

Service bulletin

Accounting Services



2009

Highlights

- In 2009, the operating revenue of the Canadian accounting industry totalled \$13.2 billion, up 5.2% from 2008.
- Accounting, bookkeeping and payroll services generated the largest share of revenue for the industry, at 60.0%. Taxation services accounted for another 24.7%. The remainder of revenue was divided amongst management consulting services (7.4%), insolvency and receivership services (2.6%) and other goods and services (5.3%). These shares have remained relatively steady over time.
- Most provinces showed a year-over-year increase in operating revenues. Newfoundland and Labrador had the highest percentage increase at 18.2%, followed by Saskatchewan (14.8%), Nova Scotia (13.7%), Quebec (12.4%), Manitoba (8.2%), Ontario (6.1%) and New Brunswick (2.1%). Only accounting firms in Alberta and British Columbia had declines of -1.3% and -1.8%, respectively.
- Accounting businesses in Ontario continued to represent the largest portion of the industry's operating revenue (41.9%), followed by businesses in Quebec (19.1%), Alberta (15.3%) and British Columbia (13.9%). Quebec and Ontario's shares have experienced gains in recent years, while Alberta and British Columbia's shares have declined.
- In 2009, 98.2% of the industry's sales were to Canadian clients. The business sector continued to be the primary client of the accounting industry, generating 72.3% of total operating revenue, followed by individuals and households (19.1%). Government and foreign clients made up the remaining 8.6%.
- Total operating expenses in 2009 were \$9.5 billion, up 6.8% from 2008. Of this amount, salaries, wages and employee benefits was once again the largest expense item, representing 57.6% of total operating expenses.
- As a result of the larger increase in operating expenses relative to operating revenue, the operating profit margin declined to 27.6% in 2009 from 28.6% in the previous year.

Statistical tables

Table 1

Summary statistics for the accounting services industry, by province and territory, 2007 to 2009

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	millions of dollars			percent
2009 ^p				
Newfoundland and Labrador	107.9	89.0	64.6	17.6
Prince Edward Island	x	x	x	x
Nova Scotia	235.4	165.8	94.7	29.6
New Brunswick	185.8	137.8	78.4	25.8
Quebec	2,507.2	1,714.3	921.5	31.6
Ontario	5,512.2	4,063.4	2,203.7	26.3
Manitoba	384.6	275.8	159.5	28.3
Saskatchewan	303.3	204.0	106.6	32.7
Alberta	2,015.0	1,517.6	942.5	24.7
British Columbia	1,831.7	1,304.8	758.6	28.8
Territories ¹	x	x	x	x
Canada	13,150.7	9,523.5	5,355.7	27.6
2008 ^r				
Newfoundland and Labrador	91.3	73.4	46.0	19.5
Prince Edward Island	x	x	x	x
Nova Scotia	207.0	138.5	80.5	33.1
New Brunswick	181.9	127.0	69.0	30.2
Quebec	2,230.3	1,551.5	840.4	30.4
Ontario	5,194.6	3,678.8	2,012.1	29.2
Manitoba	355.5	254.3	149.8	28.5
Saskatchewan	264.2	178.0	94.7	32.6
Alberta	2,042.0	1,550.2	968.4	24.1
British Columbia	1,865.3	1,321.5	732.4	29.2
Territories ¹	x	x	x	x
Canada	12,495.5	8,918.2	5,018.5	28.6
2007 ^r				
Newfoundland and Labrador	89.6	73.2	45.1	18.3
Prince Edward Island	x	x	x	x
Nova Scotia	185.8	131.9	74.0	29.0
New Brunswick	144.9	94.6	49.6	34.7
Quebec	2,119.9	1,506.3	773.9	28.9
Ontario	4,904.4	3,445.0	1,876.2	29.8
Manitoba	326.1	225.1	124.7	31.0
Saskatchewan	243.6	162.7	88.5	33.2
Alberta	1,668.8	1,233.4	736.0	26.1
British Columbia	1,579.0	1,145.1	614.1	27.5
Territories ¹	x	x	x	x
Canada	11,325.3	8,063.9	4,408.2	28.8

1. Territories include: Yukon, Northwest Territories and Nunavut.

Note(s): According to the North American Industry Classification System (NAICS 5412). See "Data sources, definitions and methodology" at the end of tables for definition of terms.

Table 2

Expenditures as a percentage of total operating expenses for the accounting services industry, by province and territory, 2007 to 2009

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories ¹	Canada
	percent											
Salaries, wages and benefits												
2009 P	76.0	x	58.2	58.4	55.4	56.2	59.2	53.7	61.8	59.8	x	57.6
2008 r	64.5	x	59.6	55.2	56.2	56.3	60.4	54.8	62.2	56.2	x	57.4
2007 r	67.0	x	57.0	54.3	55.2	56.8	56.7	55.6	58.8	55.2	x	56.6
Other labour costs												
2009 P	6.1	x	5.8	6.0	12.6	7.6	7.9	11.2	8.7	8.4	x	8.9
2008 r	9.3	x	3.9	5.3	9.3	7.8	6.2	8.9	7.8	10.0	x	8.3
2007 r	4.6	x	4.6	9.1	10.2	7.1	7.3	7.3	6.4	11.4	x	8.2
Rental, leasing, utilities and telecommunications												
2009 P	4.0	x	9.1	8.8	8.1	7.9	7.1	7.3	8.1	8.6	x	8.0
2008 r	6.5	x	9.2	9.7	7.6	8.2	6.7	7.4	7.4	8.3	x	7.9
2007 r	6.7	x	10.3	9.4	7.6	8.3	7.5	7.9	8.5	8.7	x	8.3
Repair and maintenance expenses												
2009 P	0.7	x	1.8	4.2	1.1	1.0	1.4	1.6	1.6	1.2	x	1.2
2008 r	2.9	x	1.3	1.5	1.2	1.4	1.1	1.6	1.1	1.6	x	1.4
2007 r	1.3	x	0.9	1.5	1.2	1.2	1.0	1.8	1.5	1.5	x	1.3
Depreciation charges of tangible and intangible assets												
2009 P	1.0	x	2.1	1.6	1.8	2.1	2.1	2.7	2.0	2.2	x	2.0
2008 r	1.9	x	1.8	1.9	1.8	1.9	2.2	2.3	2.1	2.1	x	2.0
2007 r	1.3	x	2.1	1.8	1.7	2.1	1.8	2.2	2.1	2.0	x	2.0
Advertising, marketing, promotions, travel, meals and entertainment												
2009 P	1.9	x	3.7	4.1	4.1	3.8	5.2	3.8	4.2	3.4	x	3.9
2008 r	2.9	x	4.1	5.1	4.5	4.4	6.3	4.1	4.2	3.6	x	4.3
2007 r	3.6	x	4.4	4.2	4.3	5.2	6.3	4.4	4.9	4.0	x	4.8
Other purchased goods and services												
2009 P	3.8	x	6.8	4.4	4.7	5.7	5.9	5.4	4.5	6.0	x	5.3
2008 r	4.6	x	6.1	7.6	4.7	5.1	5.7	4.8	4.6	7.5	x	5.4
2007 r	4.7	x	7.4	7.2	6.3	7.0	6.3	7.2	7.2	8.2	x	7.0
Other operating expenses												
2009 P	6.4	x	12.4	12.5	12.2	15.7	11.3	14.3	9.1	10.4	x	12.9
2008 r	7.3	x	13.9	13.7	14.7	14.9	11.4	16.0	10.6	10.6	x	13.3
2007 r	10.7	x	13.3	12.5	13.5	12.4	13.2	13.7	10.6	9.0	x	11.9

1. Territories include: Yukon Territory, Northwest Territories and Nunavut.

Note(s): According to the North American Industry Classification System (NAICS 5412). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 3
Sales by type of client for the accounting services industry, by province and territory, 2007 to 2009

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories ¹	Canada
	percent											
Clients in Canada												
2009 ^p	99.6	x	98.9	97.2	98.8	97.6	99.7	99.8	99.2	97.5	x	98.2
2008 ^r	99.7	x	99.5	99.1	97.6	96.7	99.5	99.7	98.8	97.8	x	97.6
2007 ^r	99.2	x	99.9	99.8	99.2	99.7	99.9	100.0	99.9	99.4	x	99.5
Individuals and households												
2009 ^p	12.6	x	18.4	36.6	18.7	23.9	9.6	31.9	11.9	12.2	x	19.1
2008 ^r	10.2	x	20.2	37.3	20.2	22.7	21.7	33.1	21.0	18.3	x	21.5
2007 ^r	20.4	x	24.3	22.3	19.8	23.8	22.1	28.0	22.8	19.4	x	22.2
Government, not-for-profit organizations and public institutions												
2009 ^p	5.5	x	5.6	6.1	6.9	7.2	4.1	9.1	6.6	5.9	x	6.8
2008 ^r	2.3	x	6.1	4.2	6.4	8.1	8.7	14.8	9.6	7.5	x	8.1
2007 ^r	4.4	x	5.3	6.4	6.4	7.3	9.8	19.7	10.8	6.1	x	7.8
Business sector												
2009 ^p	81.5	x	74.9	54.5	73.2	66.5	86.0	58.7	80.7	79.4	x	72.3
2008 ^r	87.2	x	73.2	57.6	71.0	65.8	69.1	51.9	68.2	72.0	x	68.0
2007 ^r	74.3	x	70.3	71.1	73.0	68.7	68.0	52.4	66.3	73.9	x	69.5
Clients outside Canada												
2009 ^p	F	x	1.1	2.8	1.2	2.4	F	F	F	2.5	x	1.8
2008 ^r	F	x	F	F	2.4	3.3	F	F	1.2	2.2	x	2.4
2007 ^r	F	x	F	F	F	F	F	F	F	F	x	F

1. Territories include: Yukon, Northwest Territories and Nunavut.

Note(s): According to the North American Industry Classification System (NAICS 5412). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 4
Sales by type of goods and services for the accounting services industry, by province and territory, 2007 to 2009

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories ¹	Canada
	percent											
2009 p												
Accounting (auditing, assurance, compilation, review), bookkeeping and payroll services	78.8	x	62.4	58.5	62.9	55.5	69.7	56.0	63.4	62.2	x	60.0
Taxation services (tax preparation, planning and consulting services, other taxation services)	13.8	x	21.1	19.3	22.1	25.9	19.5	35.8	24.2	26.1	x	24.7
Management consulting services	3.7	x	9.3	14.0	6.5	9.5	5.6	3.1	5.9	5.6	x	7.4
Insolvency and receivership services	1.9	x	F	2.7	3.2	3.1	2.2	1.1	1.8	1.6	x	2.6
Other sales of goods and services	1.8	x	6.3	5.5	5.3	6.0	3.1	4.0	4.7	4.6	x	5.3
2008 r												
Accounting (auditing, assurance, compilation, review), bookkeeping and payroll services	76.0	x	59.0	55.6	62.5	56.0	69.2	59.3	63.9	60.5	x	59.9
Taxation services (tax preparation, planning and consulting services, other taxation services)	12.3	x	25.0	24.7	21.9	26.3	19.3	31.1	24.7	27.3	x	25.1
Management consulting services	8.2	x	10.7	10.0	7.1	8.4	6.1	3.9	4.6	6.1	x	7.1
Insolvency and receivership services	1.7	x	1.5	5.3	2.8	2.7	2.1	1.2	1.6	1.5	x	2.3
Other sales of goods and services	1.8	x	3.7	4.4	5.7	6.5	3.4	4.5	5.2	4.6	x	5.6
2007 r												
Accounting (auditing, assurance, compilation, review), bookkeeping and payroll services	72.7	x	59.8	55.5	63.0	60.6	64.7	54.7	62.1	59.5	x	61.2
Taxation services (tax preparation, planning and consulting services, other taxation services)	17.5	x	24.4	28.9	21.6	22.6	22.3	32.4	25.3	28.2	x	23.9
Management consulting services	3.0	x	10.3	9.8	6.6	8.4	5.7	4.4	5.2	5.1	x	6.9
Insolvency and receivership services	3.3	x	F	1.1	2.4	2.1	2.2	2.2	1.7	1.6	x	2.0
Other sales of goods and services	3.5	x	4.8	4.7	6.3	6.3	5.1	6.2	5.7	5.6	x	6.0

1. Territories include: Yukon Territory, Northwest Territories and Nunavut.

Note(s): According to the North American Industry Classification System (NAICS 5412). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the Accounting Services in Canada. Data collected from businesses are aggregated with information from other sources to produce official estimates of national and provincial economic production for this industry. Survey estimates are made available to businesses, governments, investors, associations, and the public. The data are used to monitor industry growth, measure performance, and make comparisons to other data sources to better understand this industry.

Target population

The target population consists of all establishments classified to the Accounting Services industry (NAICS 5412) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in providing a range of accounting services, such as the preparation of financial statements, the preparation of management accounting reports, the review and auditing of accountings records, the development of budgets, the design of accounting systems, the preparation of tax returns and bookkeeping, billing and payroll processing services.

Industry structure

Under the North American Industrial Classification System (NAICS), the Accounting, Tax Preparation, Bookkeeping and Payroll Services Industry (5412) consists of Offices of Accountants (541212), Tax Preparation Services (541213) and Bookkeeping, Payroll and Related Services (541215).

Offices of Accountants – NAICS 541212

This industry refers to professional accounting services. This industry comprises establishments primarily engaged in providing a range of accounting services such as the preparation of financial statements, the preparation of management accounting reports, the review and auditing of accounting records, the development of budgets, the design of accounting systems, and the provision of advice on matters related to accounting. These establishments may also provide related services, such as bookkeeping services, tax return preparation services, payroll services, management consulting services and insolvency services.

Tax Preparation Services – NAICS 541213

This industry comprises establishments primarily engaged in providing tax return preparation services.

Bookkeeping, Payroll and Related Services – NAICS 541215

This industry comprises establishments primarily engaged in providing bookkeeping, billing or payroll processing services.

Data users who wish to learn more about NAICS, its underlying principles, and many of the other statistical concepts discussed in this brief summary, are referred to the Introduction section of the Statistics Canada publication “North American Industry Classification System: Canada 2007” (catalogue no. 12-501-X).

Sampling

This is a sample survey with a cross-sectional design.

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including address, industry classification, and information from administrative data sources. The frame is maintained by Statistics Canada's Business Register Division and is updated using administrative data. The basic objective of the survey is to produce estimates for the whole industry - incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments. Prior to the selection of a random sample, establishments are classified into homogeneous groups

(i.e., groups with the same NAICS codes and same geography). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some. The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling. The effective sample size for reference year 2009 was 778 collection entities.

Definitions

Operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

Operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Operating profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

Salaries, wages and benefits include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the **weighted response rate** was 86.8%. CVs were calculated for each estimate. CVs are available upon request.

Related products

Selected CANSIM tables from Statistics Canada

360-0018 - Accounting services, operating expenses, by North American Industry Classification System (NAICS), annual(percent) (21 series)

360-0019 - Accounting services, sales by type of client based on the North American Industry Classification System (NAICS), annual(percent) (5 series)

Survey(s)

Definitions, data sources and methods: survey number 4716 - Annual Survey of Service Industries: Accounting Services

Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: May 2011

Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published
*	significantly different from reference category ($p < 0.05$)

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