

## UNDERSTANDING THE NEEDS OF THE REAL ECONOMY:

### AN APA CLIENT SURVEY Q1 2019

Date launched:	Monday, January 07, 2019
Date closed:	Monday, February 04, 2019
Total responses:	475

## Introduction

The Association of Practising Accountants (APA) is a network of 16 leading business advisory firms meeting the needs of the real economy from SMEs through to AIM companies as well as the third sector.

APA members collectively advise and support well over 14,000 businesses with turnover up to the hundreds of millions. Our clients produce goods and services which help drive and jobs and growth across the UK and internationally.

This is the first of what we hope will be a regular twice yearly assessment of the challenges and opportunities facing this vital sector of the economy. We want to ensure that the views of our clients register with policy makers and regulators so that they can make informed decisions that help support sustainable business growth.

## Introduction

What is clear from our research is that owner managed businesses are holding back investment decisions and are more pessimistic about the economic outlook than this time last year. Key findings include:

- A majority of respondents were either unlikely or very unlikely to make major capital investment in the next 12 months
- The largest single minority of respondents thought that on balance the UK is likely to be worse off in 12 months and 5 years as a result of Brexit
- While there was more optimism (43%) than pessimism (21%) about growth over the next 12 months only 18% were more optimistic than this time last year against 33% who were more pessimistic.
- The biggest challenges facing these businesses over the next 12 months include the impact of Brexit, the economic outlook, recruiting and retaining the right people and regulatory burdens.

## Introduction

- There was better news on business funding with 68% of respondents believing that they had sufficient access to funding over the next 12 months with bank loans and asset finance being the most used options.
- Strategic advice and support was identified as being the main benefit of using an APA member firm.

Taken together these factors are impacting on our clients willingness to make capital investment, hire, etc. and should ring alarm bells with policy makers who need to think hard about how the current environment can be improved.

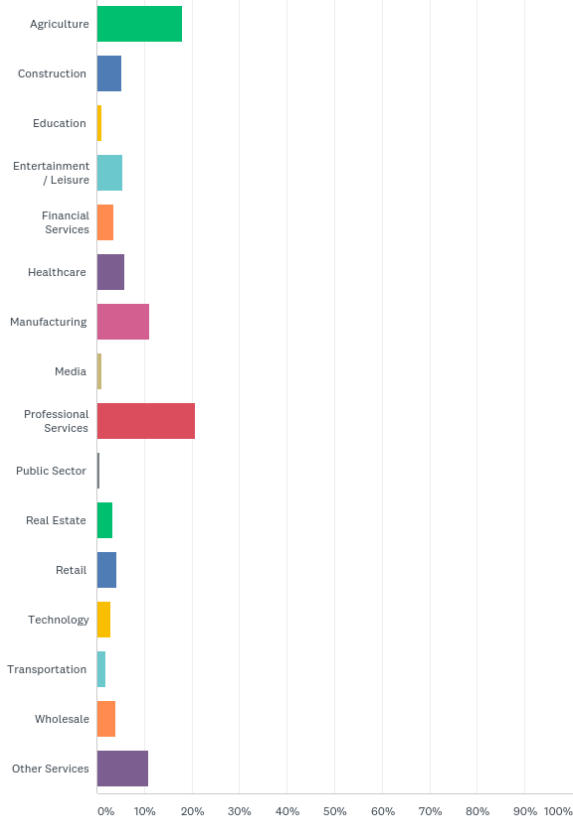
In particular our clients would like to see a more business focused approach to regulation, greater emphasis on the needs of the real economy and more clarity about what they can expect post-Brexit.

## Methodology

Between 7<sup>th</sup> January and 4<sup>th</sup> February a client survey was dispatched by the Association of Practicing Accountants through its network of 16 member firms. In total 475 clients responded to the consultation across a broad breadth of industry sectors. The quantitative research included in this report is supported by qualitative feedback which provides further anecdotal evidence in support of these findings.

# Q1: How would you classify your business by sector?

Answered: 473 Skipped: 2



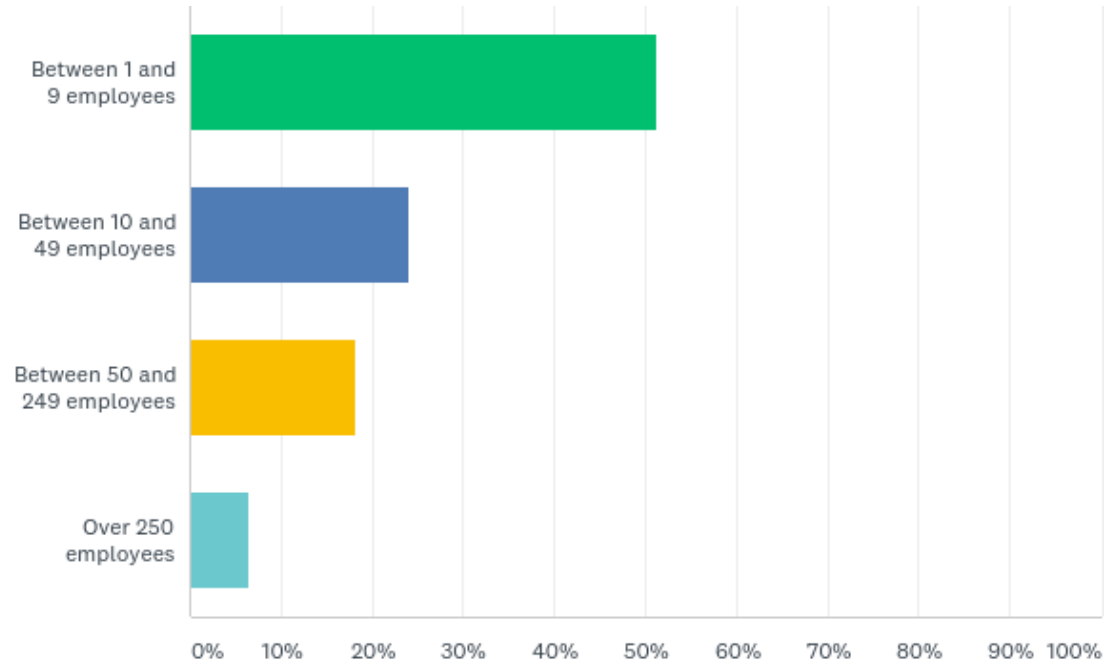
# Q1: How would you classify your business by sector?

Answered: 473 Skipped: 2

ANSWER CHOICES	RESPONSES	
Agriculture	17.97%	85
Construction	5.29%	25
Education	1.06%	5
Entertainment / Leisure	5.50%	26
Financial Services	3.59%	17
Healthcare	5.92%	28
Manufacturing	10.99%	52
Media	1.06%	5
Professional Services	20.72%	98
Public Sector	0.63%	3
Real Estate	3.38%	16
Retail	4.23%	20
Technology	2.96%	14
Transportation	1.90%	9
Wholesale	4.02%	19
Other Services	10.78%	51
<b>TOTAL</b>		<b>473</b>

## Q2: What size is your business?

Answered: 471 Skipped: 4





## Q2: What size is your business?

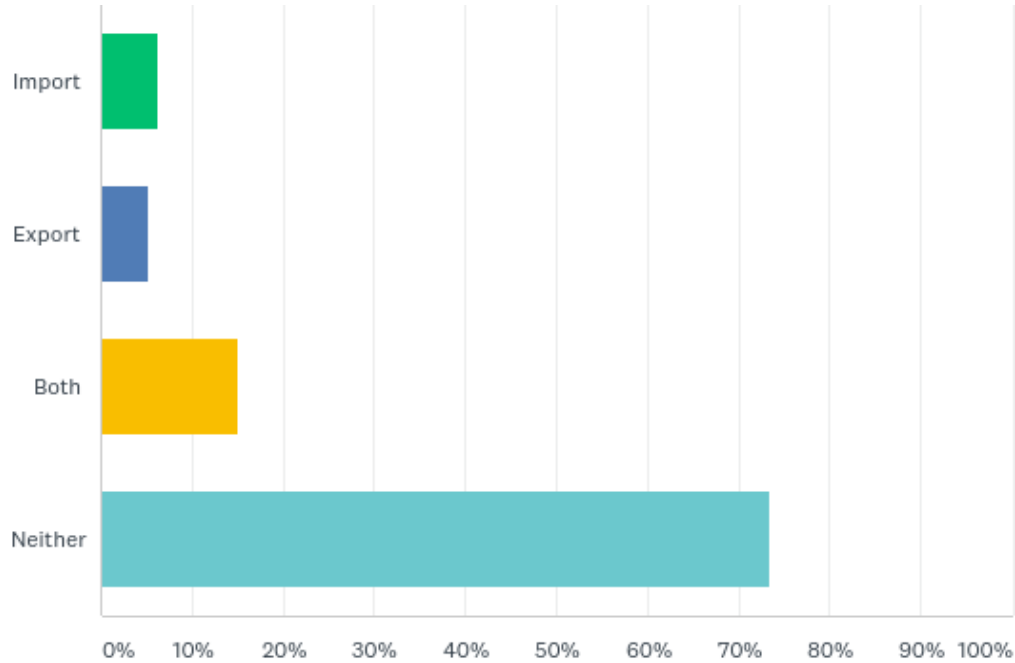
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Answered: 471 Skipped: 4

ANSWER CHOICES	RESPONSES	
Between 1 and 9 employees	51.17%	241
Between 10 and 49 employees	23.99%	113
Between 50 and 249 employees	18.26%	86
Over 250 employees	6.58%	31
TOTAL		471

### Q3: Do you import or export?

Answered: 469 Skipped: 6



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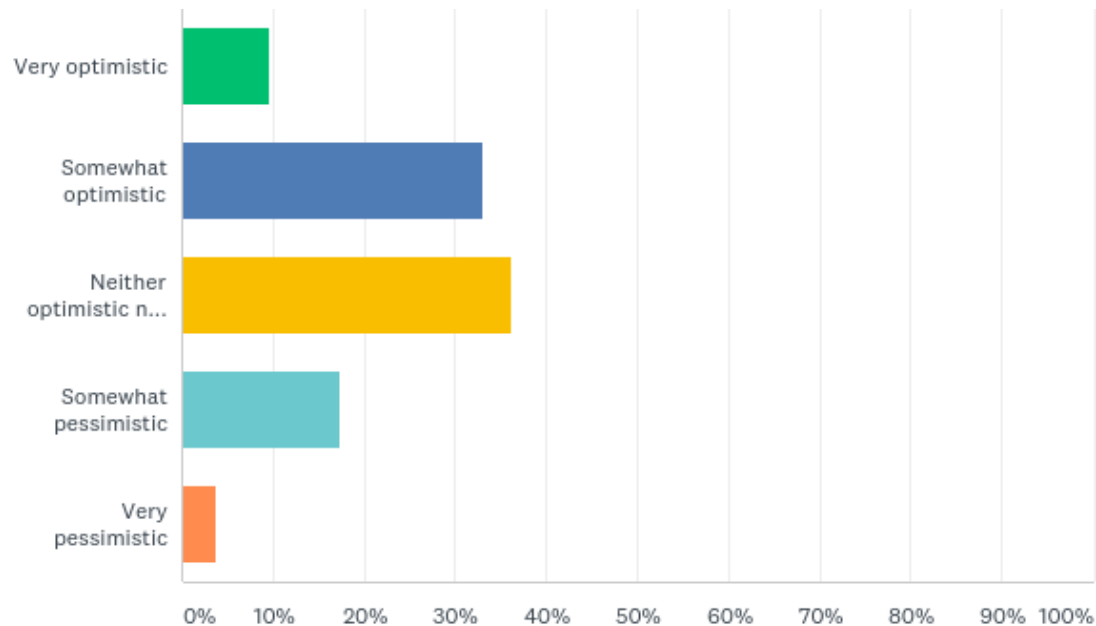
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Answered: 469 Skipped: 6

ANSWER CHOICES	RESPONSES	
Import	6.18%	29
Export	5.33%	25
Both	15.14%	71
Neither	73.35%	344
TOTAL		469

## Q4: How optimistic are you about your growth over the next 12 months?

Answered: 472 Skipped: 3



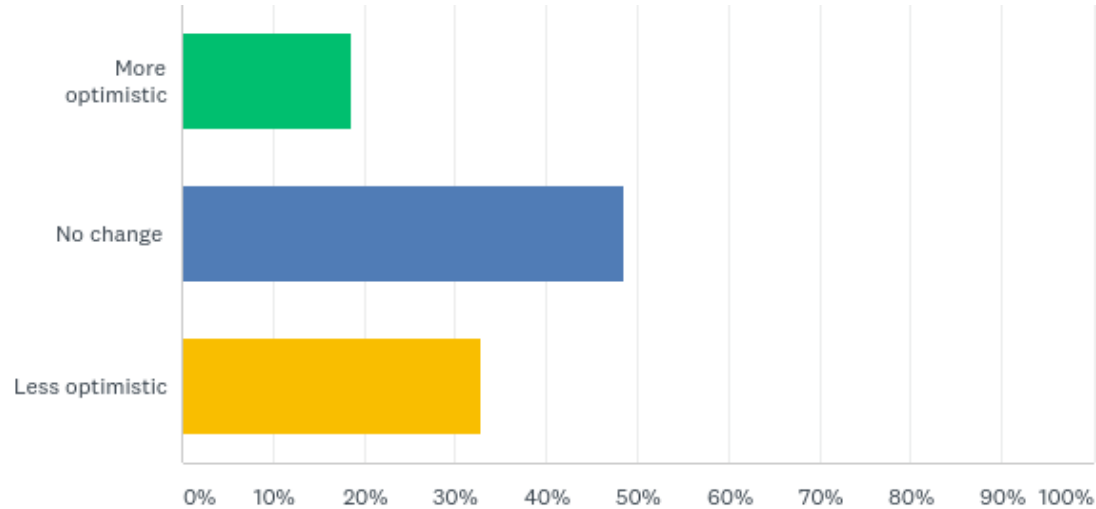
## Q4: How optimistic are you about your growth over the next 12 months?

Answered: 472 Skipped: 3

ANSWER CHOICES	RESPONSES	
Very optimistic	9.53%	45
Somewhat optimistic	33.05%	156
Neither optimistic nor pessimistic	36.23%	171
Somewhat pessimistic	17.37%	82
Very pessimistic	3.81%	18
TOTAL		472

## Q5: Are you more or less optimistic than 12 months ago?

Answered: 470 Skipped: 5



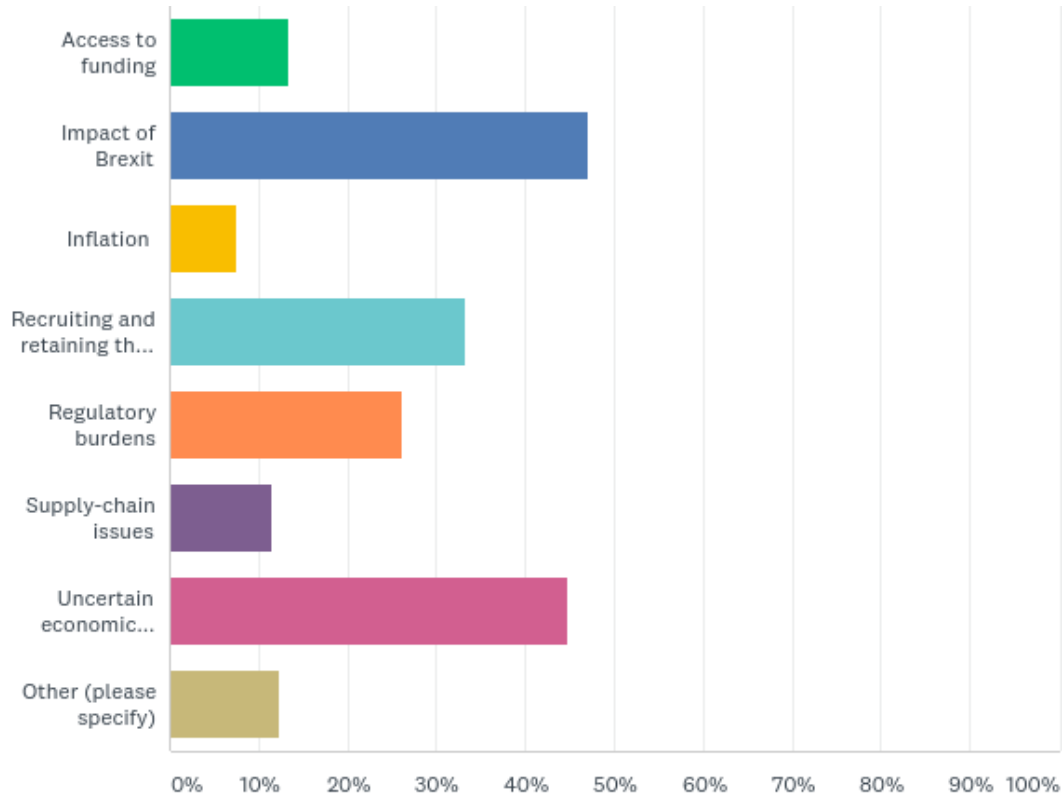
## Q5: Are you more or less optimistic than 12 months ago?

Answered: 470 Skipped: 5

ANSWER CHOICES	RESPONSES	
More optimistic	18.72%	88
No change	48.51%	228
Less optimistic	32.77%	154
TOTAL		470

## Q6: What are the biggest challenges you face over the next 12 months?

Answered: 468 Skipped: 7





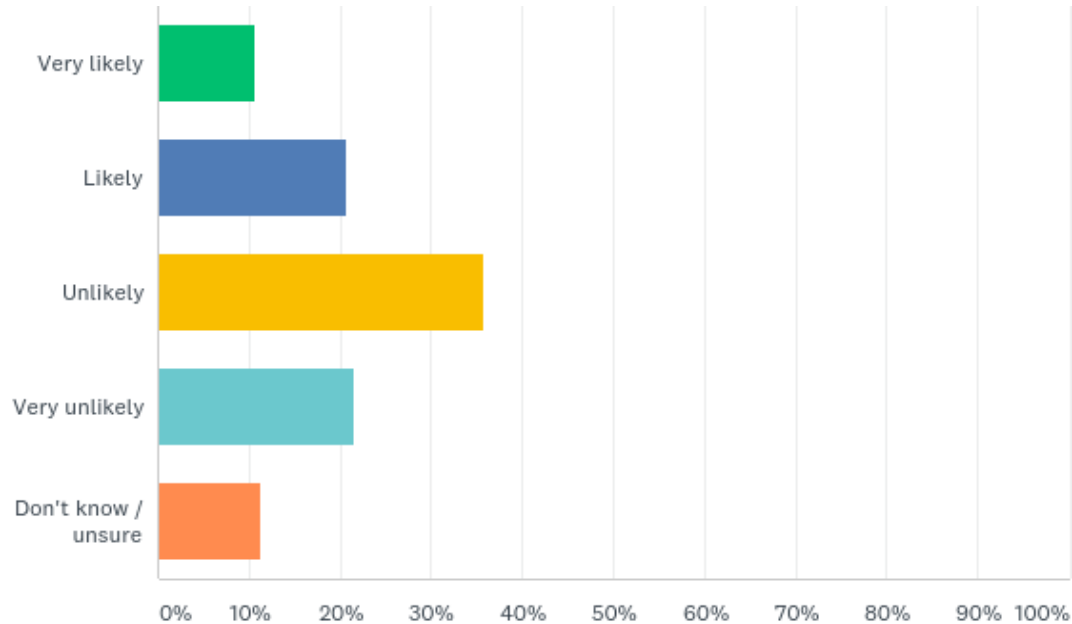
## Q6: What are the biggest challenges you face over the next 12 months?

Answered: 468 Skipped: 7

ANSWER CHOICES	RESPONSES	
Access to funding	13.46%	63
Impact of Brexit	47.01%	220
Inflation	7.48%	35
Recruiting and retaining the right people	33.33%	156
Regulatory burdens	26.07%	122
Supply-chain issues	11.54%	54
Uncertain economic outlook	44.87%	210
Other (please specify)	12.39%	58
Total Respondents: 468		

## Q7: How likely are you to make a major capital investment in your business over the next 12 months?

Answered: 469 Skipped: 6



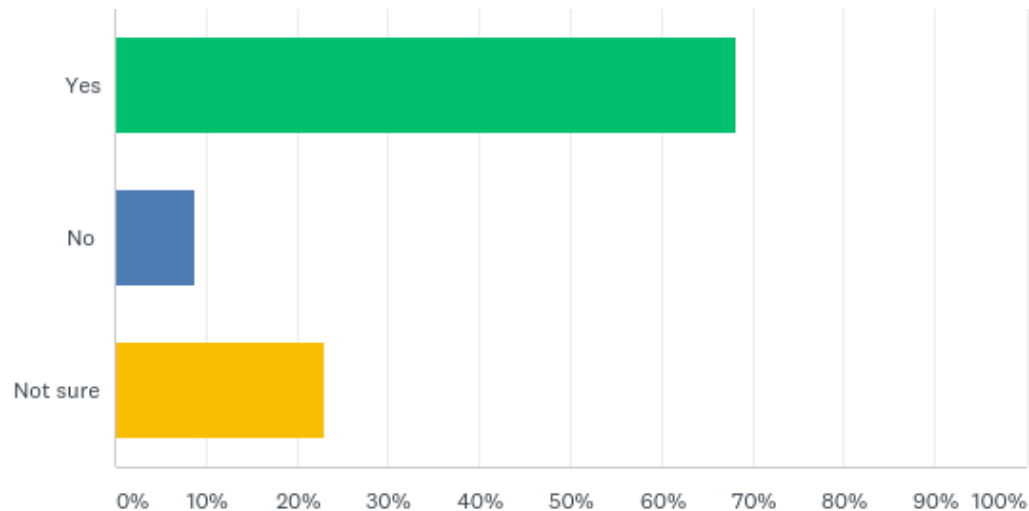
## Q7: How likely are you to make a major capital investment in your business over the next 12 months?

Answered: 469 Skipped: 6

ANSWER CHOICES	RESPONSES	
Very likely	10.66%	50
Likely	20.68%	97
Unlikely	35.82%	168
Very unlikely	21.54%	101
Don't know / unsure	11.30%	53
<b>TOTAL</b>		<b>469</b>

## Q8: Do you have sufficient access to the funding you need over the next 12 months?

Answered: 466 Skipped: 9



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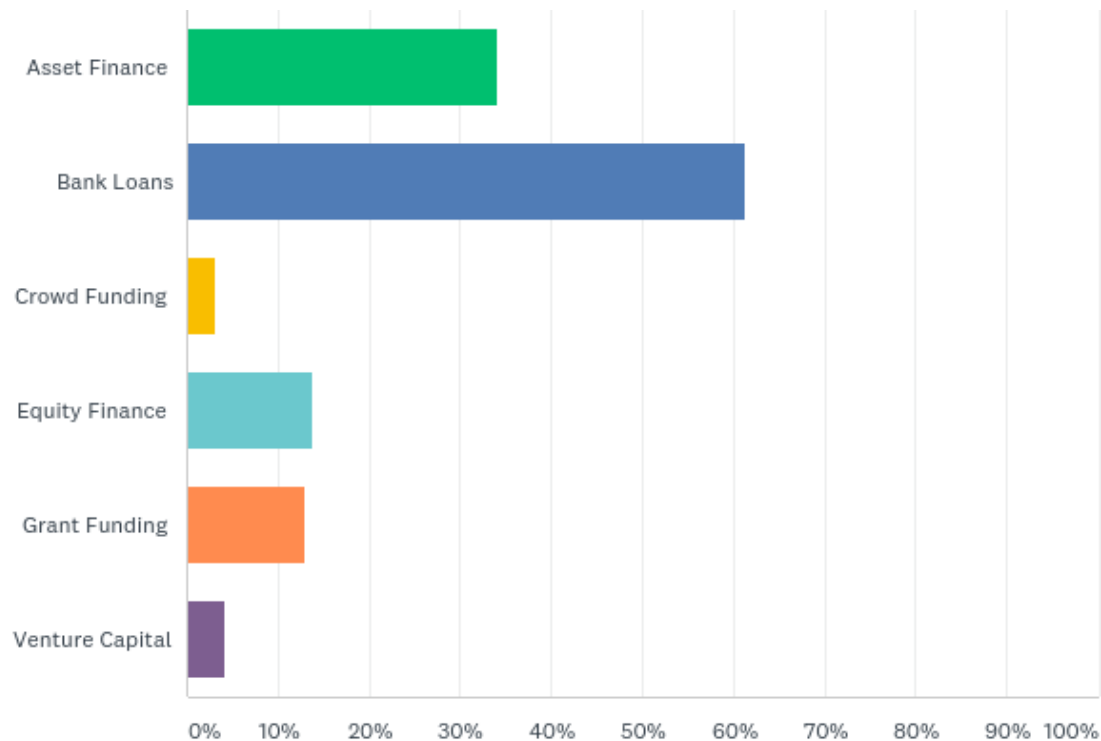
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Answered: 466 Skipped: 9

ANSWER CHOICES	RESPONSES	
Yes	68.24%	318
No	8.80%	41
Not sure	22.96%	107
TOTAL		466

## Q9: What type of funding do you use?

Answered: 392 Skipped: 83



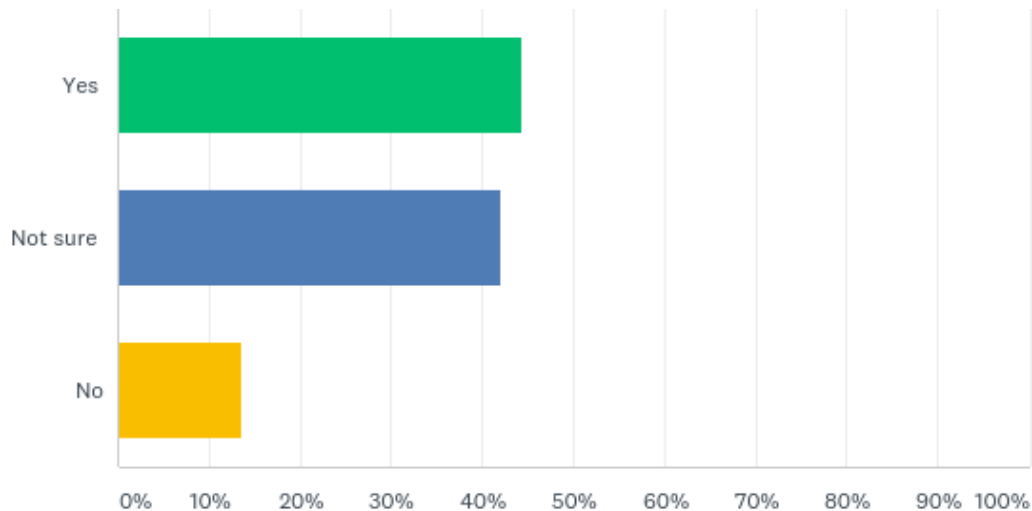
## Q9: What type of funding do you use?

Answered: 392 Skipped: 83

ANSWER CHOICES	RESPONSES	
Asset Finance	34.18%	134
Bank Loans	61.22%	240
Crowd Funding	3.06%	12
Equity Finance	13.78%	54
Grant Funding	13.01%	51
Venture Capital	4.08%	16
Total Respondents: 392		

## Q10: Are you confident you will be able to recruit and retain people with the skillsets your business needs over the next 12 months?

Answered: 455 Skipped: 20





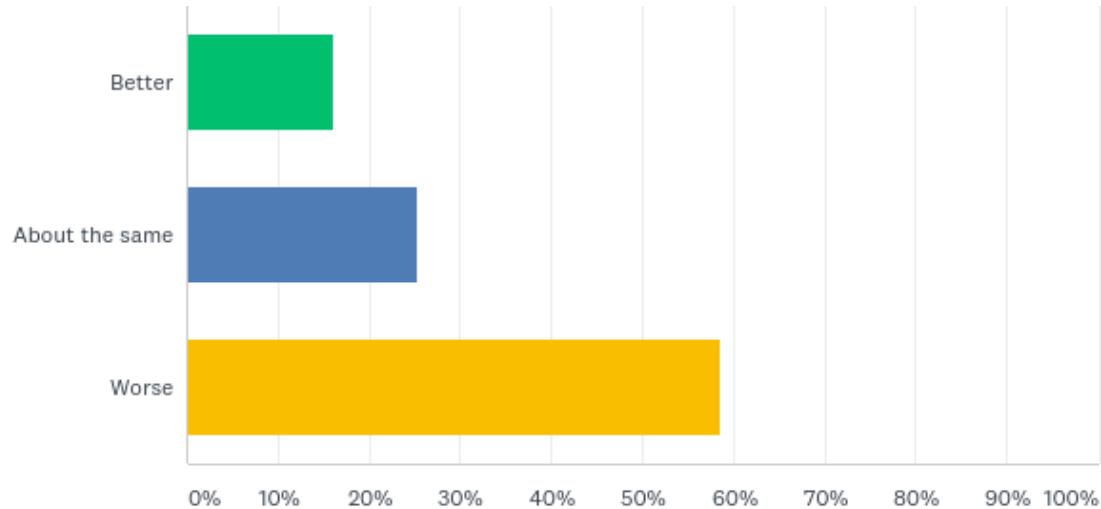
## Q10: Are you confident you will be able to recruit and retain people with the skillsets your business needs over the next 12 months?

Answered: 455 Skipped: 20

ANSWER CHOICES	RESPONSES	
Yes	44.40%	202
Not sure	41.98%	191
No	13.63%	62
TOTAL		455

# Q11: In your view will the UK be better or worse off over the next 12 months if we leave the European Union?

Answered: 459 Skipped: 16



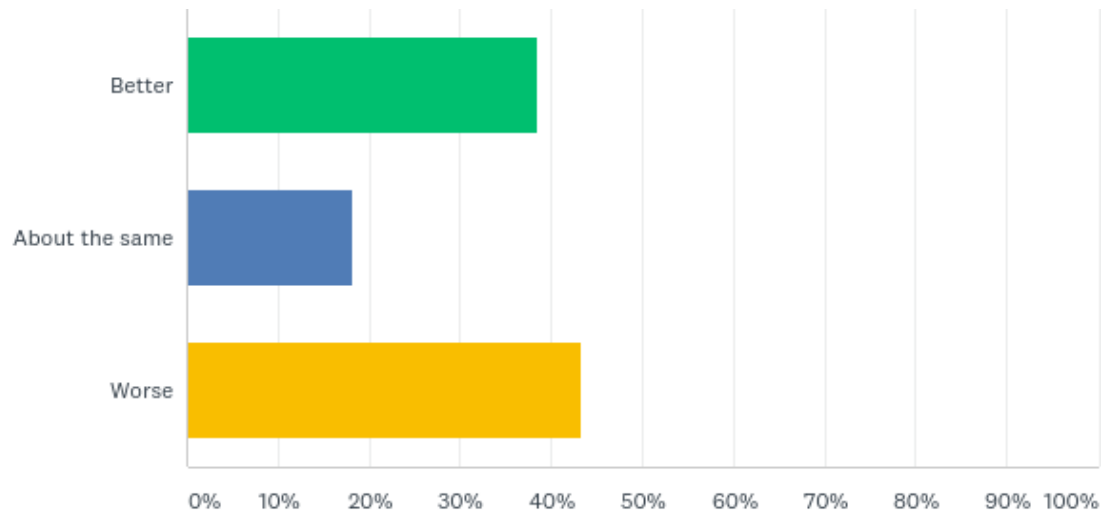
# Q11: In your view will the UK be better or worse off over the next 12 months if we leave the European Union?

Answered: 459 Skipped: 16

ANSWER CHOICES	RESPONSES	
Better	16.12%	74
About the same	25.27%	116
Worse	58.61%	269
TOTAL		459

## Q12: In your opinion will the UK be better or worse off over the next 5 years if we leave the European Union?

Answered: 461 Skipped: 14



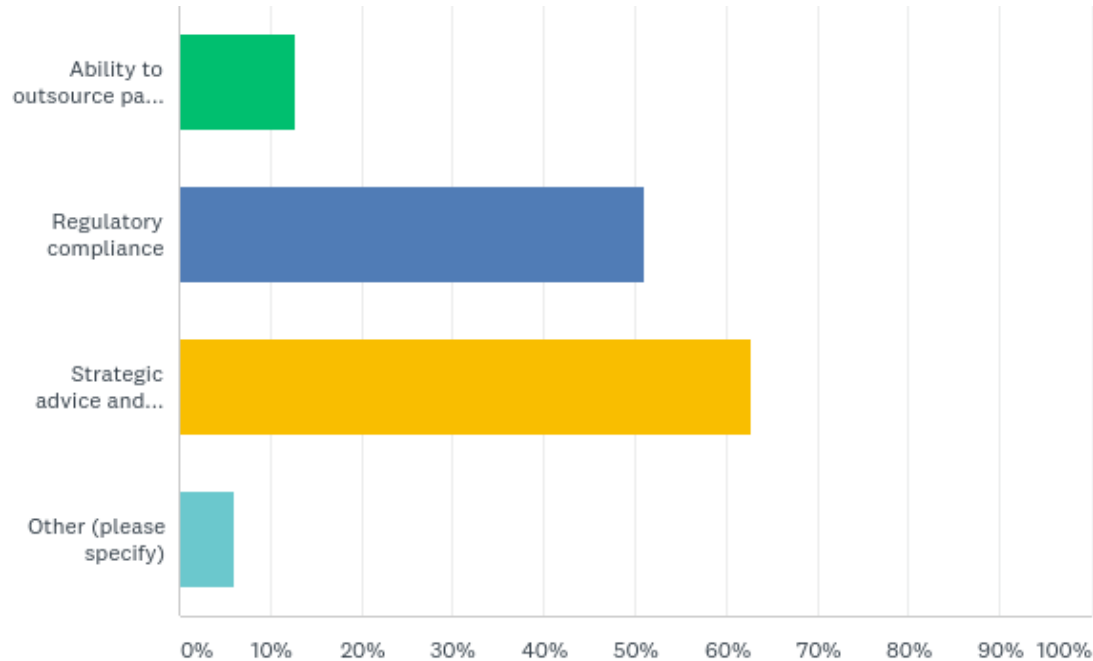
## Q12: In your opinion will the UK be better or worse off over the next 5 years if we leave the European Union?

Answered: 461 Skipped: 14

ANSWER CHOICES	RESPONSES	
Better	38.39%	177
About the same	18.22%	84
Worse	43.38%	200
TOTAL		461

# Q13: What do you see as the main benefits of using a professional business advisor?

Answered: 448 Skipped: 27



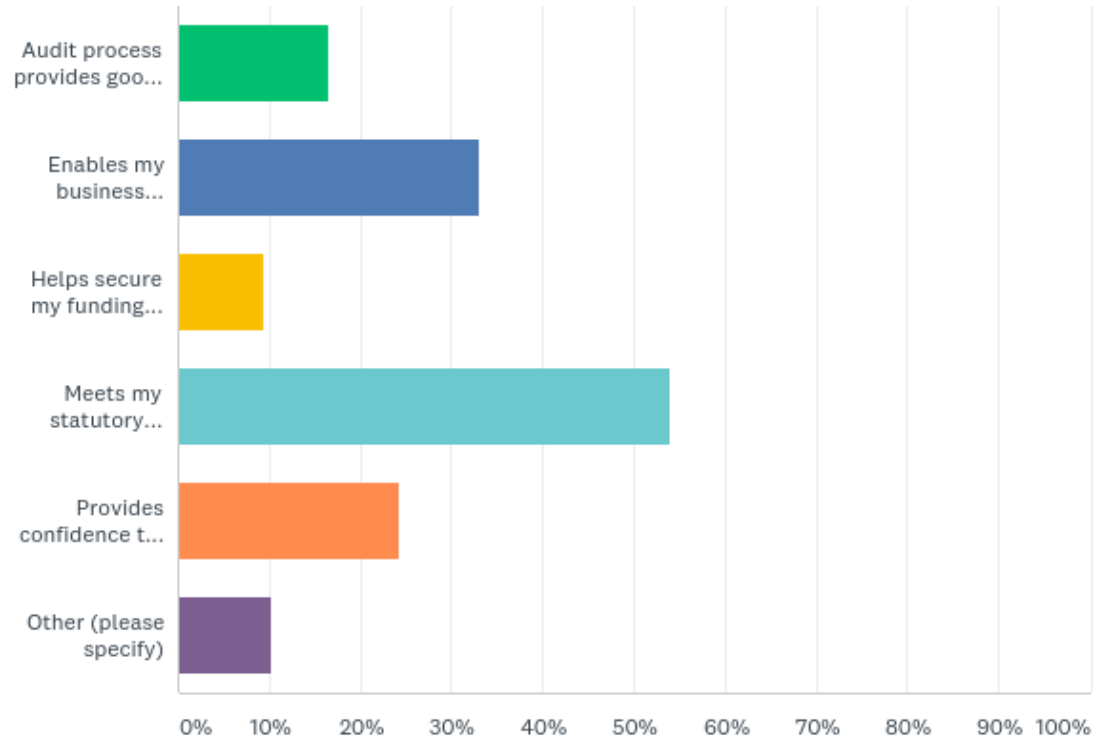
# Q13: What do you see as the main benefits of using a professional business advisor?

Answered: 448 Skipped: 27

ANSWER CHOICES	RESPONSES	
Ability to outsource parts of my business	12.72%	57
Regulatory compliance	51.12%	229
Strategic advice and support	62.72%	281
Other (please specify)	6.03%	27
Total Respondents: 448		

# Q14: What do you see as the main benefit of an independent audit for companies such as yours?

Answered: 433 Skipped: 42





## Q14: What do you see as the main benefit of an independent audit for companies such as yours?

Answered: 433 Skipped: 42

ANSWER CHOICES	RESPONSES	
Audit process provides good challenge	16.63%	72
Enables my business advisor to provide me with better advice and support	33.03%	143
Helps secure my funding requirements	9.47%	41
Meets my statutory obligations as a business	54.04%	234
Provides confidence to investors / owners of the business	24.25%	105
Other (please specify)	10.16%	44
Total Respondents: 433		