Mergers active in second tier firms

The trend of smaller accounting firms merging to be seen as a viable alternative to the Big Four global finance service giants is gaining further momentum with William Buck taking up the Brisbane-based partnership of Hall Chadwick.

This merger is the latest in a spate of merger activity that has occurred in the past 12 months outside the top four firms.

Second-tier firm Bird Cameron took in the audit and assurance services arm of the now-defunct listed financial services firm, Stockford Limited earlier this year.

The Melbourne-based partnership of Spencer & Co, headed by Frank Spencer, joined Pannell Kerr Forster and Pitcher Partners, which was set up initially a middle-market practice servicing Victorian clients, has recently expanded into Brisbane.

Mark Collins, the deputy chairman of William Buck Inc, described the merger move as an aggressive bolstering of people and resources and that the firm saw great growth potential as entities in the public and private sector attempt to deal with regulatory change.

One of the reasons for the mergers, according to RSM Bird Cameron audit partner Rob Miano, is not just the client demand for solutions, but also the need for organisations to give their talent the necessary support out in the field given the myriad of changes that auditors and others must understand.

Mr Miano said the accounting, auditing and other requirements were getting much more complex and one of the few ways of dealing with the increase in complexity is to be a part of an organisation that was staffed with sufficient numbers of partners and technical experts.

“What is required in those circumstances is a critical mass of people to be able to ensure those within an accounting practice stay in touch with developments,” said Mr Miano.

Another factor that has led to the move to mergers amongst the second-tier is a market demand for alternative, specialist advice from practitioners that are in firms other than the Big Four.

This stems from the intense focus corporate governance and financial accounting has received in the fallout from the various corporate collapses, the legislative developments in the US with the introduction of the Sarbanes-Oxley Act and a move towards company boards setting strict rules on what non-audit services they will permit external auditors to perform.

Independent financial reporting expert, Colin Parker, said boards of directors are focused on trying to get independent advice on matters in other to fulfil their obligations under the law.

This article was supplied by Tom Ravlic. Tom Ravlic is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.