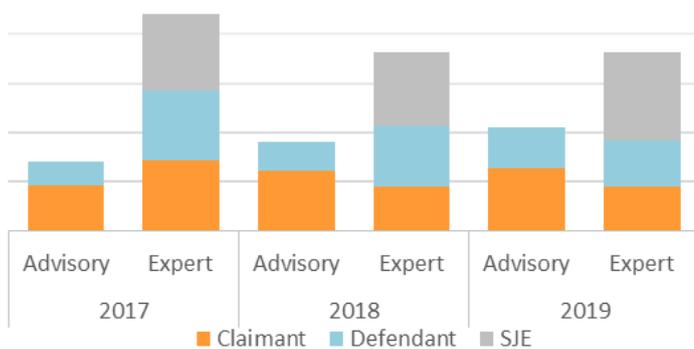


# 2019 Trends in the use of Forensic Accountants



NIFA, a network of independent forensic accounting practices, continued to witness increases in the average number of cases per firm in 2019 (13%).

In 2019 NIFA members saw an increase in the total number of forensic accounting engagements undertaken. There continues to be a shift in the nature of appointments. **Advisory appointments increased by 16%**, while the total number of expert appointments remained constant.



The increase in advisory appointments primarily relates to instructions in respect of commercial litigation (including shareholder disputes). This trend is attributed to a continued growing awareness of the benefits of the involvement of a forensic accountant in an advisory capacity early on in proceedings. This enables both claimants and defendants to identify and curtail weaker cases and focus on stronger claims.

Our 2018/2019 solicitors' survey in conjunction with the University of Portsmouth identified that engaging a forensic accountant with whom a solicitor has previously had a positive experience was a key basis for selecting an expert. It is therefore not surprising that NIFA members continue to see an increase in the number of instructions.

Considering the geographical location of our instructing solicitors, NIFA members have been involved in matters across the United Kingdom and further afield.

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## HEADLINES

On average, member firms have experienced a **73% increase in cases over the past 5 years.**

London continues to be a hub for instructions, particularly in respect of larger and more complex matters. NIFA members were **involved in matters across the globe** in 2019.

**Matrimonial engagements** remain the highest volume of cases for NIFA members **accounting for 44%** of engagements. **Commercial litigation** remains the second highest at **33% of all cases.**

Despite a number of NIFA members being accredited mediators, no member was involved in a mediation in this capacity. The **benefit of appointing a forensic accountant as mediator** in disputes where quantum forms a significant aspect **remains under-rated.**

NIFA members have had greater involvement in tax and corporate finance engagements, giving a different perspective on matters which can end in litigation, potentially **saving costs in the long run.**

## TYPES OF CASES

The work of our members can be broadly classified as follows:

- Criminal
- Expert determination / completion accounts
- Fraud
- Insolvency
- Loss of profits
- Matrimonial
- Mediation
- Personal injury
- Professional negligence
- Shareholder disputes



## TRENDS / ANALYSIS OF NIFA CASES BY TYPE

*continued from page 1*

Our members have been involved in litigation based across Europe and even in Africa, highlighting that the underlying accounting or loss quantification principles are often broadly consistent regardless of legal jurisdiction.

Closer to home, cases based in London and the South East continue to account for approximately 40% of our members' work. Cases referred by solicitors based in London in particular tend to be of a larger scale and greater complexity.

### ANALYSIS OF NIFA CASES BY TYPE

#### Accounting investigations

The number of engagements undertaken fell but the average cost of such engagements increased by 13%. In our experience, accounting investigations can be uncertain in terms of the prospect of recovery. This trend appears to suggest that such engagements commence only where there is greater certainty of a proportionate return.

#### Commercial litigation

The volume of cases increased by 43%. This predominately relates to increases in professional negligence and shareholder disputes. NIFA members also saw more transaction related disputes such as warranty claims - these are always of interest due to the opportunity to comment on both liability and quantum.

#### Criminal

The volume of cases continues to fall, an ongoing trend since the introduction of the Jackson Reforms in 2013. As seen in previous years, the majority of instructions tend to be expert appointments by defendants, a reflection of the ongoing budgetary constraints of the Crown Prosecution Service.

#### Expert determination / completion accounts

Expert determinations have historically accounted for around 2% of cases. In 2019, however, this fell to a negligible proportion. Fewer expert determinations suggests that parties are settling their completion accounts disputes early on. Combined with the increase in warranty claims this suggests un-

satisfied purchasers are looking for a second bit of the cherry later on in the process.

#### Matrimonial

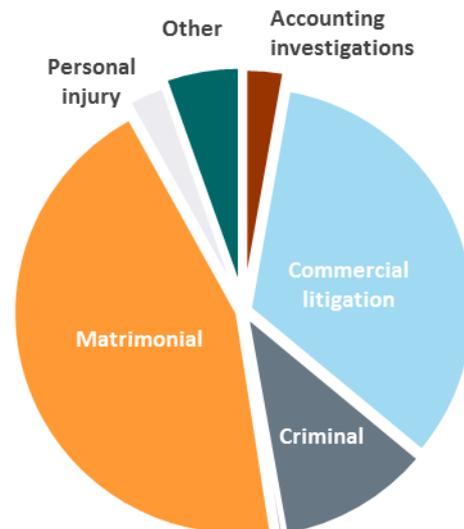
The greatest proportion of our cases by number, with SJE appointments dominating this area of work (over 60% of engagements).

#### Personal injury

The volume of engagements has remained consistent over the last five years. The cost, however, continues to increase, indicating that NIFA members are engaged in ever more complex matters.

#### Other

NIFA members were increasingly involved in tax matters and giving pre-signing advice on corporate finance transactions. Getting a different perspective on matters which can end in litigation before the event can save significant costs in the long run.



#### About NIFA

NIFA (the Network of Independent Forensic Accountants) was formed in 1999 to pool the extensive knowledge, expertise and resources from local firms to create a nationwide association.

NIFA accredited members have many years of experience in the preparation of expert reports in legal cases and providing evidence in court, as well as providing investigation and other advisory services to solicitors, barristers, insurance companies, businesses and individuals.

#### NIFA MEMBERS CAN HELP

If you would like to discuss a case please contact a NIFA member

CALL US ON 0808 196 1510

EMAIL US AT [info@nifa.co.uk](mailto:info@nifa.co.uk)

[www.nifa.co.uk](http://www.nifa.co.uk)