UK REPORT

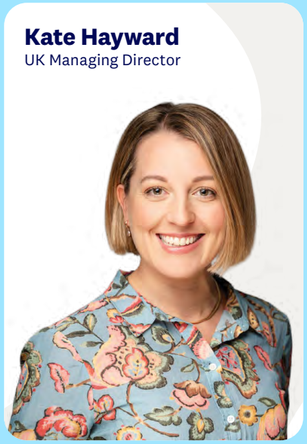
Stronger together

How accountants and bookkeepers support small business resilience and results



xero

Foreword



Kate Hayward
UK Managing Director

Small businesses working with an accountant or bookkeeper turn more of every pound into profit. The benefits are clear. This report is here to help you find the right one for your business.

Small businesses are what bring our communities together. So when they struggle, we all feel it. I have the privilege of speaking regularly with small businesses and it's clear how tough things are. I see it close to home too. My brother runs a construction firm, and over the last six months it's been really hard for him to win work. I know it's the same for many right now.

Yet fewer than half* of UK small businesses turn to an accountant or bookkeeper for support. And many of those that do often only pick up the phone when it's time to file their tax return.

Some owners tell me they're too small to need one, or that they can't afford it. As an accountant by training, I understand why but I'd gently challenge that. Our findings suggest the right accountant or bookkeeper is one of the most valuable investments a business can make.

In my experience, the businesses that make it through tough times aren't always the biggest ones. They're the ones with the clearest insights. The ones asking themselves hard questions early. The ones who know their cash position. And very often, the ones with a trusted advisor in their corner. Our data in this report backs this. Two thirds of small businesses working with an accountant or bookkeeper report improved efficiency, 63% improved productivity.

Tax and compliance are the foundation. And as Making Tax Digital makes tax a more regular part of life for many owners, it's a natural moment to build on that relationship and start planning ahead together.

> **The key is finding the right fit: a true partner who suits you and your business, with the scope of support to match.**

This report brings together our customer data, survey findings and real stories from owners and advisors to show what's possible when you work together. **Our research points to stronger financial performance, greater resilience, time saved and more informed decisions. And the closer you work together beyond tax season, the more you stand to benefit.**

AI can already take much of the routine admin off your plate, and that's a good thing. It can show you what's happening in your business faster than ever, but questioning its accuracy, knowing what it means and what to do next is still down to you. That's why having confidence in your numbers has never been more important. An accountant or bookkeeper helps you do exactly that, by bringing the context and judgement. The tools are changing, but the need for a trusted advisor only grows.



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Dext/Censuswide, May 2025, 500 UK SME decision-makers (1 to 249 employees): 38% use an external accountant or bookkeeper.

About this report

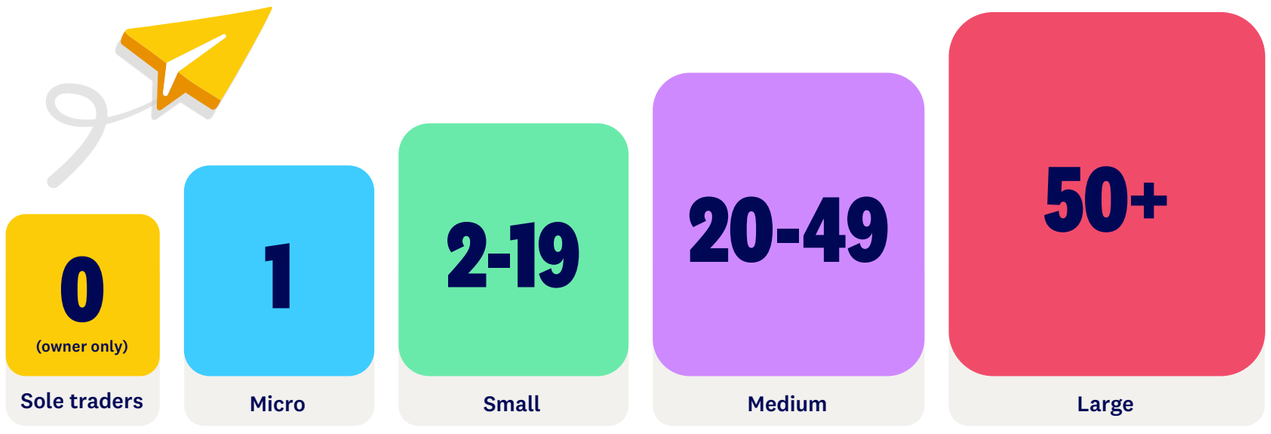
Tax may be what first brings many small businesses to an accountant or bookkeeper, but the value of ongoing advice reaches well beyond compliance – from greater resilience to growth.

Xero data: We compared anonymous, aggregated Xero customer data for UK businesses with and without an accountant or bookkeeper attached in Xero, as at November 2026. So in this report, where we refer to a business having an advisor we mean an accountant or bookkeeper attached in Xero. The flag shows an advisor is attached, not how often they talk or what they do.

The Xero data shows associations, not proof that advisor support alone caused the outcomes, with other factors (such as business size, industry and age) likely playing a part.

Survey data: We also surveyed 500 UK small business owners and 250 accountants and bookkeepers about the benefits of working together. To uncover the human stories behind the numbers, we also spoke to small business owners and advisors across the country.

Business Size



Sole traders

Sole traders often have lower costs and incomes than businesses with employees, so to compare like with like, we look at them separately where it matters. As a result, we specify between ‘all businesses’ and ‘employing businesses.’

The information in this report is a guide and should not be taken as financial, legal or business advice.

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The advice dividend

How advisors support small business efficiency, resilience and results

To explore how their support may relate to performance, we compared Xero customer data for UK businesses with and without an advisor.

We measured how much they bring in (revenue), what each team member generates (revenue per employee) and what share of revenue becomes profit (profit margin). We also looked at how long their bank account was in the red and what share of income went on business costs (such as supplies or software).

Viewed alone, these numbers offer a picture of business health. An accountant or bookkeeper who understands your goals can help make sense of them and turn insight into practical next steps. That's the advice dividend.

The Xero data on these pages reveal patterns, not proof that an accountant or bookkeeper alone drives performance, but viewed together they point to the value of working with an advisor.

To understand the broader experience of partnering together, we also surveyed 500 UK small business owners and 250 accountants and bookkeepers.

500	250
Small business owners surveyed	Accountants and bookkeepers surveyed

Size and budget hold some owners back from working with an advisor.

Among the 250 owners we surveyed who don't work with an advisor, the reasons included:

59%
say their business feels too small

32%
feel they can't afford one

21%
didn't think their business would benefit

But when every pound counts, businesses with an advisor turn more of it into profit.

In a challenging economic environment, the smallest difference in margin can add up. An accountant or bookkeeper can help you see how your business is tracking and spot changes in cash flow sooner.

Typical profit margin

10.33%
Employing businesses with an advisor

8.32%
Employing businesses without an advisor



What Xero's customer data shows:

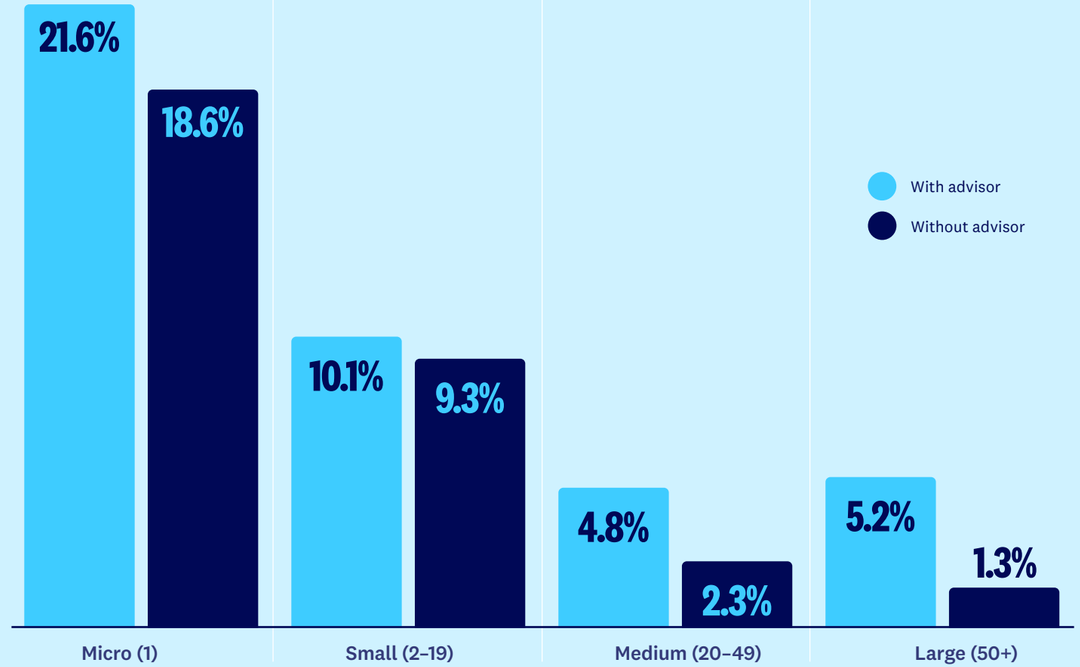
Employing businesses with an advisor made about £2 more profit on every £100 earned

than those without.

While the gap holds across every size group, the biggest differences are:

2x the typical profit margin for medium businesses with an advisor compared to those without

4x the typical profit margin for large businesses with an advisor compared to those without



"Growth isn't always about turnover – cash flow is one of the biggest areas we've made a difference. Through proactive credit control, we've helped some businesses cut outstanding customer invoices to as little as 10% of their three-year average. That's money that would otherwise be tied up in unpaid invoices, and could leave businesses borrowing to fund day-to-day operations."



Izzi Rosenberg
Accountant, ProsperFi

An accountant or bookkeeper may mean up to a week less in the red each year.

When a business's bank balance drops below zero, it's 'in the red'. Cash flow is essential to staying on track, and these periods can apply serious pressure.



What Xero's customer data shows:

businesses with an advisor spent nearly five fewer days a year in the red

About **35 days**, compared with about **40 without**.

The gap grew where the advisor was highly engaged (meaning their team logged in to their client's Xero account regularly):

Businesses with a highly engaged advisor spent more than a full week less in the red each year.

About 32 days, compared with about 40 without.



This doesn't prove cause and effect, with other factors (such as business size, industry and age) likely playing a part. But it does point to a strong correlation between advisor support and cash flow management.

The accountant boosting profit margins and big ideas

The numbers:
Johann Goree of On Point Accounting has partnered with a local restaurant owner since 2019. That year, the business turned £576,000 of sales into £1,500 of profit. Today, turnover is about £2.07 million and the team has grown from 12 to 35 – and opened a second site.

The approach:
they began with monthly meetings around a short report built straight from Xero, tracking up to five priority measures and focusing on the top one until it was stable. As the business steadied, meetings moved to quarterly.

The advice:
Johann advises splitting every pound into set shares for materials, staff, running costs and profit, a rule that holds as the business grows. His advice spans the practical (used coffee grounds became free compost, not food waste charged by the kilo) and the strategic (theme nights, supplier negotiations).



'Because the figures in Xero are up to date, our conversations are about what's happening now rather than what happened last year.'

Johann Goree
Accountant,
On Point Accounting

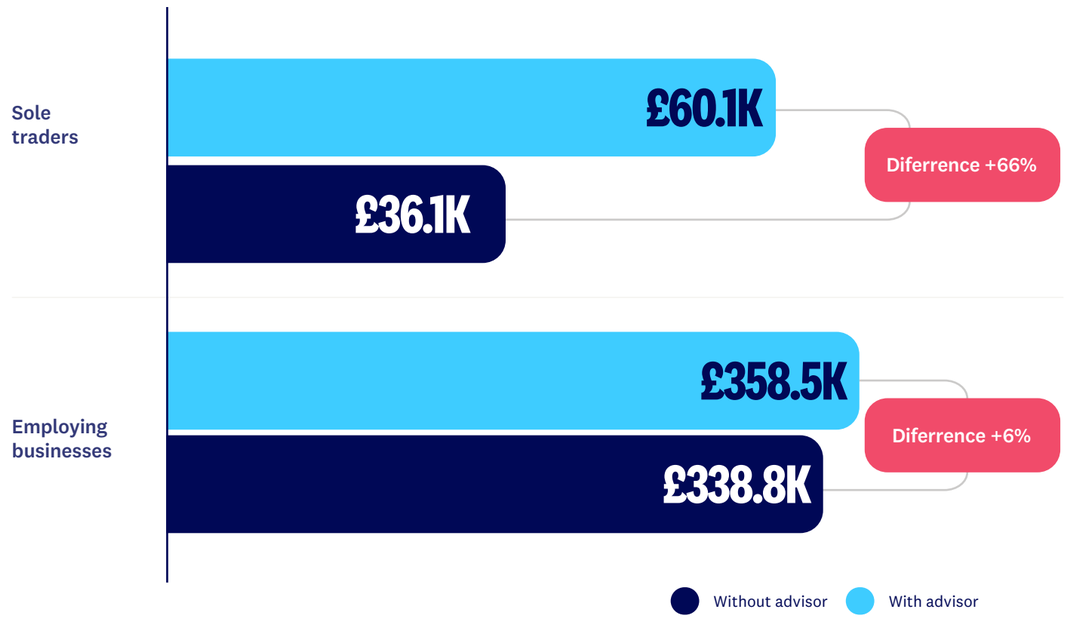
Revenue appears to run higher for advisor-backed businesses.

Knowing how much your business brings in is just the starting point. An accountant or bookkeeper can help you understand where it comes from, what's driving it and what to expect.



What Xero's customer data shows:

Sole traders and employing businesses with an advisor both brought in more revenue.



Differences such as industry or business tenure are likely to also play a part in these figures.

Businesses with an advisor show stronger revenue per employee.

Hiring is one of the biggest investments a business can make – and knowing what each team member contributes to your revenue can help inform decisions. An accountant or bookkeeper can help you put the number in context and weigh up whether, and when, to grow your team.



What Xero's customer data shows:

businesses supported by an advisor have 20.7% higher revenue per employee.

Typical revenue per employee



£78.7K

With an advisor



£65.2K

Without an advisor

The designer whose finance admin time more than halved

The challenge:
when Katherine Jane Channell founded Katherine Jane Design Studio without any financial support, everything felt 'scattered and overwhelming'.

The approach:
she shopped around and chose a local accountant who had experience working with interior designers. Her accountant also uses Xero, guiding her through the finances from start to finish. Now, when something doesn't make sense, Katherine has 'an incredible support person I trust' on call.

The results:
Katherine has gone from spending up to 2 days a week on finances to half a day, allowing her to take on more clients and turn design work around faster. She now has two freelancers, something she says she couldn't have done without her accountant.



'I used to find the finance side of the business overwhelming. I now find it exciting and – call me crazy – enjoyable!'

Katherine Jane Channell,
Small business owner

Katherine Jane Design Studio

An accountant or bookkeeper can help you get more from tax time.

Tax and compliance are the foundation of most owner-advisor relationships: 79% of owners say their advisor looks after their tax, against 32% for wider advice and 24% for reporting.

But tax can mean more than filing: every allowable cost you record can reduce the profit you pay tax on, and an advisor can help you spot costs you might miss.

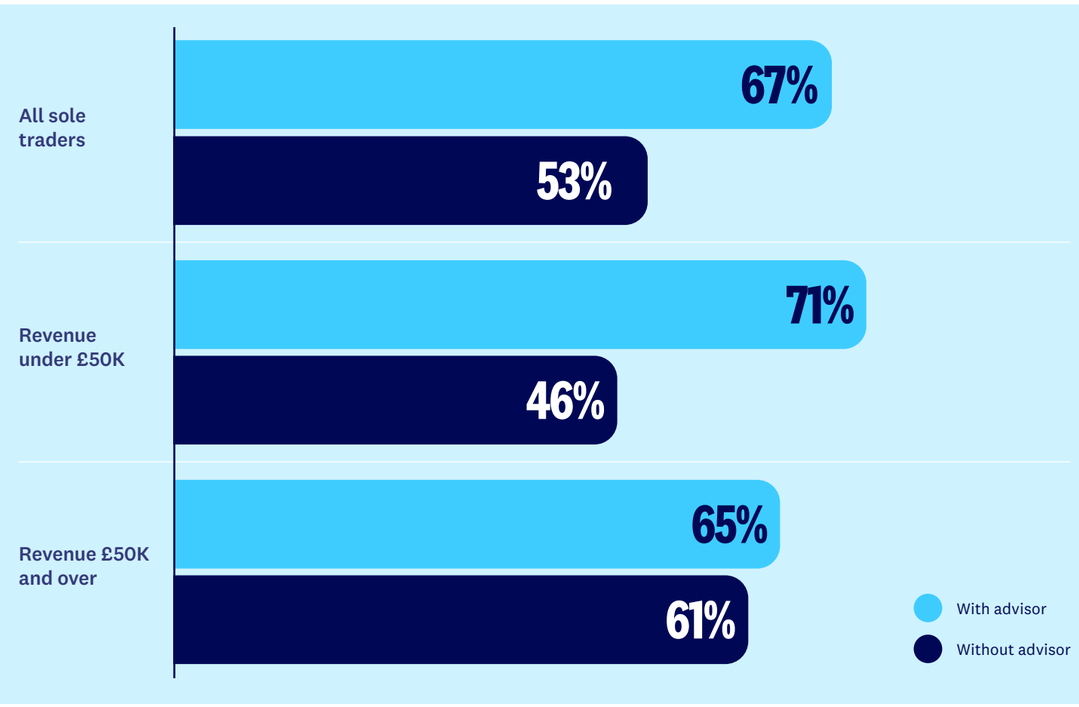
We looked for this in the data and found a notable difference only for sole traders.



What Xero's customer data shows:

for every £100 they brought in, the typical sole trader with an advisor recorded £67 of costs, against £53 without.

The gap is widest for those with revenue under £50K, where around half of the sole traders in our analysis sit.



One possibility is that an advisor helps sole traders record overlooked costs like branded giveaways or bad debt write-offs (the data can't confirm this, and not every recorded cost will be tax-deductible).

Yet the benefits of partnering with an advisor go well beyond tax time.

Of the 250 owners with an accountant or bookkeeper:

90% say they've seen at least one benefit
This holds true regardless of how long they've been working with their advisor – a promising case for the return on this investment.

66% report efficiency benefits, including less time spent on financial admin

33% say their advisor has saved their business money, such as through tax savings

15% say their business is more profitable since working with an advisor

Better together: the benefits of collaboration.

Sharing the work means you and your advisor each take the jobs that suit you best. You might enter your own sales and expenses while they check the books, handle your tax and advise on what the numbers mean – something accounting software like Xero makes easier.

Of the 139 accountants and bookkeepers who share the work with clients:



99% say their clients have seen at least one benefit

The family business saving time and gaining freedom

The challenge:
Sanjay Aggarwal and his mum started Spice Kitchen around her kitchen table. They knew spices – but admittedly nothing about running and scaling a business. As the finances got more complex, they wanted experienced help.

The approach:
beyond managing tax time, Spice Kitchen's accountants work with them in Xero – making it easier to talk through the numbers and advise on bigger decisions.

The results:
their accountants' support gives them headspace for their products, customers and team. Working in Xero has freed up a day a week of Sanjay's time and lets them run the business from anywhere as they grow internationally.



'Having someone who understands our family business, who we can ask questions and talk decisions through with, makes a real difference to our confidence'

Sanjay Aggarwal
Small business owner,
Spice Kitchen



Working smarter together with AI

How AI can free you up for the conversations that matter

AI can give small business owners, and the accountants and bookkeepers who support them, the most valuable asset of all: time. With less data entry and routine reporting to manage, advisors can focus on what only they can do: understanding your business, asking the right questions and giving advice that fits your situation. AI handles volume and speed. Humans handle judgement, context and accountability.

When it comes to your finances, AI works best when it's grounded in trusted financial data, built for accounting and used with you and your advisor always in control.



'My advice is to bring your accountant or bookkeeper in early, especially if growth is on the horizon. With your data flowing into Xero automatically, you both work from live numbers, giving you clear visibility of performance and time to act on issues like cash flow before they become problems.'

Claire Purbhoo FCA Accountant, Nuvo

Gaining time back for the decisions that count

Xero's AI, named JAX, does exactly that. It works on the live ledger that small businesses and their advisors can both access, so you're looking at the same picture. JAX takes on routine jobs, like matching bank transactions, and flags what needs attention. This means that your advisor can spot gaps, risks and opportunities sooner and help you act on them.

The time savings add up: accounting practices using Xero AI estimate they save an average of 5.5 hours per week across all staff.* For owners, that can mean more time to spend working on your business.

All of this is backed by Accountable Intelligence™, verifiable AI with humans in control of the outcomes. JAX shows its work, so you and your advisor can both see how it reached each match or recommendation. Nothing is sent, filed or paid until you say so.

*Source: Xero, Modern Practice Playbook UK Report (2026) – UK Xero firms' estimated weekly time saved using Xero AI.



'Having an accountant who also uses Xero has meant my finances finally feel organised. I have so much more time to focus on the things I need to be doing in the business and I know she's got her side under control.'

Katherine Jane Channell, Small business owner, Katherine Jane Design Studio

Staying on top of your cash flow

It's late Friday afternoon. A few customer invoices are overdue, and you're working out whether you can cover next week's supplier bill and still make payroll. You don't have time to dig through the numbers, and you don't want to guess. So you ask JAX: 'What's my cash flow forecast for the next 90 days?' It reads your real Xero data and gives you an answer with the reasons behind it. Because your advisor works from the same live data, they already have the context. So next time you speak you can get straight to what matters: their expertise, your options, and deciding together what's right for your business.

Keeping your books up to date on the go

It's Wednesday morning and you're in the thick of the week. Between jobs, you snap a few receipts and bills in Xero. Smart Document Capture, powered by JAX, reads the details and matches each one to a transaction, so when you next open Xero at your desk there's no typing to catch up on. You just check what's come in.

You and your advisor can then start from the same information and spend your time together on what the numbers mean.

Xero expert insight:

While AI technologies can help explore all the things you could do, they should never replace professional judgement. Figuring out what you should do in your specific business depends on your context, your goals and the consequences of the decision for you and your customers. That's where the support of a trusted advisor makes all the difference. In a world of 'coulds', they help you find the 'should'.

James Bergin
EGM Technology Research and Advocacy, Xero



Finding the right fit for your business

How to choose the accountant or bookkeeper that matches your needs

Tax and compliance are the foundation, but the right accountant or bookkeeper can become a long-term working partner. If you're already working with an accountant or bookkeeper then you are in a great position.

But if you're choosing one for the first time it might feel like there is a lot to consider. These six questions are a good starting point to help you find the right fit for your business.



'Talking to an accountant lets you tap into the collective experience, lessons, and stories of all their clients.'

Johann Goree Accountant, On Point Accounting

1

What do you need right now?

Think about where your business is today and where you expect it to be in six months. Do you need help with compliance, bookkeeping, cash flow, planning or growth?

2

Do they understand businesses like yours?

Ask whether they've worked with businesses in your industry and at your stage, and for an example or a reference you can contact.

3

How often will you talk, and how quickly will they respond?

Agree how often you'll meet, whether monthly or quarterly, and how quickly they'll reply to emails and calls.

4

What happens between meetings?

Ask who will keep your books up to date and flag deadlines, issues and opportunities as they come up, what they'll do between catch-ups, and what they'll need from you.

5

How do they work with data and technology?

If you use cloud accounting software, check whether they're on the same platform as your business. Working from shared, live information can mean fewer emails, faster answers and fewer errors.

6

Will they grow with your business?

Ask how their support would change as you take on staff, launch new products or open new locations, and how that would be priced.

Before you decide

Talk to a few candidates and notice how well each one listens and explains things. Check that they're a member of a professional body, such as ICAEW or ACCA for accountants or the ICB for bookkeepers, and that they hold professional indemnity insurance. Agree responsibilities and communication in writing, so nothing gets lost between you.



'Find an advisor you feel comfortable asking questions of (including the ones you think you should already know the answers to). They'll bring experience you can learn from and be a valuable sounding board as your business grows.'

Sanjay Aggarwal, Small business owner, Spice Kitchen



Optical Experience

From tax time to year-round advice

A checklist for building a stronger advisor relationship

A good advisor relationship can help you make more confident business decisions throughout the year – not just meet your obligations at tax time. The better your advisor understands your goals, challenges and plans, the more relevant your conversations can be. Use this checklist to reflect on how you work together today and find practical ways to get more from the relationship (you don't need to tackle everything at once).

Share your goals, business context and current financial information.
Tell your advisor what you want to achieve for yourself and your business, how your business works and what's changing. With accounting software like Xero, you can both see the same up-to-date numbers, so conversations start from what's happening now.

Agree responsibilities and what progress looks like.
Agree who looks after what and choose a couple of signs that it's working, such as less time on admin or a clearer view of your cash flow.

Set a 30, 60 or 90-day baseline.
Check your records and compliance are up to date, note the measures you've agreed, and choose a first review at 30, 60 or 90 days.

Hold regular reviews: what changed, what it means, what happens next.
Start from the latest numbers in your accounting software. What needs attention? Finish each review with clear actions, who'll take them and when, and check progress at your next meeting.

Move from reporting the past to planning ahead.
Use past results to plan what comes next. Bring your advisor in before big decisions, even if it's just a quick call, and revisit your goals and the support you need as your business changes.



'A good advisor should understand your business, know what you're trying to achieve and be someone you can turn to throughout the year. If your financial information is three or six months behind, you could be making decisions based on history rather than what's happening in your business today.'

Izzi Rosenberg Accountant, ProsperFi

Not sure where to start? Find an accountant or bookkeeper who's the right fit for your business in the Xero advisor directory.



Methodology

What we compared:
UK businesses with and without an accountant or bookkeeper attached in Xero, as at November 2026. The flag shows an advisor is attached, not how often they talk or what they do.

The Xero data:
Active UK businesses with revenue, over the 12 months to September 2026. Sole traders are businesses with no employees. Profit margin and revenue per employee cover businesses with employees only, because sole traders without an advisor record far fewer costs, which makes their margins look unusually high. We show the cost ratio for sole traders by income band, because it rises with income and those with an advisor earn more.

How we measured it:
Profit margin is revenue minus total recorded expenses, divided by revenue, before tax. It isn't take-home pay. The cost ratio is the share of revenue that went on business costs: total recorded expenses divided by revenue. Expenses come from ledger and bank data in Xero.

'Typical' means the median, the middle value. Figures are rounded.

Days in the red is an estimate:
we measured August 2026 and scaled it up to a full year, assuming August is typical. 'Highly engaged' means practice staff logged in to the client's Xero account regularly during the 12 months to September 2026, which shows access, not what the advisor did.

Businesses with and without an advisor may differ in ways we haven't adjusted for, such as industry, age and fees. The cost analysis doesn't show which costs were allowable, so any link to tax is a possible explanation, not a finding.

The survey:
Xero commissioned independent agency One Picture to survey 500 UK small business owners (250 with an accountant or bookkeeper, 250 without) and 250 accountants and bookkeepers for Xero in June 2025. Owners are weighted to market size, and advisors for equal practice size. Results are self-reported, and whether a business shares the work is the respondent's own description. The owner statistics cover the 250 owners with an accountant or bookkeeper as well as the 250 who don't, and the advisor statistics cover the 139 who share the work with clients. The full results have not been published.



Find out more:

xero.com/uk/advisors

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