

Symmetry's mission is to share and grow knowledge about the interaction of technology and everyday lives. We want to understand the past, present, and future of human interaction with emerging technologies and socioeconomic changes – from behaviour to context, nature to nurture, origin to experiences – helping our clients engage their clients and public imagination.

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