



Financial Reporting Council

Audit market and competition developments

2025 update

December 2025

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Executive summary

In our fourth annual update on competition in the audit market¹, the FRC sets out the latest developments in the audit market, our evolving approach to competition and our recent work to promote a more vibrant and resilient audit market.



Our approach to competition and relevant work

- The health of the UK economy needs to be underpinned by a robust, resilient and well-functioning audit market, which supports UK economic growth and competitiveness. Companies should be able to access a diverse range of audit providers that can deliver consistent, high-quality audit.
- We are committed to driving a well-functioning audit market, but achieving this requires collective action - especially at a time where the FRC does not yet hold specific competition-related powers. All stakeholders - including audit firms, companies and regulators - have a role to play in supporting this aim and in helping the audit market work better. A cross-system approach is required to ensure greater choice of audit firm, opportunities for auditors entering the workplace, and resilience for the whole market.
- Last year, we published our [first annual report to the Secretary of State](#) outlining the five priority areas of our ongoing commitment to supporting economic growth. Priorities for the FRC have included embedding proportionality and reducing burdens on business.
- Audit quality has improved in the UK in recent years as firms have invested in people and quality management systems. However, there continues to be an audit quality gap between the largest audit firms and others in the Public Interest Entity (PIE)² market. At the same time, developments in technology, audit firm ownership structures and the business environment present challenges and opportunities for the future of the UK audit landscape.
- The FRC continues to pursue proportionate initiatives in collaboration with audit market participants to facilitate growth and enhanced capacity for smaller audit firms. For example, in February, we launched a [campaign](#) designed to help Small and Medium-sized Enterprises (SMEs) access audit services and reduce reporting burdens where possible. In September, we announced a new initiative, [System of Quality Management Scalebox programme](#), which supports their development as they seek to expand their presence in the PIE audit market. We are developing engagement with Alternative Investment Market (AIM) companies and their auditors to explore the potential impact of proportionate changes we could make to support that part of the audit market. We look forward to ongoing engagement with our stakeholders to drive further improvements across the whole audit market.

¹ Previous annual competition publications can be accessed here: [2024](#), [2023](#) and [2022](#).

² Public interest entities (PIEs) are defined in regulation 2 of the Statutory Auditors and Third Country Auditors Regulations 2016 and section 494A of the Companies Act 2006. PIEs include: (i) issuers whose transferable securities are admitted to trading on a UK regulated market, (ii) certain credit institutions, and (iii) certain insurance undertakings.



Recent developments in the audit market

- While there continues to be an audit quality gap between the largest audit firms and others in the PIE market, non-Big Four audit firms³ have continued to increase their share of PIE audit engagements (40% in 2024, up from 39% in 2023 and 22% in 2020).
- In 2024, non-Big Four audit firms' share of FTSE 350 audit engagements remained unchanged at 13% on the previous year but was up from 6% in 2020.
- The Big Four audit firms (Deloitte, EY, KPMG and PwC) still dominate the market in terms of share of audit fees. In 2024, they earned 98% of FTSE 350 audit fees (the same as in 2023), and 91% of all PIE audit fees (90% in 2023).
- In 2024, 29 FTSE 350 companies changed their auditor. However, they all switched from one Big Four firm to another Big Four firm.
- Total PIE audit fees earned by UK audit firms in 2024 was £1.47bn⁴, the bulk of which (93%) were fees for audits of FTSE 350 companies. The average PIE audit fee was £1m in 2024, 7% higher than in 2023.
- All but one of the largest audit firms (BDO)⁵ had higher income growth⁶ from their audit work compared to non-audit work in 2024. Among the largest audit firms, RSM had the greatest income growth from audit work, with a 17% increase in 2024. KPMG had the lowest at 5%.

³ Non-Big Four audit firms in this case are defined as all audit firms outside the Big Four (Deloitte, EY, KPMG, PwC).

⁴ Source: Key Facts and Trends in the Accountancy Profession (KFAT) and audit firms' transparency reports.

⁵ The eight largest audit firms are the Big Four (Deloitte, EY, KPMG and PwC) plus BDO, Grant Thornton, Forvis Mazars and RSM.

⁶ Source KFAT Note: Only UK audit firms are included. Audit fee income from PIE clients includes audit fees of PIE parent entities of the audited entities and their non-PIE subsidiaries, wherever applicable.

1. Recent developments in the audit market

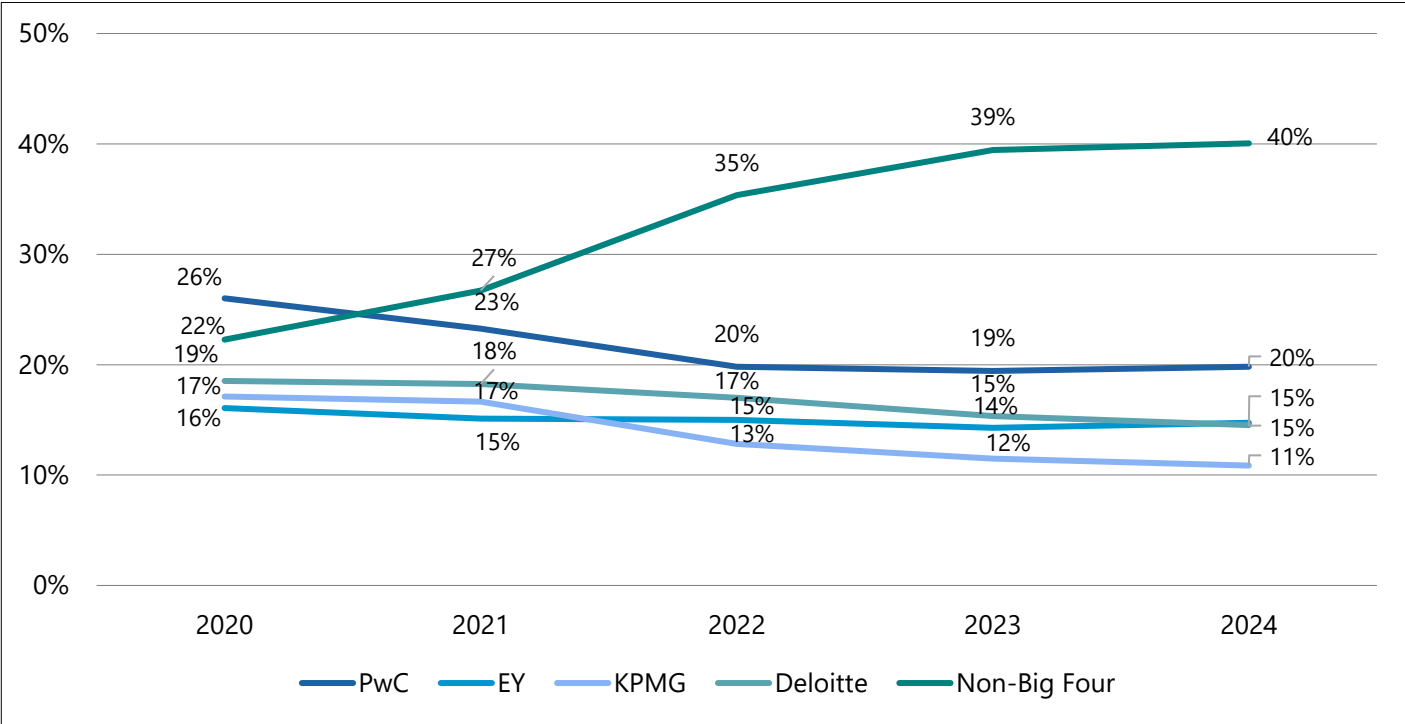
1. In this section, we provide the latest available information for the key indicators relating to audit market dynamics and competition reported in our previous competition publications. We show any changes in these indicators for the FTSE 350 and wider PIE audit markets between 2023 and 2024, and the longer-term trends, where data is available.
2. This is only a brief account of recent developments for parts of the audit market, and the FRC is not providing information and data for the whole audit market. As detailed in section two, we are covering other parts of the audit market – notably in relation to audits for SMEs and AIM companies – in separate pieces of work.
3. Other FRC publications provide more detailed information in relation to audit market developments. For example, our annual [Audit Quality and Supervision reports](#) look at audit quality at audit firms, as well as significant market-wide developments in the market that firms must consider in their delivery of high-quality audits. Our annual [Key Facts and Trends in the Accountancy Profession](#) provides a wider range of data.



Audit market shares

4. Over the past five years, non-Big Four audit firms have increased their share of PIE audit engagements. Figure 1 shows that while the Big Four, as a group, still have a majority market share, the non-Big Four audit firms have increased their percentage of PIE audit engagements from 22% in 2020 to 40% in 2024. They have also held a larger share of PIE audit engagements than any one Big Four audit firm for the past four years.
5. Of the Big Four, while all have seen their market shares fall between 2020 and 2024, PwC and KPMG have experienced the largest decreases; from 26% to 20% for PwC and 17% to 11% for KPMG. To note, the number of PIE entities varies each year, and only UK audit firms are included in these calculations.

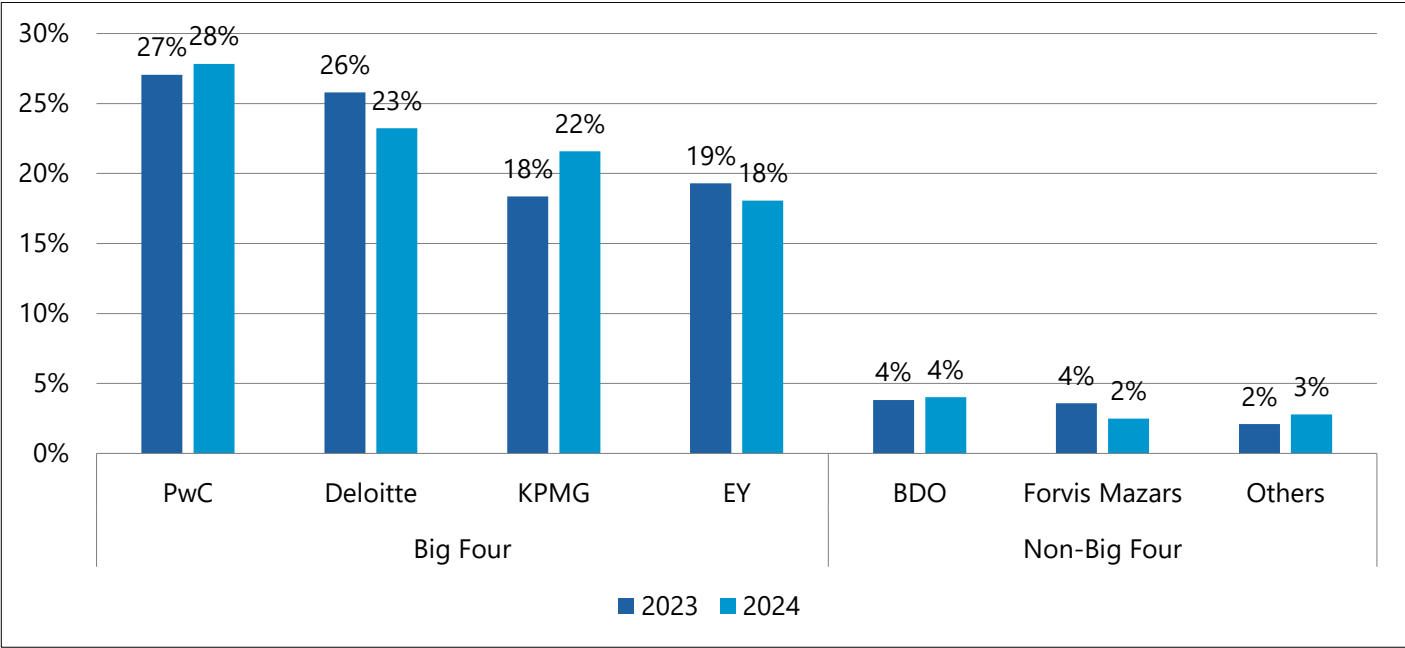
Figure 1. UK audit firm shares of PIE engagements, 2020-2024



Source: KFAT, 2021-2025.

6. In terms of PIE audit fees, the Big Four continued to dominate the market in 2024, earning around 91% of all PIE audit fees (compared to 90% in 2023). Figure 2 shows audit firm market shares of PIE audit fees in 2023 and 2024. Figures 1 and 2 highlight the contrast between the shares of engagements and the shares of audit fees for the non-Big Four audit firms.

Figure 2. UK audit firm shares of PIE audit fees, 2023-2024⁷

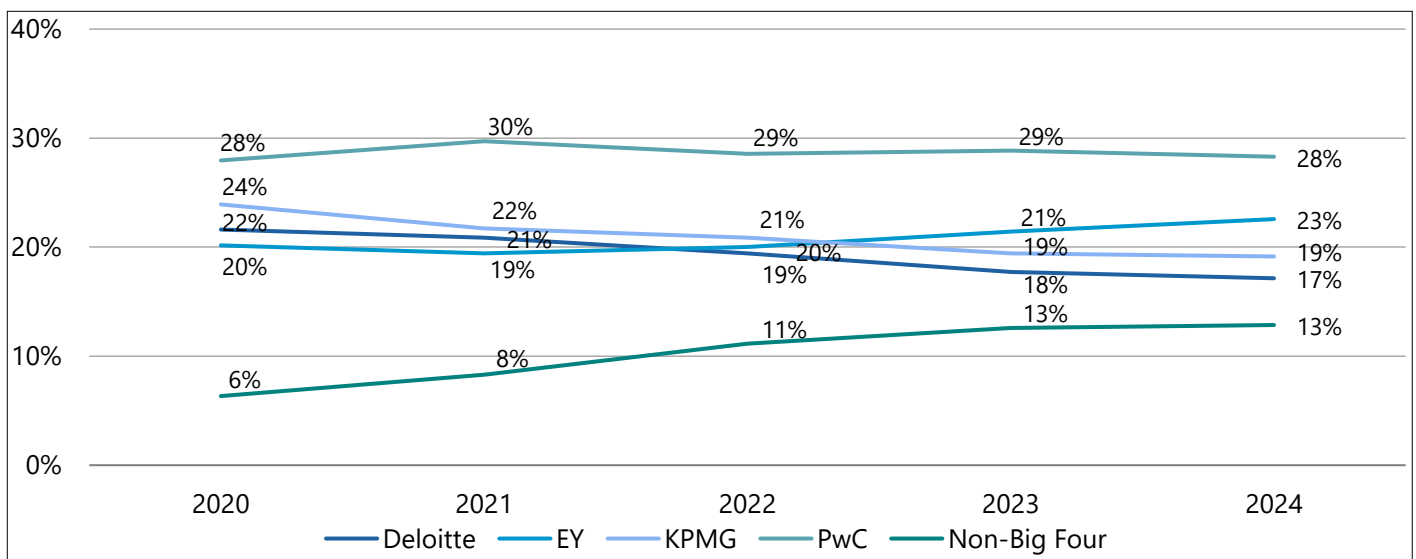


Source: KFAT Reports 2025 and 2024, and audit firm transparency reports.
Note: Only UK audit firms are included. Audit fee income from PIE clients includes audit fees of PIE parent entities of the audited entities and their non-PIE subsidiaries, wherever applicable.

- 7. Compared to the broader PIE market, the non-Big Four audit firms’ increase in market shares of FTSE 350 engagements is less dramatic. Figure 3 shows the number of FTSE 350 audits by non-Big Four firms rose from 6% in 2020 to 13% in 2024. However, most recently, market shares have been relatively stable, with the Big Four auditing 87% of the FTSE 350 in both 2023 and 2024⁸, and the market share for the non-Big Four remaining at 13%. PwC has the largest market share of FTSE 350 audit engagements since 2020, with 28% in 2024, the same as at the start of the period.
- 8. The contrast between the Big Four and non-Big Four market shares is more evident in the FTSE 350 audit fees data (Figure 4) compared to audit engagements (Figure 3). Figure 4 shows that although the non-Big Four have increased their share of FTSE 350 audit fees since 2020, it remains relatively small (2% in 2024), with the Big Four's share remaining at 98%, the same as in 2023. Among the Big Four firms, there were only very small changes, with PwC’s share increasing from 26% in 2023 to 27% in 2024 and EY’s falling slightly from 24% in 2023 to 23% in 2024. It is worth noting that the 10 largest audit fees in the FTSE 350 represent 31% of total FTSE 350 audit fees in 2024.

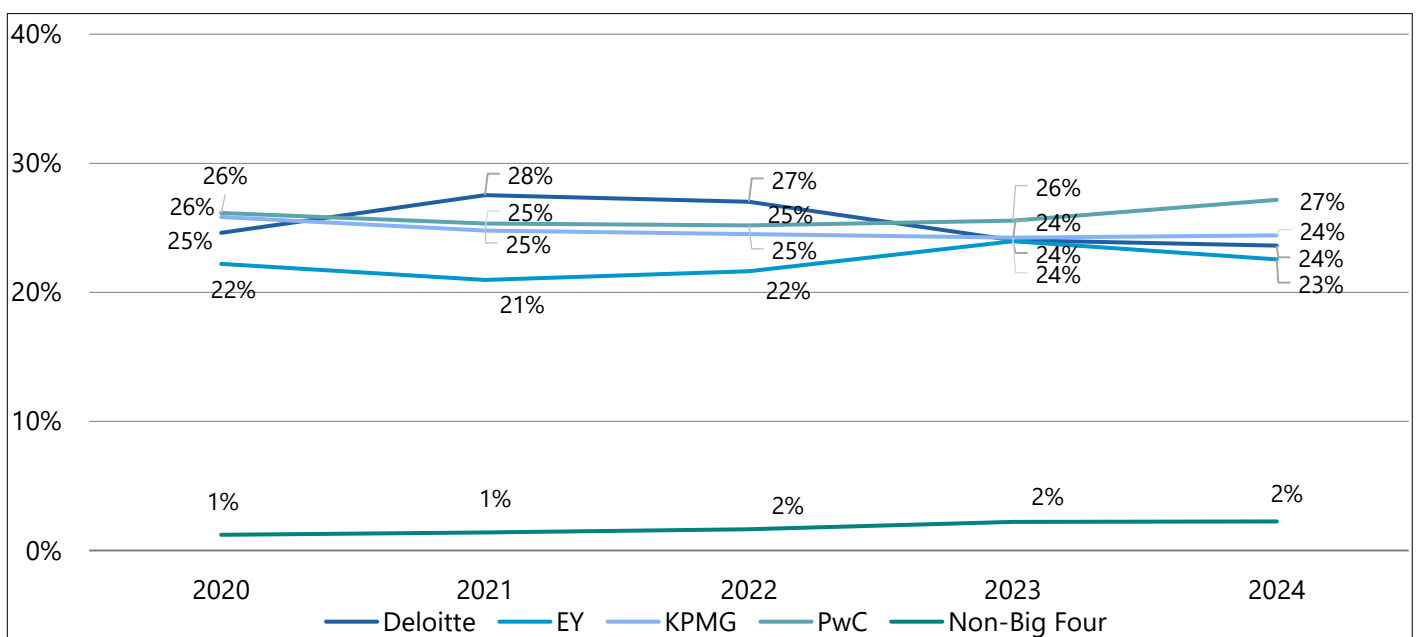
⁷ “Others” category refers to all non-Big Four UK audit firms (excluding BDO and Forvis Mazars) with PIE clients.
⁸ Audit Analytics opinion data for 2020-2024. Figures based on revenue from audits in each calendar year for companies for which the auditors signed the audit opinions.

Figure 3. UK audit firm shares of FTSE 350 audit engagements, 2020-2024



Source: FRC analysis of Audit Analytics Audit Opinions data for 2020-2024.

Figure 4. UK audit firm shares of FTSE 350 audit fees, 2020-2024⁹



Source: Audit Analytics Audit Opinions data for 2020-2024.

9. In 2024, there were 40 audit firms active in the PIE market.¹⁰ However, the majority continued to supply only a few PIE audits. In 2024, only 16 audit firms supplied more than 10 PIE audits, which is still up from 14 audit firms in 2023.¹¹

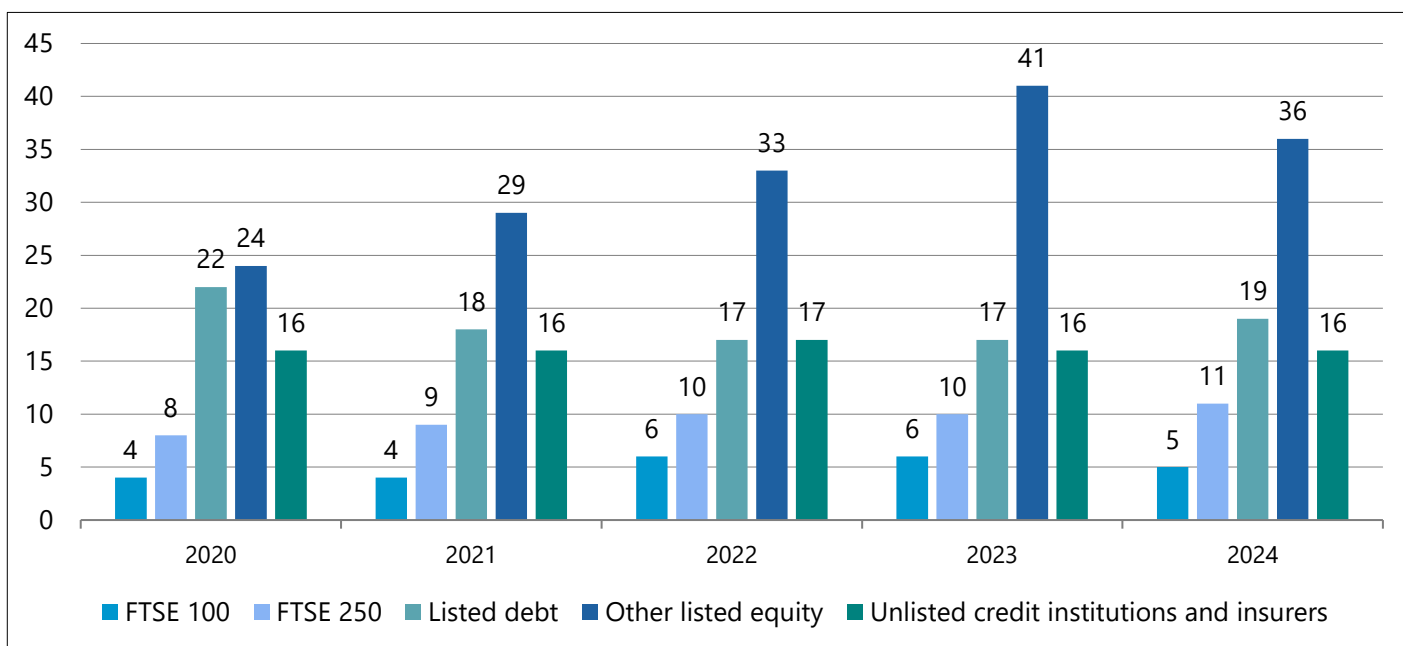
⁹ Audit Analytics Audit Opinions data for 2020-2024. Figures based on revenue from audits in each calendar year for companies for which the auditors signed the audit opinions. For data availability reasons, this is calculated at the network level, so a figure calculated on a UK firm-only basis may be slightly different. Market shares are calculated based on the "Audit Fee EUR" field. Amended or restated audit fees have caused minor changes to some historic data values.

¹⁰ Source: AQR Inspection Scope Surveys, 2020-2024.

¹¹ Source: AQR Inspection Scope Surveys, 2020-2024.

10. Figure 5 shows changes in the number of audit firms active in different segments of the PIE audit market. There was a small variation in the number of audit firms conducting PIE audits for the FTSE 100 and FTSE 250; it increased by one for the FTSE 250 and fell by one for the FTSE 100. From 2023 to 2024, there was a 12% drop in the number of audit firms supplying PIE audits for other listed equities. This is one of the largest decreases since 2020 for audit firms supplying one type of PIE audit.

Figure 5. Number of audit firms supplying each type of PIE audit, 2020-2024



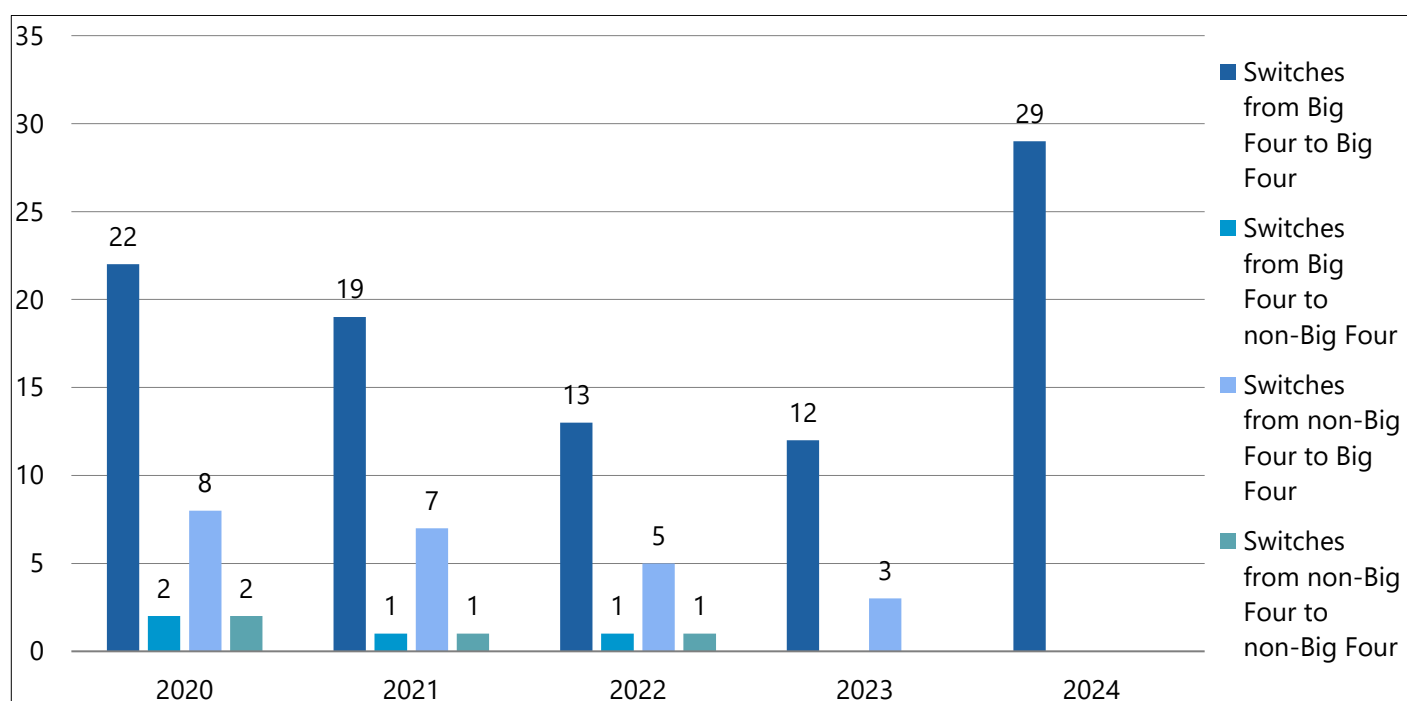
Source: AQR Inspection Scope Surveys, 2020-2024.



Switching in the FTSE 350 audit market

11. In 2024, 29 FTSE 350 entities changed their auditor. However, all of these switched from one Big Four firm to another Big Four firm. For the second consecutive year, the number of Big Four to non-Big Four switches was zero, as shown in Figure 6. There may be limited opportunities to switch in each year. Therefore, the trend here should be considered with caution, while noting the large pick-up in Big Four to Big Four switches in 2024.

Figure 6. Number of FTSE 350 companies switching auditor by type of switch, 2020-2024



Source: Audit Analytics Auditor Opinions data and annual reports for FTSE 350 constituents as of 2 May 2025, with effective auditor dismissals recorded for the year 2024. A change in the data source used in this chart has caused minor changes in some historical values.



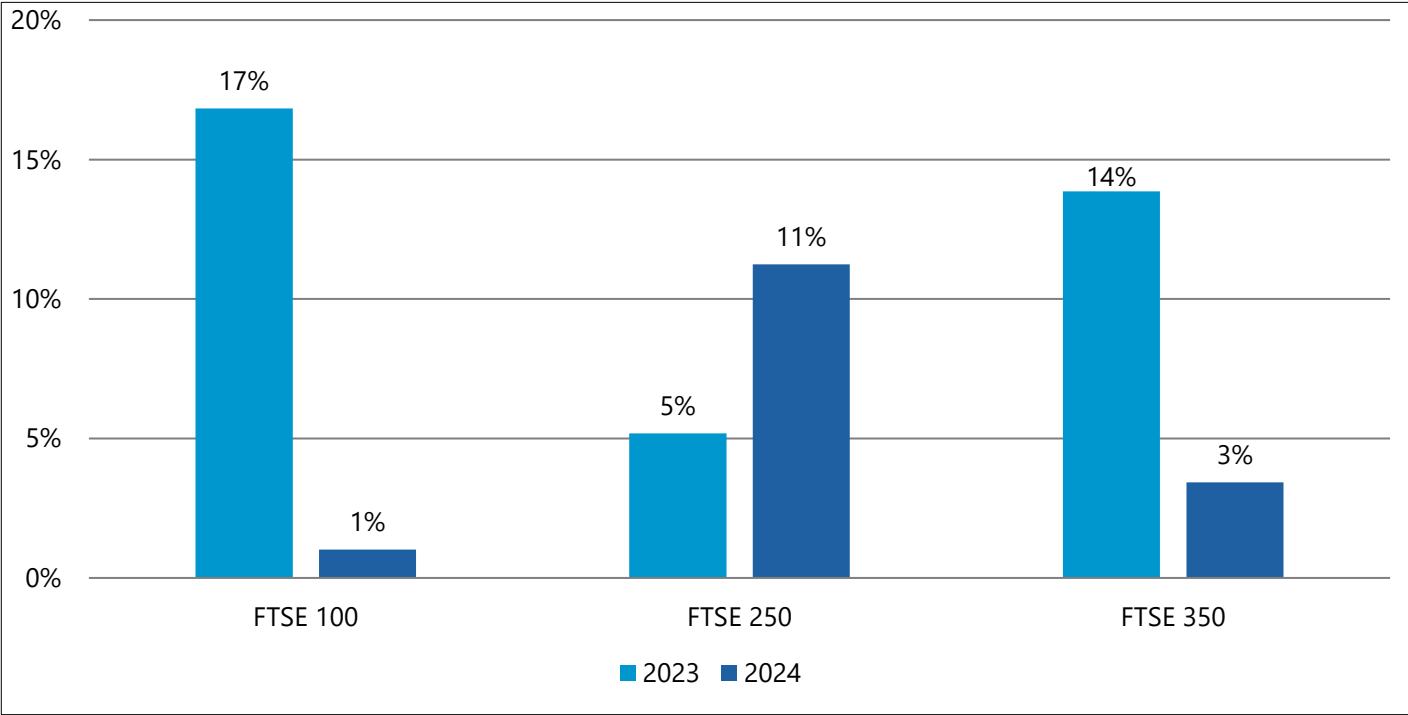
Audit fees

12. Audit firms earned £1.47bn in total PIE audit fees in 2024, a rise of 4% on 2023.¹² The average PIE audit fee in 2024 was £1m, 7% higher than in 2023. However, this increase was much lower than the 27% increase between 2022 and 2023.
13. Total audit fees paid by FTSE 350 companies increased by 3% to £1.37bn in 2024 (93% of all PIE audit fees).¹³ Figure 7 shows the percentage growth in audit fees paid by FTSE 350 companies to UK and non-UK audit firms between 2023 and 2024. To note, total figures can mask substantial variations in the audit fees paid by individual companies and charged by different audit firms. This skew is highlighted by the 10 largest audit fees in the FTSE 350 represent 31% of total FTSE 350 audit fees in 2024. There may also be different factors driving changes in audit fees year on year, for example, companies moving in and out of the FTSE index, risk premiums attached to certain audits, cost pressures, wage inflation or greater investment in technology.

¹² Source: KFAT Reports and audit firms' transparency reports.

¹³ Note: Note: [1] Audit Fees are based on the "Audit Fee EUR" field provided by Audit Analytics via the Audit Fees data download. We convert these figures to £ using the average annual exchange rate provided by the Office for National Statistics used in the 2025 KFAT [Report](#). Currency conversions may introduce discrepancies relative to original data sources (i.e. annual reports). [2] For 2024, FTSE 350 constituents as of 30 June 2024 based on the list of constituents and associated International Securities Identification Number (ISIN) provided by LSEG Workspace. [3] For 2023, FTSE 350 constituents as of 19 July 2023 based on the list of constituents and associated ISIN provided by LSEG Workspace.

Figure 7. Growth in total audit fees paid by FTSE 350 companies, 2023-2024

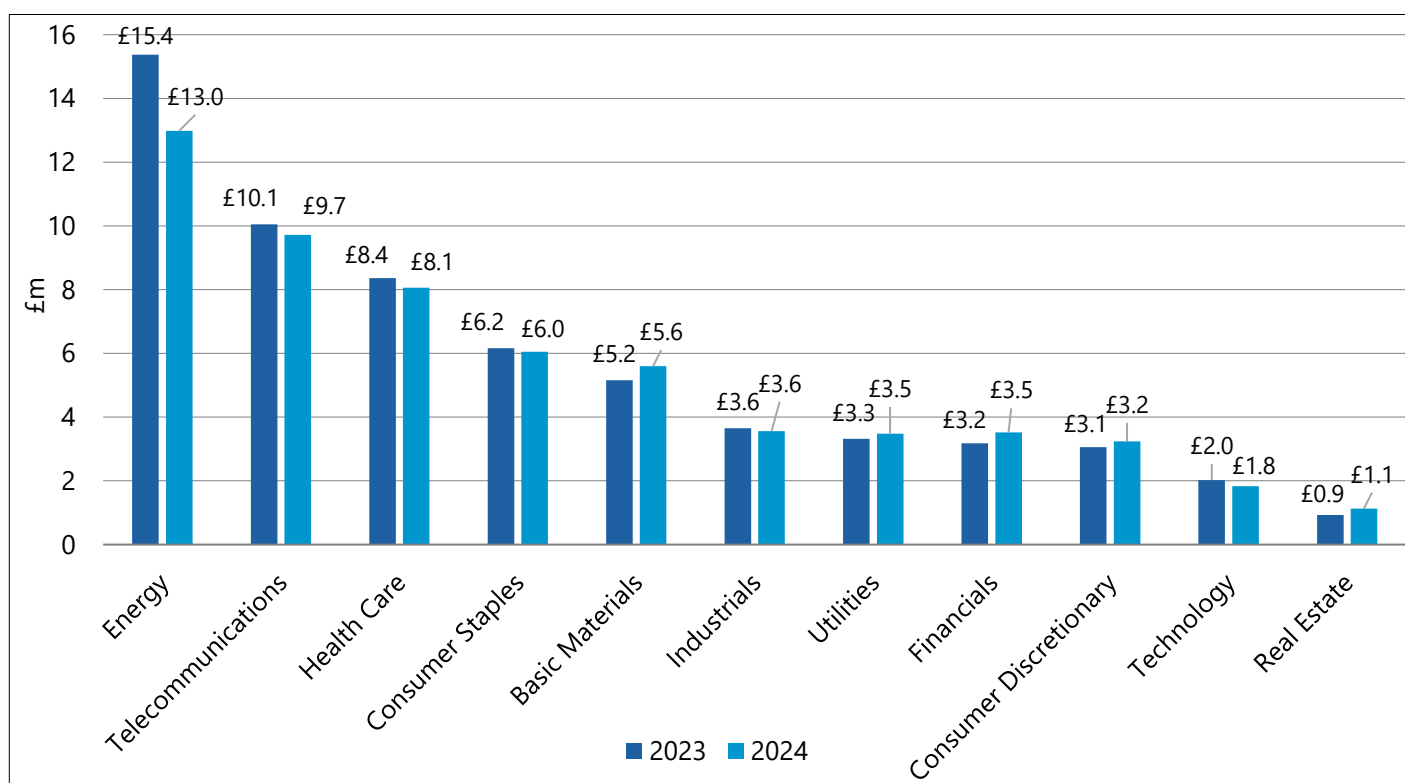


Source: FRC analysis of Audit Analytics Audit Fees data for 2022-24.¹⁴

14. Average audit fees paid by FTSE 350 companies for each Industry Classification Benchmark (ICB) industry in 2023 and 2024 are shown in Figure 8. The ICB sector with the largest average audit fee for 2024 is Energy (£13m), followed by Telecommunications (£9.7m) and Health Care (£8.1m). The differences in size of average fees illustrate variations for each ICB industry. However, there are differing numbers of companies included in each of these industries, and the size of these companies varies across each industry.

¹⁴ Note: [1] Audit Fees are based on the “Audit Fee EUR” field provided by Audit Analytics via the Audit Fees data download. We convert these figures to ‘£’ using the average annual exchange rate provided by the ONS used in the 2025 KFAT [Report](#). Currency conversions may introduce discrepancies relative to original data sources (i.e. annual reports). [2] For 2024, FTSE 350 constituents as of 30 June 2024 based on the list of constituents and associated ISIN provided by LSEG Workspace. [3] For 2023, FTSE 350 constituents as of 19 July 2023 based on the list of constituents and associated ISIN provided by LSEG Workspace.

Figure 8. Average audit fees paid by FTSE 350 companies by ICB industry, 2023-2024



Source: Audit Analytics Audit Fees data for 2023-2024, FTSE 350 constituents as of 30 June 2024 and industries listed above are according to the ICB.

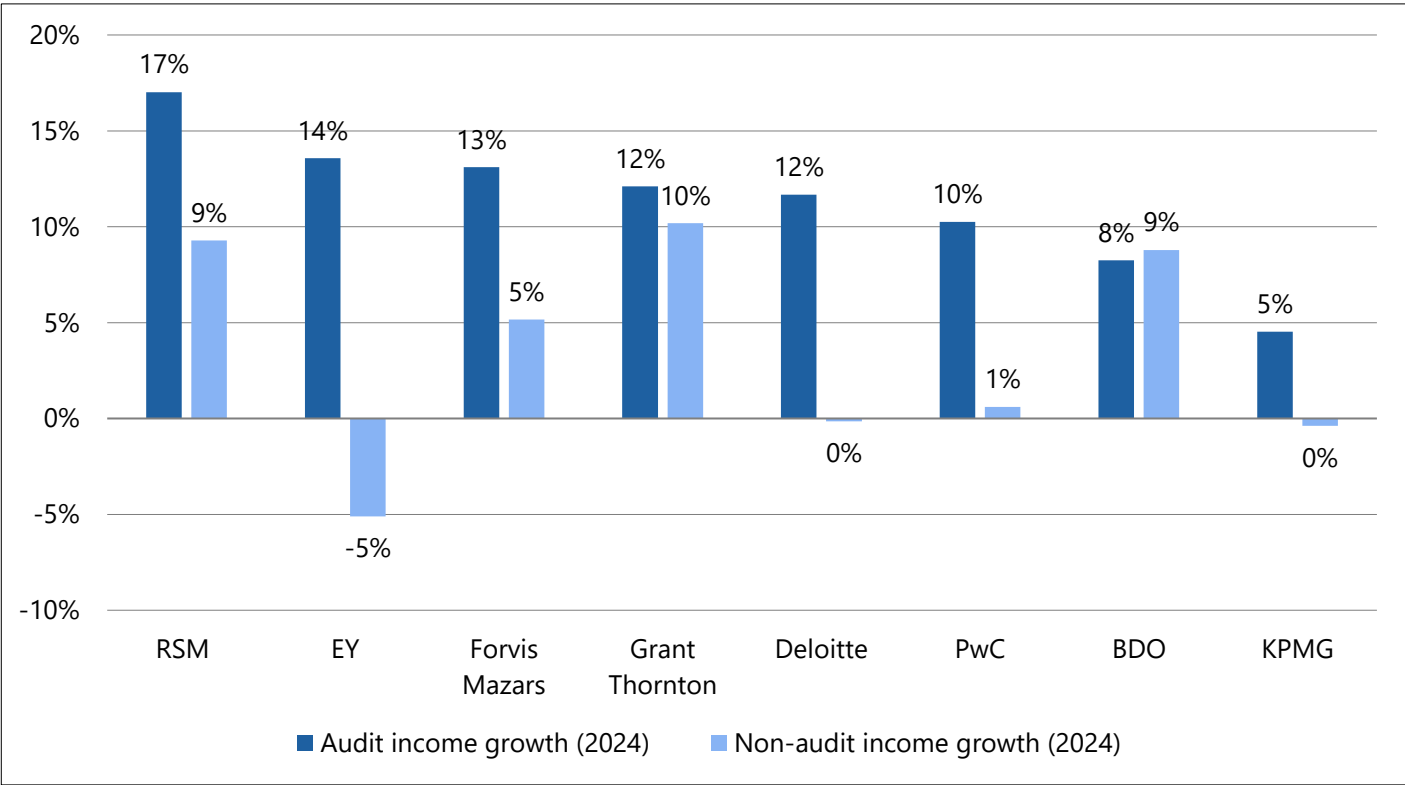


Audit firm income from audit and non-audit work

15. In 2024, among the largest audit firms,¹⁵ RSM had the highest growth in audit income at 17%, with EY in second with 14%. KPMG had the smallest audit income growth at 5%. However, EY's non-audit income fell by 5% – the first decline in non-audit income since our initial publication in 2022 – and Deloitte and KPMG saw no growth in their non-audit income.
16. For the second consecutive year, all of the largest audit firms apart from BDO experienced higher income growth from their audit work compared to non-audit work, between 2023 and 2024. The largest difference between audit income growth and non-audit income growth was experienced by EY (14%, and -5%). Figure 9 illustrates the income growth from audit and non-audit work for the largest audit firms between 2023 and 2024.

¹⁵ Largest audit firms by audit income.

Figure 9. Income growth for the largest audit firms from audit and non-audit, 2024



Source: KFAT Reports, 2024 and 2025.¹⁶ Note: Figures have been rounded to the nearest percentage.

¹⁶ Notes: Audit firms in the chart are ordered by their audit income percentage growth, from largest to smallest. Figures for KPMG and EY exclude figures for KPMG Ireland and EY Ireland.

2. Our approach to competition in the audit market, and our recent and future work

17. In this section, we summarise some of our recent work to improve how the audit market functions, and to promote a more vibrant and resilient audit market, which underpins UK growth and competitiveness. We also set out the FRC's plans for future work.

Importance of a well-functioning audit market to support growth

18. The health of the UK economy needs to be underpinned by a robust, resilient and well-functioning audit market. Companies should be able to access a diverse range of audit providers that can deliver consistent, high-quality audit.
19. All stakeholders have a role to play to support this aim. Companies can help ensure a fair choice of suitable external auditors by planning for any audit tender process and managing their relationships with audit firms to ensure they are not limiting their choice by using audit firms for non-audit services work. Professional bodies, audit firms and the government also have roles to play to help the audit market work better.
20. A well-functioning audit market instils trust and confidence in users of financial statements, which is essential for well-functioning capital markets. This is a strong platform on which to build investor and broader confidence in UK plc, which enables businesses to attract capital and grow, while supporting UK economy and its competitiveness.
21. Last year, we published our [first annual report](#) to the Secretary of State outlining the five priority areas of our ongoing commitment to supporting economic growth while promoting high standards of corporate governance, corporate reporting, and audit across the UK. In March, our [3-Year Strategy 2025-28](#) provided more detail on our approach.

Improving audit quality across the whole market

22. Audit quality has improved in the UK since 2018 and continues to compare favourably internationally, as firms have invested in people and quality management systems. However, as we reported in the [Annual Review of Audit Quality 2025](#), there continues to be an audit quality gap between the largest audit firms and others in the PIE market. At the same time, developments in technology, audit firm ownership structures and the business environment present challenges and opportunities for the future of the UK audit landscape.
23. Through our [Future of Audit Supervisory Strategy \(FASS\) project](#), we aim to evolve our supervisory approach to support an environment that promotes a resilient audit market and enables firms of all sizes to deliver high-quality audits while driving accountability, and improvement. A robust and proportionate supervisory approach is essential to ensuring a sustainable, well-functioning audit market, and audit profession. This is fundamental to maintaining the UK's status as a leading global destination in which to build and scale a business.

Removing barriers to growth and building capacity for smaller firms

24. The UK audit market remains dominated by the Big Four although other firms have made some progress in recent years in building their share of PIE and FTSE 350 audit engagements. Smaller audit firms serving the PIE audit market have grown and expanded using differentiated strategies, but even the larger mid-tier firms continue to face challenges competing with the Big Four, owing to their scale, deeper expertise and access to investment. This dynamic is not just a UK phenomenon; it is replicated in audit markets across the world.
25. The FRC wants to support smaller firms to develop their capabilities and presence in the PIE audit market. However, we recognise that they need space and time to improve and maintain audit quality, while building their capacity to grow. Our [Audit Firm Scalebox](#) initiative has been designed to help non-Big Four firms do that. However, we recognise that further support is required to upskill the firms that want to take on more work, increasing the overall capability of the market and creating more choice for the users of audit services.
26. In September, we announced a new initiative, [Building Capacity for Smaller Firms](#), which supports their development as they seek to expand their presence in the PIE audit market. Smaller UK PIE firms will be invited to participate in a new workstream of the FRC's Audit Firm Scalebox, called the Scalebox-Systems of Quality Management (or Scalebox-SoQM more commonly). Firms that accept this invitation and commit to investing in, and developing, their Systems of Quality Management may, subject to the terms and conditions of the project, benefit from reduced formal inspection, supervision and registration requirements during 2026 and 2027, so they have space and time to develop and grow.

Improving access to audit services

27. SMEs are vital to the growth and competitiveness of the UK economy, representing more than 99% of all private sector businesses and employing around 16.9m workers.¹⁷ Quality audit is often important for these businesses to secure the capital they need to scale. In February, we launched a [campaign](#) designed to help SMEs access audit services and reduce reporting burdens where possible.
28. We have published [emerging findings](#) and potential remedies following engagement with more than 500 stakeholders. Through our market study, we have identified a series of themes which we are exploring further, including: (i) the value of audit for SMEs, (ii) regulatory burdens and complexity, (iii) engagement from senior auditors, and (iv) the impact of technological investment. We have also launched a consultation on new guidance to help auditors deliver more proportionate audits of SMEs. We are planning to publish final findings from the SME market study in Q1 2026.

Future of the audit profession

29. The audit profession is a fundamental enabler for maintaining and enhancing the UK's status as a global destination to build and scale a business. Its future depends on its ability to attract

¹⁷ Source: [Business population estimates for the UK and regions 2025: statistical release - GOV.UK](#)

and retain skilled individuals, adapt to developments in the market, and sustain public confidence in its work.

30. We have been working closely with professional bodies and the firms to modernise qualifications and promote the profession as a career of choice. In September, we launched a new project - The Audit Qualification (AQ) 2030 - to work with the sector to ensure audit qualifications continue to evolve in ways that support the resilience of the profession.
31. There is a public expectation that the audit profession will be held to high standards of conduct underpinned by independent regulation. We will continue to engage and work with all stakeholders in the audit landscape to build a skilled, ethical and future-ready audit workforce.

Embedding proportionality and reducing burdens

32. In addition, priorities for the FRC have included embedding proportionality and reducing burdens on business. As detailed above, we are considering this through the FASS project and our work on building capacity for smaller firms. We have also made some amendments to the [UK Stewardship Code 2026](#). These changes will support better reporting and, as a result, could contribute to improved audit quality.
33. Key features of the [UK Stewardship Code 2026](#) include reducing the reporting burden for asset managers through fewer principles and introducing a more flexible reporting structure to give signatories more options for submitting information – and on a less frequent basis for certain submissions.
34. In November, we included a clarification in the [UK Corporate Governance Code Guidance](#) in relation to the remuneration of non-executive directors, to ensure boards are able to secure the talent they need to deliver on their objectives. The resulting scope of work for external auditors has not changed, and we do not expect any additional work to be undertaken on the effectiveness of the company's internal controls.

A developing UK audit market

35. The audit market is not static. New dynamics, such as private equity investment or the adoption of AI and technology, present both opportunities and risks. We want to provide clarity and support to protect audit quality and market resilience.
36. Our newly established [Innovation and Improvement Hub](#) will explore market-led initiatives, including the use of technology by smaller audit firms, and provide bespoke support to companies in making their corporate reporting relevant and focused on meeting the needs of investors. The Hub also allows us to explore further initiatives, which enhance the wider audit and corporate reporting landscape.
37. There remains widespread interest in the potential growth of private capital ownership of UK audit firms. Access to private capital could, in the right circumstances, benefit the UK audit market through increased investment in enhancing audit quality, skills and technology. The FRC is monitoring developments and welcome direct engagement with investors or parties considering new capital structures in the UK audit market.

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38. We are developing engagement with AIM companies and their auditors to explore the potential impact of proportionate changes we could make to help support that part of the audit market.

Next steps, including opportunity to comment

39. If we are to realise a well-functioning audit market, engaging with our stakeholders is vital. The FRC will continue to work closely with others, including audit firms on existing initiatives to improve competition, and in our future work.
40. We welcome any feedback on this update to help inform our work. Please email comments to competition@frc.org.uk by 27 February 2026.

Financial Reporting Council
December 2025



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