

BDO and Moore Stephens in advanced merger discussions

Accountancy and business advisory firms, BDO and Moore Stephens LLP, are in advanced merger discussions to create a market-leading firm.

The new firm will be the leader in advising the UK's entrepreneurial mid-sized businesses but will also challenge its larger competitors for more complex audit, tax and advisory work.

The proposed deal further cements BDO's position as the first-choice auditor for AIM businesses and the combined firm will be one of the top auditors in the country based on the number of UK-listed companies it audits.

Both currently top ten businesses, the combined firm will boast tax and audit practices far larger than its nearest mid-tier competitors and retain deep and broad sector expertise.

On completion of the deal - expected spring 2019 - the combined firm will have gross annual revenue of £590m delivered by 5,000 people across the UK. The firm will take on the BDO brand, as it will remain part of BDO globally, the largest mid-tier accountancy organisation in the world with revenues of over \$8billion and operating in 162 countries.

Partners of both firms have voted in favour of the merger, subject to final contracts.

Paul England, Managing Partner, BDO, said:

"If ever there were a time for firms to turbo-charge their growth, it's now. As a combined firm, we offer greater choice, competition and scalability to the top-end of the market, and are better placed to deal with any economic disturbance from Brexit.

"It was clear from our first meeting that we share similar culture and values. As professional services firms, our people are our greatest asset and it is essential that we create an enlarged business that retains the best of our similar cultures. Both firms are full of innovative people who are experts in their field - this will continue.

"BDO is in a great position in the market, both in the UK and across the world as part of an \$8bn BDO global organisation. In the last 12 months - in the wake of Carillion and the subsequent focus on competition in the audit market - the UK market now has a better appreciation of BDO's capability and quality. This deal increases our credibility further and proves our commitment to competing in the top-end of the market.

"But we've always said that size isn't a proxy for quality. A driver of this merger is one of sustainable and profitable growth that benefits our clients, people and capital markets alike."

The two firms operate in very similar sectors: energy, technology, retail, real estate, financial services and more. Moore Stephens is also very strong in the shipping, insurance and donor assurance sectors.

Simon Gallagher, Managing Partner, Moore Stephens LLP, said:

"To be entering final discussions to create the largest UK accountancy firm focused on entrepreneurially-spirited and fast-growing businesses is exciting - and critical for market competition. The proposed merger provides a platform for continued, sustainable growth, as well as offering something different to the market at this important time.

"Clients are asking us to deliver an ever-increasing range and depth of solutions, provided globally. Combining with BDO makes providing that much easier.

"Moore Stephens is a very profitable business delivering double digit growth for several years in a row. This merger will allow us to remain on that kind of trajectory.

"It's the people who will make this merger a success, which will translate into greater career opportunities and development, allowing them to deliver more valuable services to clients. BDO is also a very well-respected, financially-stable and focused firm, with an entrepreneurial heritage. Combined, we offer something truly unique and special."

The proposed deal relates only to Moore Stephens LLP, consisting of the London, Birmingham, Reading, Bristol and Watford offices of the current Moore Stephens UK network. In London, BDO - with its HQ in Baker Street - plans to take on a second office in the City to accommodate the growth and retain that city-based presence for clients after the merger.