

## Service bulletin

# Accounting Services



2008

### Highlights

- In 2008, the operating revenue of the Canadian accounting services industry totalled \$12.5 billion, up 10.3% from 2007. This growth rate was in line with the double digit growths of 2005 (13.6%) and 2006 (11.6%), but higher than 2.5% growth in 2007.
- In 2008, auditing, certification, compilation, review, bookkeeping and payroll services made up 60% of the industry's total sales of goods and services. Taxation services were responsible for 25% of the total. The remainder was divided among management consulting services (7%), insolvency and receivership services (2%) and other goods and services (6%). These proportions have remained relatively steady over time.
- Every province had an increase in operating revenue between 2007 and 2008. The highest growth rates were observed in New Brunswick (25.5%), Alberta (22.4%) and British Columbia (18.1%). The growth rates were more subdued in Prince Edward Island, Yukon, the Northwest Territories and Nunavut (a combined growth of 0.7%), Newfoundland and Labrador (1.9%), Quebec (5.2%) and Ontario (5.9%).
- In 2008, the largest share of the accounting services industry's operating revenue (41.6%) was earned by Ontario firms, followed by Quebec (17.8%), Alberta (16.3%) and British Columbia (14.9%).
- The accounting services industry is characterized by its small number of high-revenue firms. The 20 largest firms generate about half of the industry's operating revenue, expenses and profit over time.
- In 2008, salaries, wages and employee benefits were again the fastest-growing operating expense item, representing 56% of total operating expenses. The total cost of remuneration is even higher if other labour costs are factored in, representing 66% of total operating expenses.
- The industry's operating profit margin before taxes edged down slightly from 28.8% in 2007 to 28.6% in 2008.

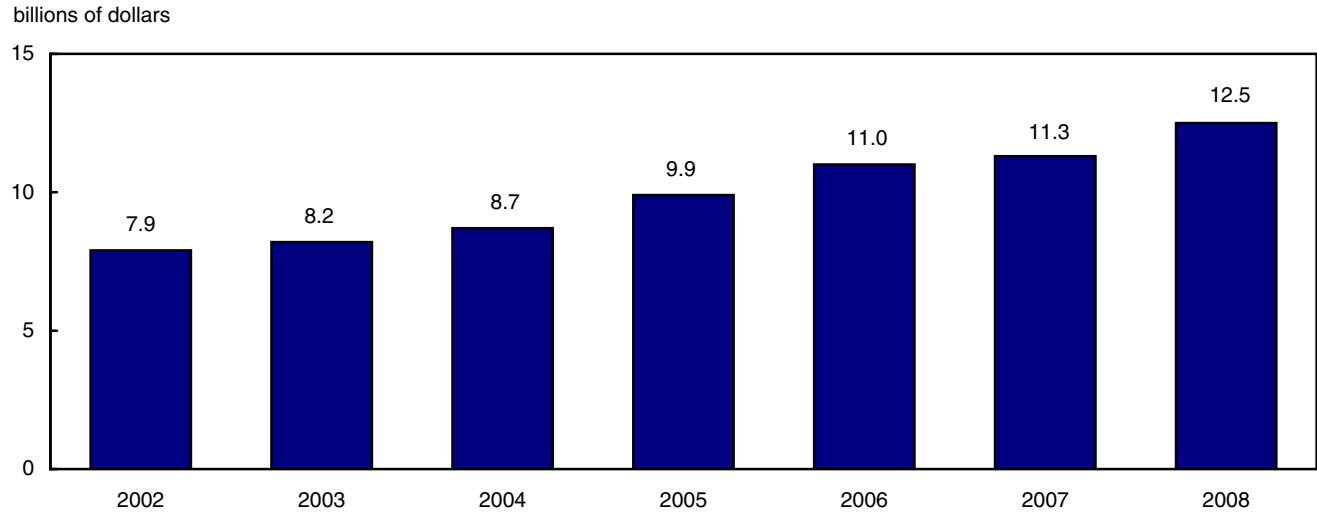


## 2008 accounting industry survey detailed results

### Total operating revenue

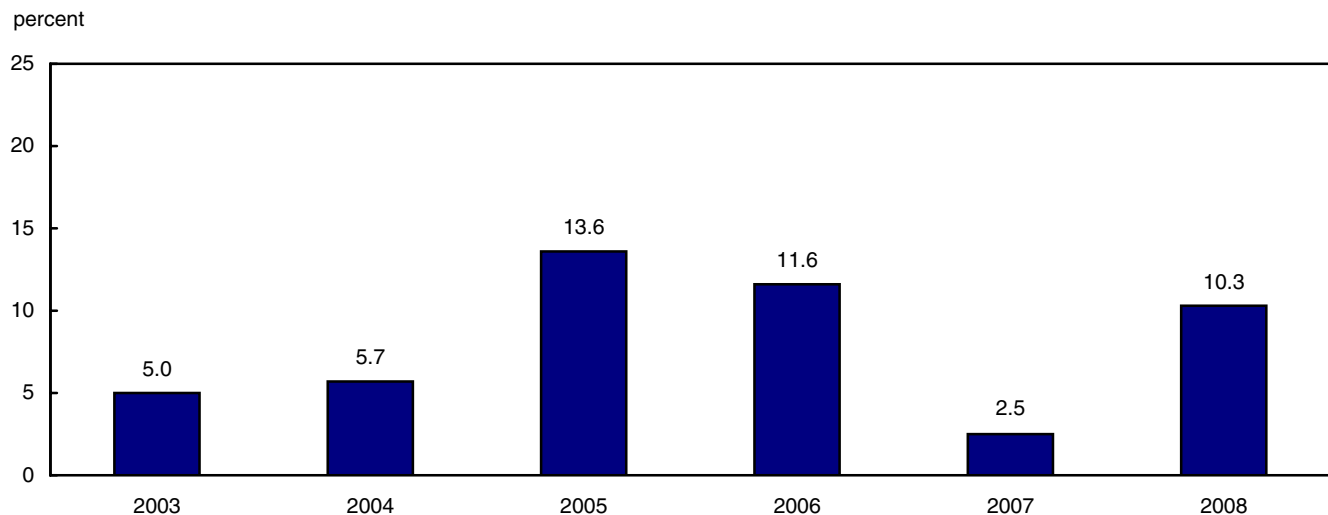
In 2008, the operating revenue of the Canadian accounting services industry totalled \$12.5 billion.

**Chart 1**  
Operating revenues of the accounting services industry



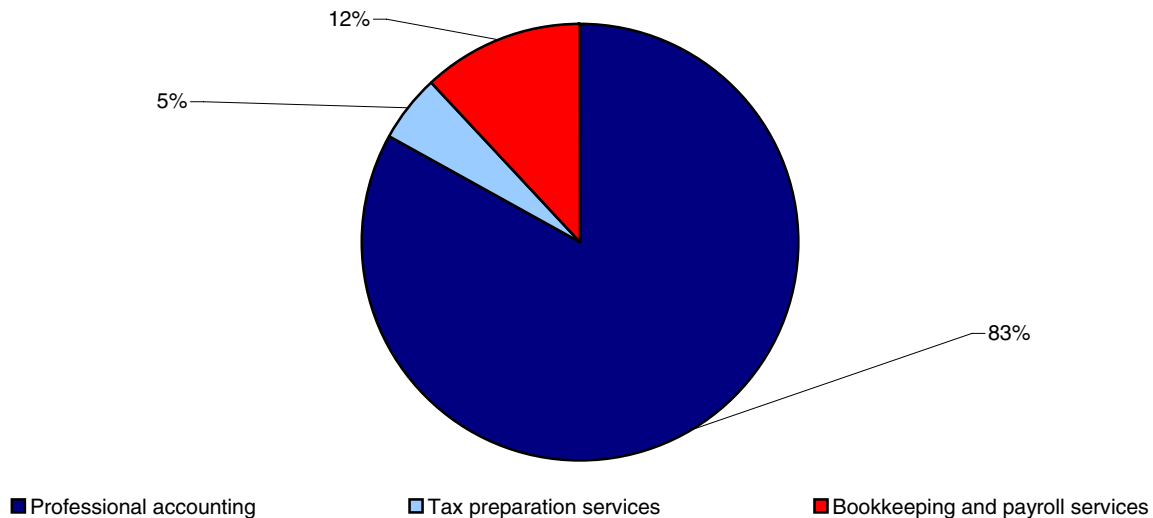
The 10.3% growth in the industry's operating revenue was in line with the double digit growths of 2005 (13.6%) and 2006 (11.6%), but contrasts with the 2.5% gain the previous year. The industry has grown every year since 2002, and the operating revenue has increased 59% since 2002.

**Chart 2**  
Growth rate of operating revenue



In 2008, firms whose main activity is the delivery of professional accounting services (NAICS 541212) generated 83% of the industry's operating revenue, down from 85% in 2007. Firms whose primary activity is bookkeeping and payroll services (NAICS 541215) generated 12% of the industry's operating revenue in 2008, up from 10% in 2007. Firms whose main business is tax return preparation services (NAICS 541213) accounted for 5% of the industry's revenues in both 2007 and 2008. These proportions have remained relatively steady over time.

**Chart 3**  
**Industry distribution of 2008 operating revenues**



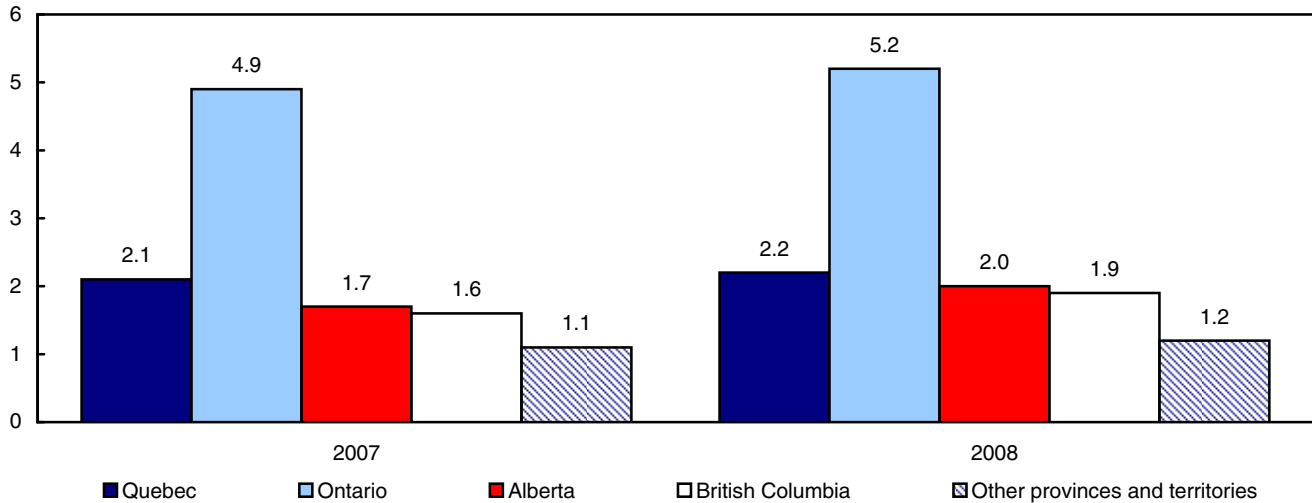
**Note(s):** Due to rounding, components may not add to total.

### **Total operating revenue by province**

Every province had an increase in operating revenue between 2007 and 2008.

**Chart 4**  
**Operating revenues by province of the accounting services industry**

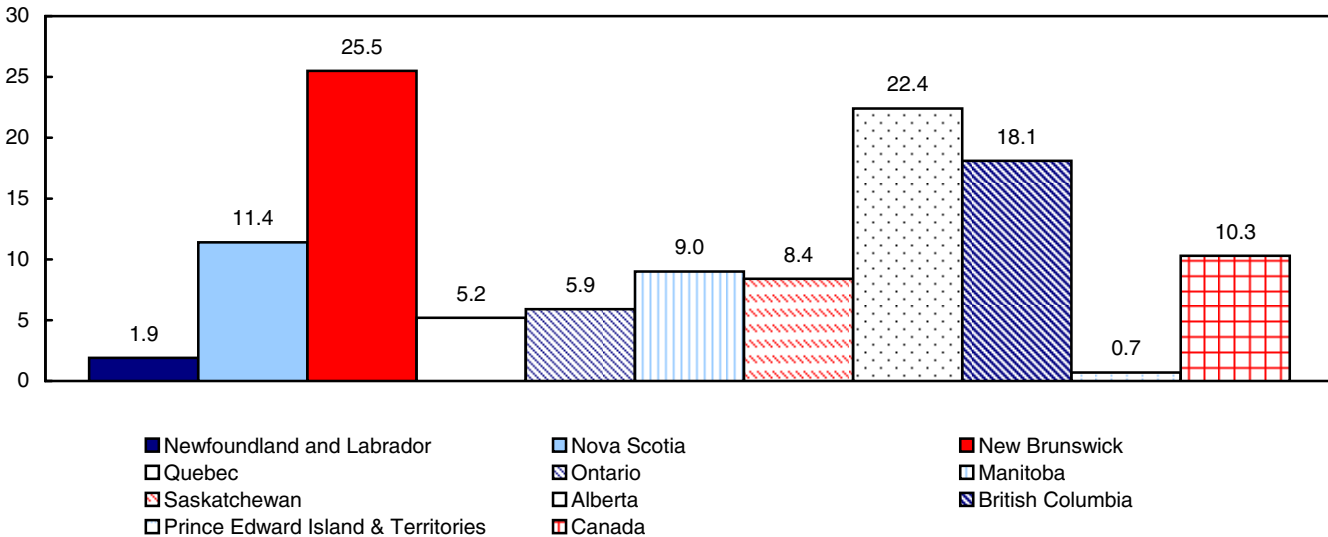
billions of dollars



The highest growth rates were observed in New Brunswick (25.5%), Alberta (22.4%) and British Columbia (18.1%). The growth rates were more subdued in Prince Edward Island, Yukon, the Northwest Territories and Nunavut (a combined growth of 0.7%), Newfoundland and Labrador (1.9%), Quebec (5.2%) and Ontario (5.9%).

**Chart 5**  
**Growth rate by province of operating revenues of the accounting services industry**

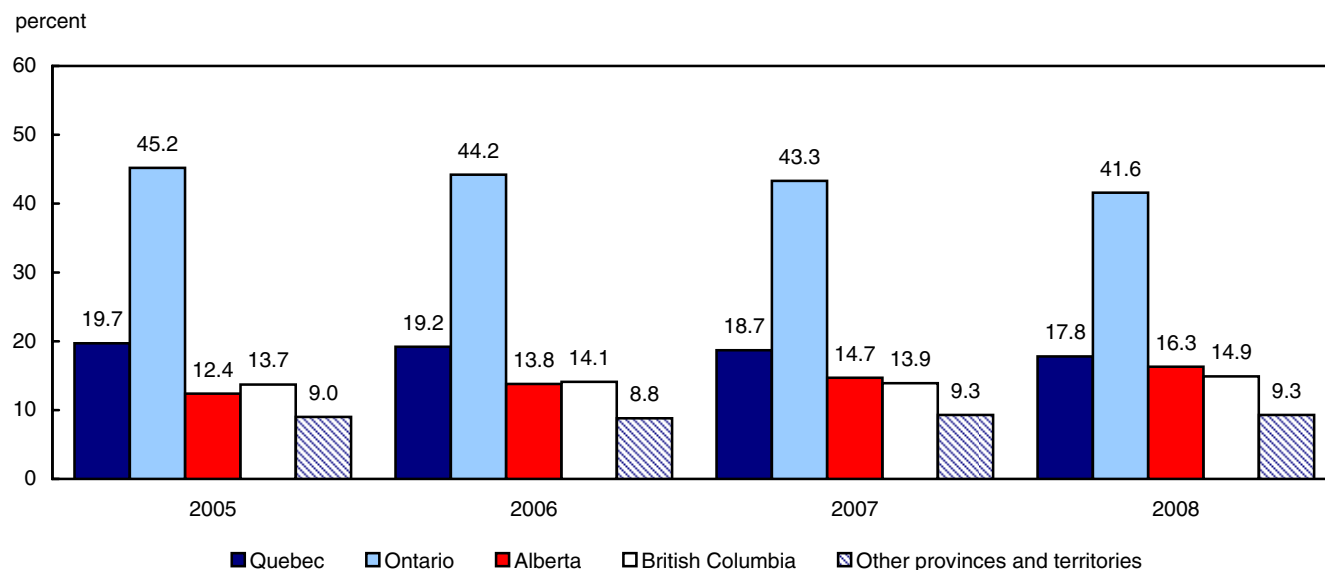
percent



**Note(s):** Due to rounding, components may not add to total.

In 2008, Quebec, Ontario, Alberta and British Columbia combined accounted for 90.6% of total national operating revenue. The largest share of the accounting services industry's operating revenue (41.6%) was earned by Ontario firms, followed by Quebec (17.8%), Alberta (16.3%) and British Columbia (14.9%).

**Chart 6**  
**Provincial distribution of operating revenues of the accounting services industry**



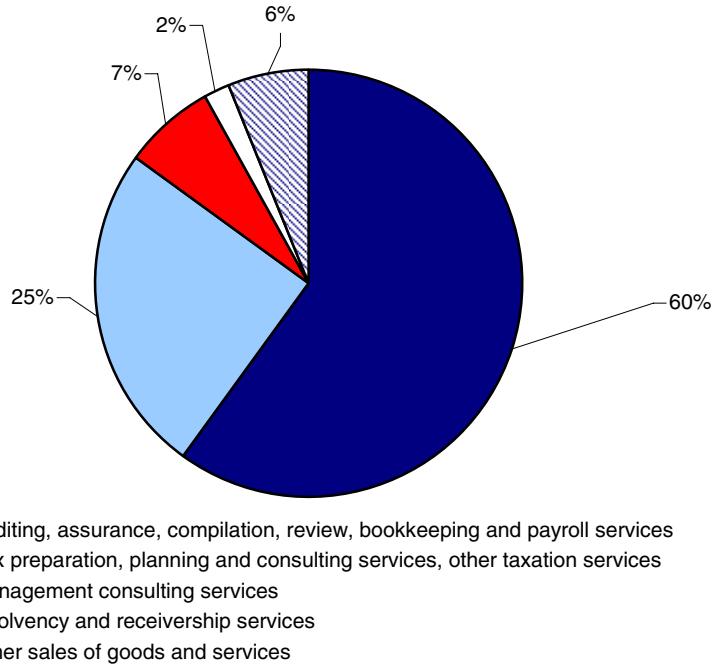
Alberta's and British Columbia's operating revenue rose from 12.4% to 16.3% and from 13.7% to 14.9% respectively between 2005 and 2008. Over the same period, Ontario's and Quebec's operating revenue fell from 45.2% to 41.6% and from 19.7% to 17.8% respectively.

### Sales by type of goods and services

In 2008, auditing, certification, compilation, review, bookkeeping and payroll services made up 60% of the industry's total sales of goods and services. Taxation services were responsible for 25% of the total.<sup>1</sup> The remainder was divided among management consulting services (7%), insolvency and receivership services (2%) and other goods and services (6%). These proportions have remained relatively steady over time.

1. The sampled portion of the survey accounts for about 95% of the industry's total revenue as smallest firms (in terms of earned revenue) are not included in these estimates.

**Chart 7**  
**2008 sales distribution by type of goods and services of the accounting services industry**



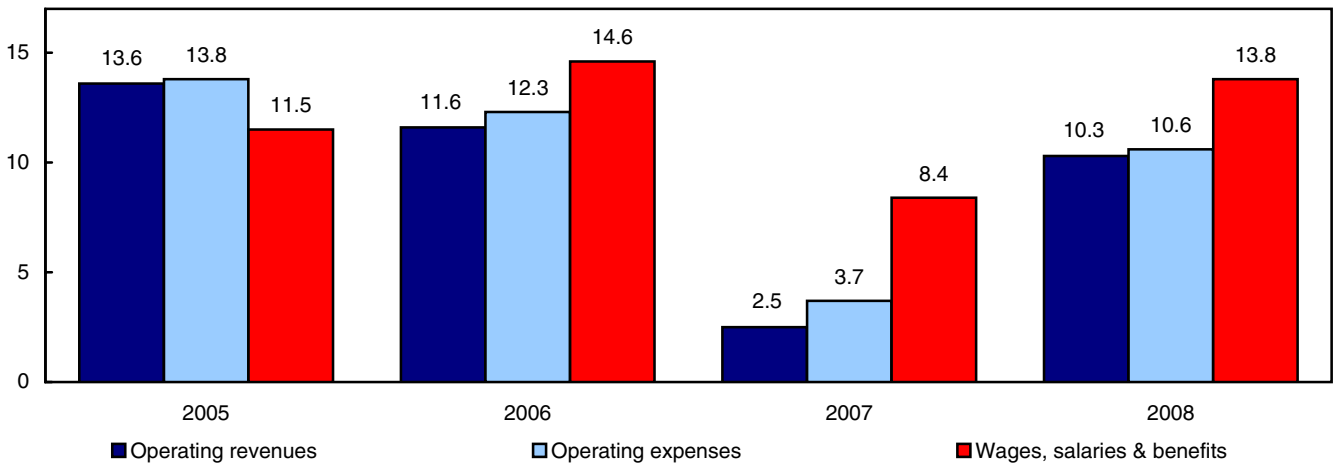
**Note(s):** Due to rounding, components may not add to total.

**Industry operating expenses**

The industry’s operating expenses grew by 10.6% in 2008, slightly more than the 10.3% increase in operating revenue. In percentage terms, operating expenses have risen more than operating revenue since 2005. Similarly, since 2006, salaries, wages and employee benefits have increased more than total operating expenses.

**Chart 8**  
**Growth rate of of important variables for the accounting services industry**

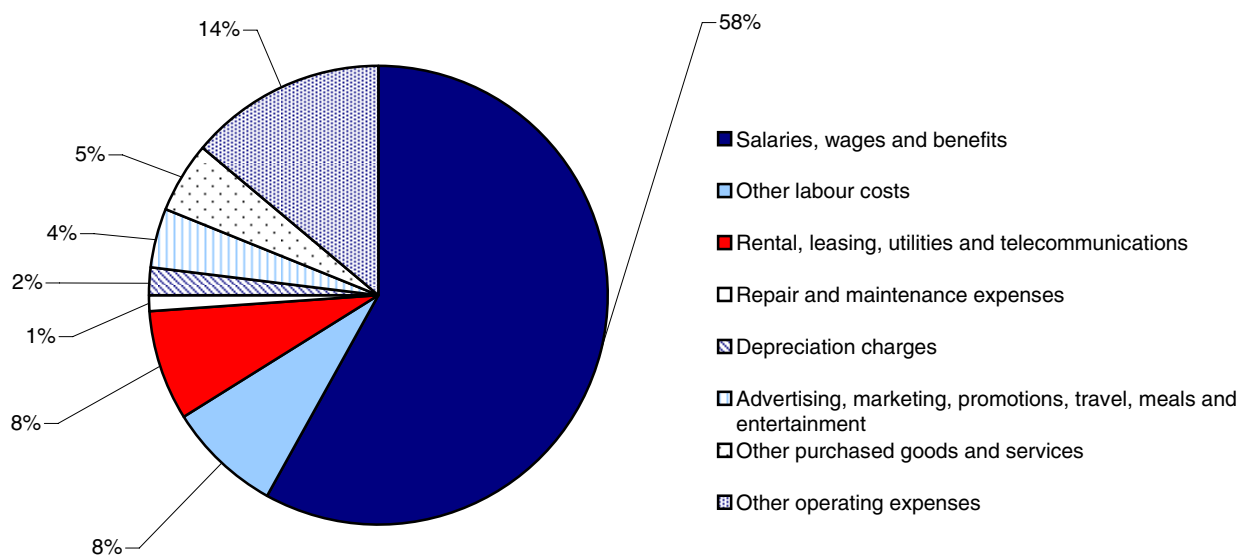
percent



In 2008, salaries, wages and employee benefits were again the fastest-growing operating expense item. The total cost of that expense was \$5.0 billion in 2008, or 56% of total operating expenses, a higher proportion than in the 2005-2007 period. The proportion rose steadily during that time, from 51% in 2005 to 52% in 2006 and 55% in 2007.

Salaries, wages and employee benefits were the largest operating expense category. According to the “sampled”<sup>1</sup> portion, that category made up 58% of total operating expenses. If other labour costs are factored in, the total cost of remuneration accounts for two thirds (66%) of operating expenses. The remaining third (34%) of operating expenses were spread across a number of other expenditure categories.

**Chart 9**  
**Expenses as a percentage of total operating expenses of the accounting services industry**

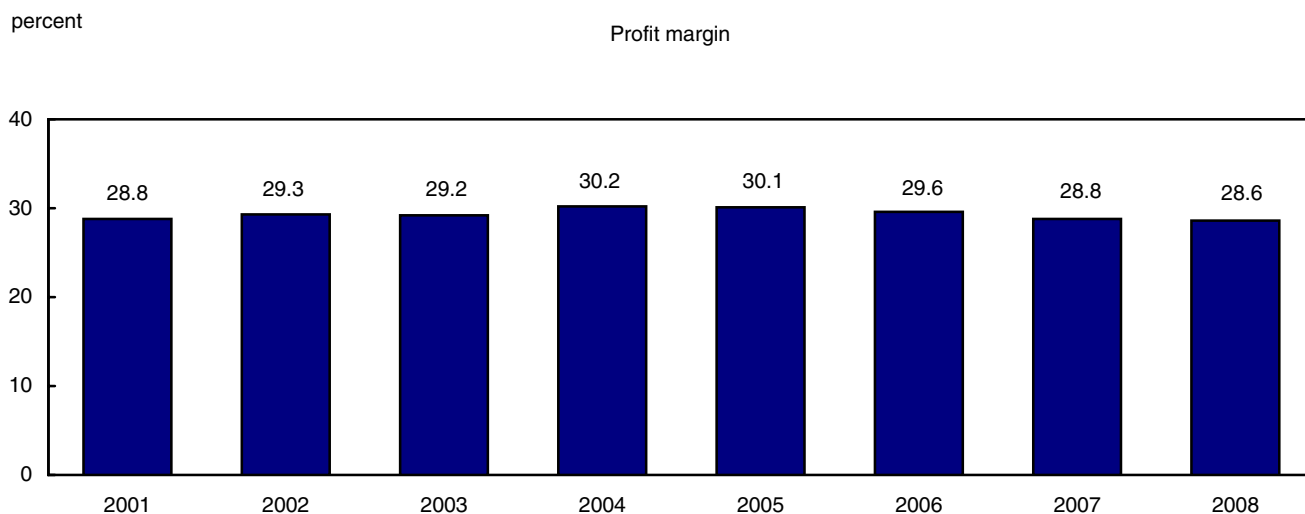


**Note(s):** Due to rounding, components may not add to total.

### Operating profit

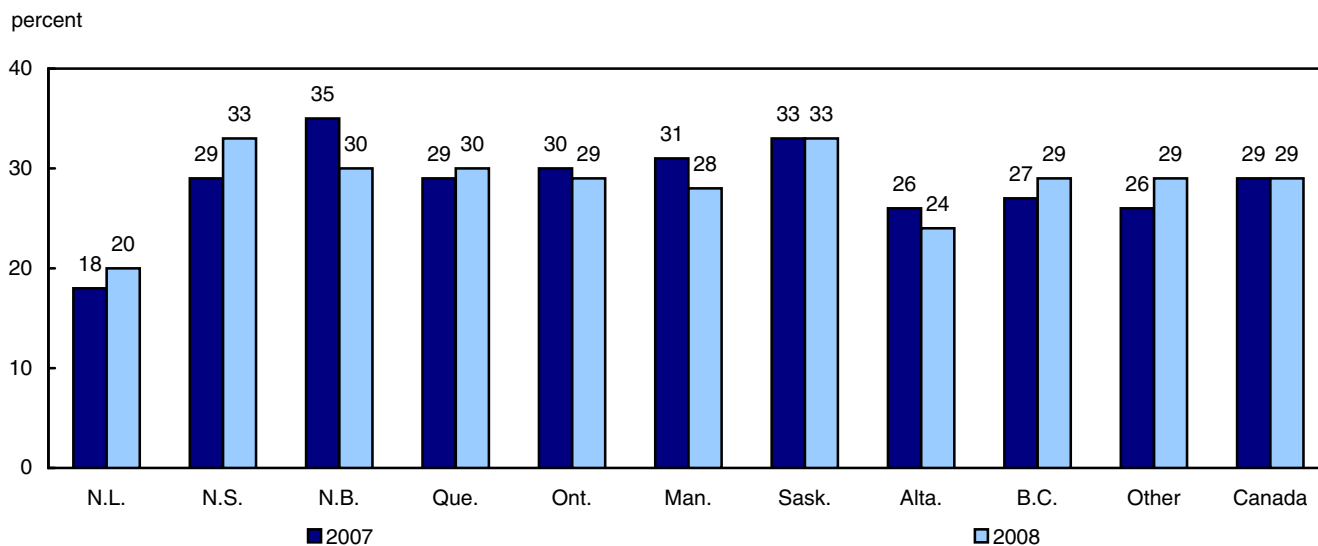
Operating profits have remained relatively steady since 2001. They peaked at 30.2% in 2004 and, since operating expenses increased more (in percentage terms) than operating revenue, they gradually declined to 28.6% in 2008, very close to the 2001 level of 28.8%.

**Chart 10**  
**Operating profit margin of the accounting services industry**



There was little change in operating profit between 2007 and 2008 for individual provinces and for Canada as a whole. Nova Scotia enjoyed the largest gain in profitability, while New Brunswick and Manitoba had the largest declines.

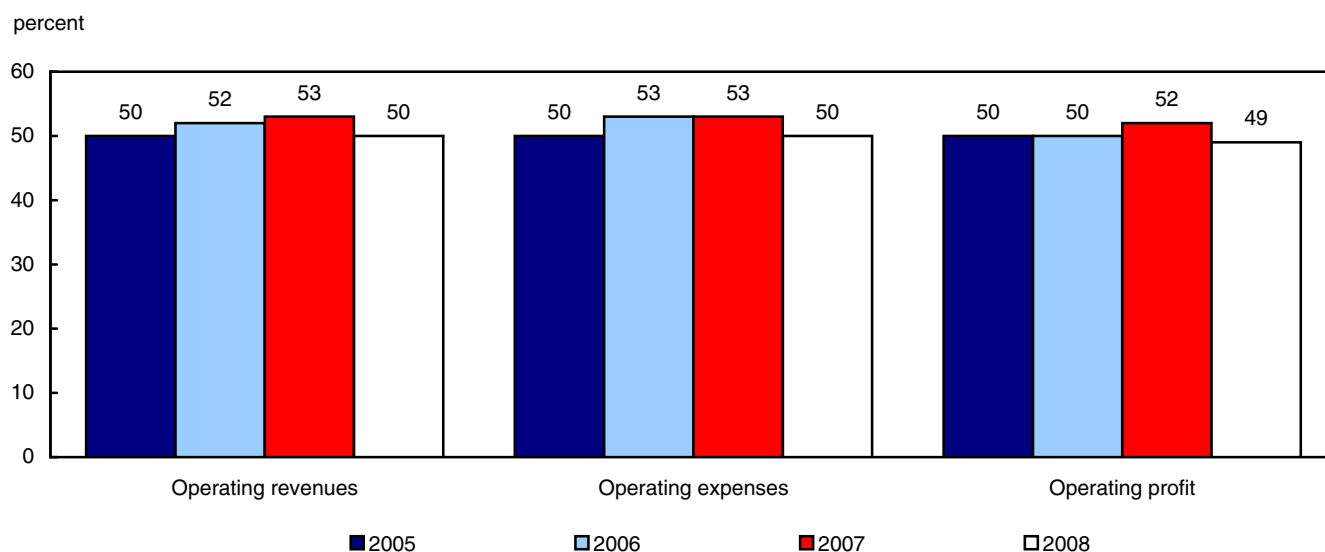
**Chart 11**  
**Operating profit margin per province of the accounting services industry**



### The industry's 20 largest firms

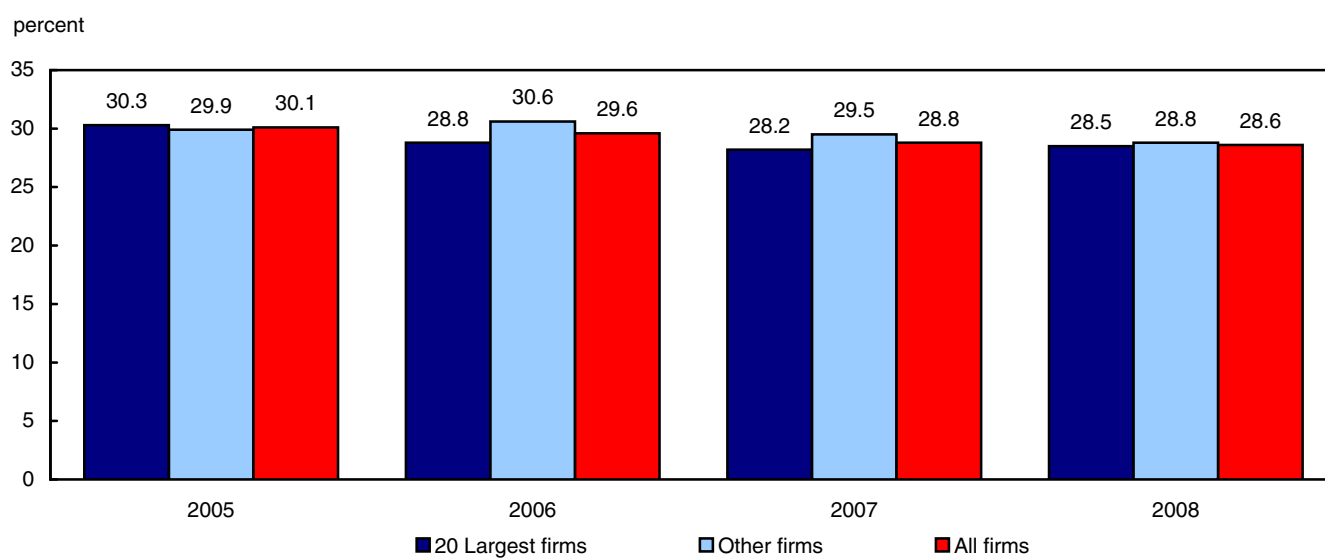
The accounting services industry is characterized by its small number of high-revenue firms. The 20 largest firms generate about half of the industry's operating revenue, expenses and profit over time.

**Chart 12**  
Share of the 20 largest firms of the Accounting Services Industry



The 20 largest firms have roughly the same operating profit margin as the rest of the firms over time.

**Chart 13**  
Profit margin of the accounting services industry

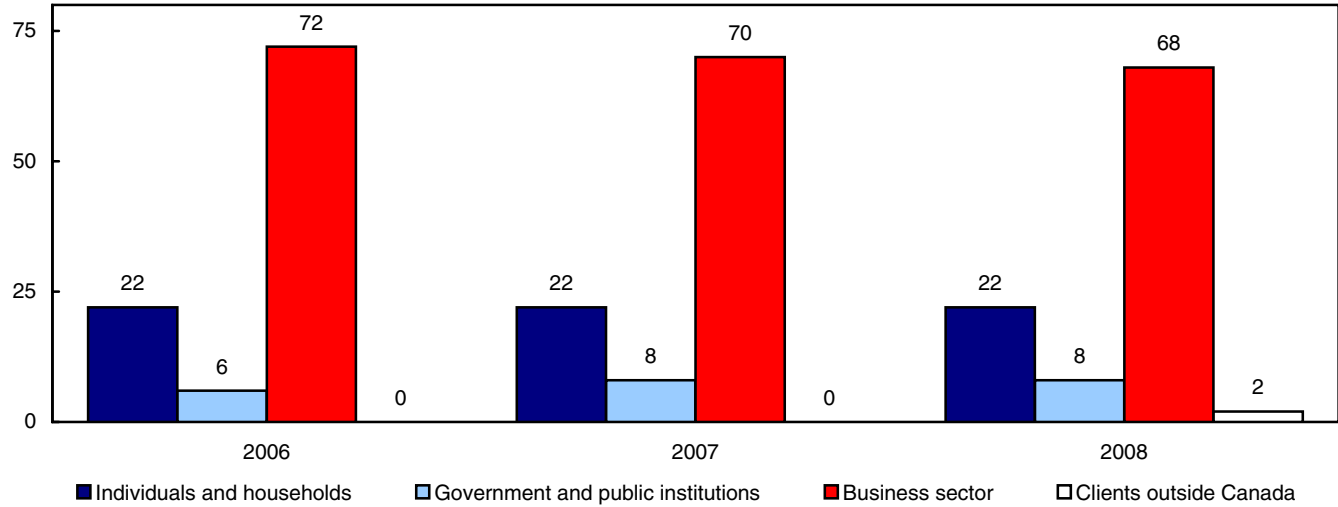


### Sales by client type

In 2008, almost all (98%) of the industry's sales were to Canadian clients.<sup>1</sup> Since 2006, despite a slight decline, most of those sales in Canada (68%) have been to the business sector.

**Chart 14**  
**Sales by type of clients of the accounting services industry**

percent



**Note(s):** Due to rounding, components may not add to total.

## Statistical tables

**Table 1**  
**Summary statistics for the accounting services industry, by province and territory, 2005 to 2008**

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin	Statistical establishments
	millions of dollars			percent	number
<b>2008 p</b>					
Newfoundland and Labrador	91.3	73.4	46.0	19.5	258
Prince Edward Island	x	x	x	x	x
Nova Scotia	207.0	138.5	80.5	33.1	634
New Brunswick	181.9	127.0	69.0	30.2	472
Quebec	2,230.3	1,551.5	840.4	30.4	5,959
Ontario	5,194.6	3,678.8	2,012.1	29.2	11,784
Manitoba	355.5	254.3	149.8	28.5	839
Saskatchewan	264.2	178.0	94.7	32.6	750
Alberta	2,042.0	1,550.2	968.4	24.1	4,799
British Columbia	1,865.3	1,321.5	732.4	29.2	5,487
Territories 1	x	x	x	x	x
<b>Canada</b>	<b>12,495.5</b>	<b>8,918.2</b>	<b>5,018.5</b>	<b>28.6</b>	<b>31,153</b>
<b>2007 r</b>					
Newfoundland and Labrador	89.6	73.2	45.1	18.3	247
Prince Edward Island	x	x	x	x	x
Nova Scotia	185.8	131.9	74.0	29.0	554
New Brunswick	144.9	94.6	49.6	34.7	443
Quebec	2,119.9	1,506.3	773.9	28.9	5,574
Ontario	4,904.4	3,445.0	1,876.2	29.8	11,010
Manitoba	326.1	225.1	124.7	31.0	791
Saskatchewan	243.6	162.7	88.5	33.2	720
Alberta	1,668.8	1,233.4	736.0	26.1	4,428
British Columbia	1,579.0	1,145.1	614.1	27.5	4,736
Territories 1	x	x	x	x	x
<b>Canada</b>	<b>11,325.3</b>	<b>8,063.9</b>	<b>4,408.2</b>	<b>28.8</b>	<b>28,669</b>
<b>2006 r</b>					
Newfoundland and Labrador	88.7	72.6	39.7	18.1	244
Prince Edward Island	x	x	x	x	x
Nova Scotia	166.0	119.5	66.1	28.0	510
New Brunswick	120.7	84.8	50.4	29.8	415
Quebec	2,118.2	1,480.5	766.7	30.1	5,277
Ontario	4,879.3	3,436.0	1,751.1	29.6	10,212
Manitoba	311.1	211.3	119.7	32.1	683
Saskatchewan	228.4	151.7	81.6	33.6	636
Alberta	1,525.1	1,057.6	603.3	30.7	4,004
British Columbia	1,552.8	1,117.6	564.2	28.0	4,736
Territories 1	x	x	x	x	x
<b>Canada</b>	<b>11,048.5</b>	<b>7,773.4</b>	<b>4,067.3</b>	<b>29.6</b>	<b>26,853</b>
<b>2005</b>					
Newfoundland and Labrador	75.8	59.6	36.0	21.4	249
Prince Edward Island	x	x	x	x	x
Nova Scotia	162.0	121.8	61.3	24.8	481
New Brunswick	118.9	77.2	46.1	35.1	385
Quebec	1,951.8	1,345.3	701.5	31.1	5,279
Ontario	4,473.7	3,108.8	1,513.3	30.5	10,186
Manitoba	282.5	194.2	87.3	31.3	647
Saskatchewan	203.9	133.8	67.7	34.4	600
Alberta	1,223.4	903.2	509.7	26.2	3,974
British Columbia	1,358.4	942.4	507.5	30.6	4,384
Territories 1	x	x	x	x	x
<b>Canada</b>	<b>9,901.2</b>	<b>6,920.1</b>	<b>3,549.7</b>	<b>30.1</b>	<b>26,330</b>

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, 2005 to 2008**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Territories <sup>1</sup>	Canada
	percent											
<b>Salaries, wages and benefits</b>												
2008 P	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
2006 r	59.3	x	56.7	63.3	54.5	53.5	57.8	56.2	57.5	52.9	x	54.5
2005	64.6	x	52.8	61.9	54.2	50.2	54.1	52.1	57.7	55.6	x	53.1
<b>Other labour costs</b>												
2008 P	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
2006 r	5.4	x	6.4	1.3	11.1	6.5	5.9	7.9	9.0	8.6	x	7.9
2005	4.0	x	3.6	3.6	9.8	5.9	7.8	12.3	5.7	10.2	x	7.3
<b>Rental, leasing, utilities and telecommunications</b>												
2008 P	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
2006 r	7.5	x	6.3	7.7	8.5	7.8	8.4	8.2	8.1	8.8	x	8.1
2005	6.1	x	7.7	8.7	8.2	8.7	9.7	7.6	8.6	9.0	x	8.6
<b>Repair and maintenance expenses</b>												
2008 P	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
2006 r	0.6	x	1.3	1.3	1.0	0.9	0.7	1.8	1.0	1.5	x	1.0
2005	1.0	x	0.9	1.2	1.0	0.8	1.0	1.5	1.2	1.5	x	1.0
<b>Depreciation charges of tangible and intangible assets</b>												
2008 P	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
2006 r	1.1	x	1.6	2.0	1.6	1.8	2.5	2.3	2.2	2.3	x	1.9
2005	1.1	x	1.2	2.0	1.5	1.7	2.2	2.0	1.8	2.5	x	1.8
<b>Advertising, marketing, promotions, travel, meals and entertainment</b>												
2008 P	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
2006 r	5.7	x	3.5	3.6	4.8	4.9	4.8	4.7	4.5	4.8	x	4.8
2005	3.6	x	4.2	4.0	4.5	4.6	5.1	4.6	4.9	4.2	x	4.5
<b>Other purchased goods and services</b>												
2008 P	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
2006 r	5.2	x	6.8	7.9	6.7	8.0	6.9	6.7	7.1	8.2	x	7.6
2005	5.2	x	5.9	7.3	5.4	6.9	5.4	5.3	5.3	5.4	x	6.1
<b>Other operating expenses</b>												
2008 P	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
2006 r	15.2	x	17.3	13.0	11.7	16.7	13.1	12.2	10.7	12.8	x	14.1
2005	14.5	x	23.8	11.3	15.3	21.3	14.8	14.6	14.8	11.7	x	17.5

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 3**  
**Sales by type of client for the accounting services industry, by province and territory, 2005 to 2008**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Territories <sup>1</sup>	Canada
	percent											
<b>Clients in Canada</b>												
2008 P	99.7	x	99.5	99.1	97.6	96.7	99.5	99.7	98.8	97.8	x	<b>97.6</b>
2007 r	99.2	x	99.9	99.8	99.2	99.7	99.9	100.0	99.9	99.4	x	<b>99.6</b>
2006 r	99.7	x	99.9	99.8	99.7	99.6	99.6	100.0	99.6	99.0	x	<b>99.6</b>
2005	99.9	x	99.8	99.7	99.7	99.7	99.7	99.9	99.9	99.6	x	<b>99.7</b>
Individuals and households												
2008 P	10.2	x	20.2	37.3	20.2	22.7	21.7	33.1	21.0	18.3	x	<b>21.5</b>
2007 r	20.4	x	24.3	22.3	19.8	23.8	22.1	28.0	22.8	19.4	x	<b>22.2</b>
2006 r	27.1	x	14.6	25.8	22.1	22.6	22.1	31.7	21.8	20.9	x	<b>22.2</b>
2005	16.8	x	24.3	21.8	20.6	21.1	31.7	34.1	18.1	17.2	x	<b>20.6</b>
Government, not-for-profit organizations and public institutions												
2008 P	2.3	x	6.1	4.2	6.4	8.1	8.7	14.8	9.6	7.5	x	<b>8.1</b>
2007 r	4.4	x	5.3	6.4	6.4	7.3	9.8	19.7	10.8	6.1	x	<b>7.8</b>
2006 r	1.6	x	2.9	3.1	6.1	4.7	12.2	12.0	9.7	3.1	x	<b>5.8</b>
2005	1.2	x	3.7	2.0	6.6	6.8	9.5	9.7	8.2	5.1	x	<b>6.7</b>
Business sector												
2008 P	87.2	x	73.2	57.6	71.0	65.8	69.1	51.9	68.2	72.0	x	<b>68.0</b>
2007 r	74.3	x	70.3	71.1	73.0	68.7	68.0	52.4	66.3	73.9	x	<b>69.5</b>
2006 r	71.1	x	82.3	70.8	71.6	72.4	65.3	56.3	68.1	75.0	x	<b>71.6</b>
2005	81.8	x	71.8	76.0	72.5	71.8	58.5	56.1	73.7	77.3	x	<b>72.4</b>
<b>Clients outside Canada</b>												
2008 P	0.3	x	0.5	0.9	2.4	3.3	0.5	0.3	1.2	2.2	x	<b>2.4</b>
2007 r	0.8	x	0.1	0.2	0.8	0.3	0.1	0.0	0.1	0.6	x	<b>0.4</b>
2006 r	0.3	x	0.1	0.2	0.3	0.4	0.4	0.0	0.4	1.0	x	<b>0.4</b>
2005	0.1	x	0.2	0.3	0.3	0.3	0.3	0.1	0.1	0.4	x	<b>0.3</b>

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, 2005 to 2008**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Territories <sup>1</sup>	Canada
	percent											
<b>2008 <sup>p</sup></b>												
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	<b>59.9</b>
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	<b>25.1</b>
Management consulting services	8.2	x	10.7	10.0	7.1	8.4	6.1	3.9	4.6	6.1	x	<b>7.1</b>
Insolvency and receivership services	1.7	x	1.5	5.3	2.8	2.7	2.1	1.2	1.6	1.5	x	<b>2.3</b>
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	<b>5.6</b>
<b>2007 <sup>r</sup></b>												
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	<b>61.2</b>
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	<b>23.9</b>
Management consulting services	3.0	x	10.3	9.8	6.6	8.4	5.7	4.4	5.2	5.1	x	<b>6.9</b>
Insolvency and receivership services	3.3	x	0.7	1.1	2.4	2.1	2.2	2.2	1.7	1.6	x	<b>2.0</b>
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	<b>6.0</b>
<b>2006 <sup>r</sup></b>												
Accounting (auditing, assurance, compilation, review), bookkeeping and payroll services	67.3	x	61.5	58.4	58.6	55.5	62.6	54.1	62.7	57.6	x	<b>57.9</b>
Taxation services (tax preparation, planning and consulting services, other taxation services)	18.0	x	22.6	25.5	22.6	26.4	21.5	32.6	22.2	27.5	x	<b>25.1</b>
Management consulting services	8.5	x	8.0	8.8	8.0	7.7	8.9	6.6	6.4	6.1	x	<b>7.4</b>
Insolvency and receivership services	2.4	x	2.5	0.5	3.6	3.1	2.7	1.7	1.8	2.1	x	<b>2.8</b>
Other sales of goods and services	3.8	x	5.4	6.8	7.2	7.3	4.3	5.0	6.9	6.6	x	<b>6.9</b>
<b>2005</b>												
Accounting (auditing, assurance, compilation, review), bookkeeping and payroll services	69.8	x	60.3	64.6	60.5	58.4	58.5	52.9	61.5	61.7	x	<b>59.8</b>
Taxation services (tax preparation, planning and consulting services, other taxation services)	18.6	x	23.8	24.9	22.6	24.7	24.7	36.3	24.9	24.4	x	<b>24.4</b>
Management consulting services	5.6	x	6.8	3.9	8.9	7.6	5.5	4.1	6.3	7.1	x	<b>7.4</b>
Insolvency and receivership services	1.6	x	4.2	0.5	2.8	2.4	3.1	1.8	1.9	2.1	x	<b>2.4</b>
Other sales of goods and services	4.4	x	4.9	6.2	5.2	6.9	8.3	4.9	5.4	4.8	x	<b>6.0</b>

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.

## Data sources, definitions and methodology

### Description

This annual sample survey collects the financial and operating data needed to produce statistics on the Accounting Services in Canada. The survey also collects detailed information on the characteristics of the businesses, such as type of revenue and type of client. These data are aggregated with information from other sources to produce official estimates of the national and provincial economic production of the Accounting Services industry in Canada. The results from this survey provide data to businesses, governments, investors, and associations. These data allow these groups to monitor the growth of the industry, measure performance, allow comparison across similar businesses and to better understand this industry to react to trends and patterns.

### 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.

### 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 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 2008 was 823 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 87.2%. CVs were calculated for each estimate. The CVs for the 2008 survey were "Very good" for total revenues and for total expenses. CVs are available upon request.

## Related products

### CANSIM

Table 360-0007 - Accounting services, summary statistics, by North American Industry Classification System (NAICS), annual

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

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

## 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: April 2010

### 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 <sup>s</sup>	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

### To access this product

This product, Catalogue no. 63-256-X, is available free in electronic format. To obtain a single issue, visit our website at [www.statcan.gc.ca](http://www.statcan.gc.ca) and browse by "Key resource" > "Publications."

Frequency: Annual / ISSN 1916-9892

For information on the wide range of data available from Statistics Canada, please call our national inquiries line at 1-800-263-1136.

Cette publication est également disponible en français.

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2010. All rights reserved. The content of this electronic publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it be done solely for the purposes of private study, research, criticism, review or newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from", if appropriate): Statistics Canada, year of publication, name of product, catalogue number, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, by any means—electronic, mechanical or photocopy—or for any purposes without prior written permission of Licensing Services, Client Services Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

### Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, Statistics Canada has developed *standards of service* that its employees observe.

To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on [www.statcan.gc.ca](http://www.statcan.gc.ca) under "About us" > "Providing services to Canadians."

### Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.