How Publicly Listed & PE-Backed Accounting Firms Structure Alternative Practice Structures (APS)

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Sources: SEC EDGAR Form 10-K & DEF 14A Filings (`CBIZ, Inc. CIK 0000944148` FY2025 10-K filed 26 Feb 2026; `H&R Block, Inc.`), Australian Securities Exchange Filings (`Kelly Partners Group Holdings ASX:KPG` FY2025/2026 Reports & Owner's Manual v3.0), Live EODHD Fundamentals API (`CBZ.US` , `KPG.AU` , `HRB.US` , `RGP.US` , `FCN.US` , `CRAI.US`), and Disclosed US PE-Backed CPA Transactions (2021–2026).

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1. Executive Summary: Four Public & Institutional Blueprints for Accord

Across public markets (NYSE, NASDAQ, ASX) and institutional private equity, accounting and audit roll-ups use **two distinct structural archetypes** depending on whether the jurisdiction caps non-CPA voting ownership of the audit firm:

1. **The US Public / PE "Split-Entity APS" (`CBIZ + Marcum` , `H&R Block / RSM McGladrey` , `Citrin Cooperman` , `Baker Tilly` , `Grant Thornton US` , `CohnReznick`):**
2. Because US State Boards of Accountancy (like Saudi SOCPA / Companies Law Art. 78) prohibit non-CPAs from holding a majority of voting shares in a licensed CPA attest firm, the business is split at closing into **two legal entities**:
    - **Attest Firm (`Licensed CPA Firm`):** Retains 100% of statutory financial statement audits, reviews, and attest engagement letters, owned by licensed CPAs (with up to 25%–49% non-CPA minority equity where permitted).
    - **ServiceCo / Advisory Co. (`Public or Investor-Controlled Entity`):** Owns 100% of non-attest tax/advisory lines, the brand/IP, technology stack, office leases, back-office, and non-signing delivery staff, and contracts with the Attest Firm via a **20-to-30-year Administrative Services Agreement (ASA / MSA)**.

3. **How the Money Flows:** Under CBIZ's SEC-filed ASA with **CBIZ CPAs P.C.** (formerly Mayer Hoffman McCann P.C., 421 CPA stockholders) and its **$2.3B acquisition of Marcum LLP** (closed Nov 1, 2024), CBIZ provides all professional staff, technology, facilities, and admin to the CPA firm in exchange for service and platform fees that capture **~85%–90% of attest gross collections**, leaving the CPA firm with partner compensation and a routine working-capital cushion.

4. **The Australian Public "51/49 Partner-Owner-Driver + 9% Gross Revenue Levy" (`Kelly Partners Group Holdings, ASX: KPG`):**

5. Where corporate majority ownership of accounting practices is permitted (or once Accord's **LicensedCo / PSI** vehicle steps into the additional 21%–45% slice in KSA), KPG acquires **51%** of each operating practice while local partners retain **49%** ("Partner-Owner-Drivers").
6. **How the Money Flows:** Before splitting profits 51/49, KPG charges every practice a mandatory **9.0% of Gross Revenue central fee** off the top — explicitly split into a **6.5% Central Services Fee**

(centralized HR, IT, marketing, admin, and access to KPG's 1,150-seat offshore BPO hub) and a **2.5% IP & Software Licence Fee** (`KPG Intelligence` AI/software stack).

7. **Why This Matters for Accord:** On a practice with a 30% pre-levy EBITDA margin, a 9% gross revenue levy captures **30% of total profit off the top** for the parent platform, and KPG then takes **51% of the remaining 70%** (`35.7%`), giving KPG **~65.7% of total pre-tax economics** while the local partners still hold 49% of the practice shares.

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2. Publicly Listed Accounting & Tax Players — Live Financial & Structural Comparison

Financials pulled live via EODHD Fundamentals API & SEC Form 10-K filings (2 Nov 2026):

Company (Ticker)	Market Cap	Latest Annual Revenue	Latest Annual EBITDA (Margin)	EV / EBITDA	Ownership of Licensed CPA Entity	MSA / Central Fee Mechanism
CBIZ, Inc. (`NYSE: CBZ`)	**$3,020.6M**	**$2,758.0M** (FY25, post-Marcum)	**$366.3M** (13.3%)	**12.6x**	**0%** in `CBIZ CPAs P.C.` (owned by 421 licensed CPAs; 11-member CPA board with zero CBIZ officer overlap)	**25+ yr Administrative Service Agreement (ASA):** CBIZ leases staff, IT, offices & admin to CBIZ CPAs P.C. for fees equal to ~85–90% of attest revenue; holds $21.7M working-capital notes from CBIZ CPAs.
Kelly Partners Group (`ASX: KPG`)	**A$196.5M**	**A$159.2M** (FY26)	**A$46.0M** (28.9%)	**7.2x**	**51% KPG / 49% Operating Partners** across 43+ offices (AU, US, HK); 100% consolidated under IFRS 10	**9.0% of Gross Revenue off the top** (`6.5% Central Services` + `2.5% IP/Tech Licence`) + **51% of post-levy profit** via dividends; 1,150-seat Philippines BPO lifts practice EBITDA from ~18% to ~30%.
H&R Block, Inc. (`NYSE: HRB`)	**$6,285.1M**	**$3,945.4M** (FY26)	**$1,056.9M** (26.8%)	**7.0x**	**0%** in `McGladrey & Pullen LLP` during 1999–2011 RSM McGladrey APS	**Personnel Lease + Admin Services + Brand Licence:** Pioneered the US CPA APS; sold RSM McGladrey back in 2011 ($610M) because HRB lacked equity/veto inside the LLP when partners threatened MSA non-renewal.

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Resources Connection (RGP) (`NASDAQ: RGP`)	**$92.3M**	**$452.0M** (FY26)	**$41.3M** (FY24: 6.5%)	**9.7x**	**0%** — Spun out of Deloitte (1996–1999) as a pure non-CPA corporate execution entity	**Time-and-Materials Secondment & ERP/Finance Consulting:** Gross margin ~39%, EBITDA margin ~9%–11%. Shows that pure staffing without proprietary IP or an exclusive CPA MSA caps out at ~10%–15% Net Cost Plus.
FTI Consulting (`NYSE: FCN`)	**$4,983.2M**	**$3,788.9M** (FY25)	**$441.7M** (11.7%)	**14.6x**	**0%** — Pure non-attest forensic accounting, restructuring, valuation & economic consulting	Direct corporate contracting for non-attest financial, valuation, and disputes work (no audit opinions).
CRA International (`NASDAQ: CRAI`)	**$1,230.8M**	**$751.6M** (FY25)	**$111.4M** (14.8%)	**14.0x**	**0%** — Pure economic, transfer-pricing, valuation & forensic accounting consultancy	Direct corporate contracting; 14.8% EBITDA / ~12.4% Net Cost Plus margin.

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3. Deep Dive: CBIZ + Marcum LLP ($2.3B Deal, Closed Nov 1, 2024) — SEC Form 10-K Mechanics

CBIZ's FY2025 Form 10-K (`Note 1` & `Note 2 – Acquisition of Marcum LLP`) provides the most detailed public regulatory blueprint of an accounting APS transaction ever filed with the SEC:

1. **Two-Track Legal Split at Closing:**
2. **Step A (Pre-Closing Carve-Out):** Marcum LLP contributed all of its **non-attest business assets and liabilities** (tax, advisory, consulting, technology, and operational staff/leases) into a newly formed subsidiary, **Marcum Advisory Group LLC (`MAG`)**.
3. **Step B (Non-Attest Acquisition by CBIZ):** A wholly owned subsidiary of CBIZ merged with `MAG` for **$1,063.0M in cash + 13.6M shares of CBIZ common stock ($934.7M fair value)** — total ~$2.0B–$2.3B consideration. Marcum partners receive their CBIZ stock in **36 monthly installments** post-January 2025 and are subject to a **Right of First Refusal (ROFR) Agreement** giving CBIZ the right to repurchase shares if a former partner wishes to sell within 4 years.
4. **Step C (Simultaneous Attest Purchase by CBIZ CPAs P.C.):** As an express condition precedent to closing the MAG merger, **CBIZ CPAs P.C.** (the independent CPA firm with 421 CPA stockholders that

has an existing ASA with CBIZ) simultaneously purchased substantially all of Marcum's **attest business assets** (`the Attest Purchase`).

5. **How the ASA Works Day-to-Day (`Item 1 / Note 1`):**
6. CBIZ CPAs P.C. maintains an **11-member Board of Directors** composed exclusively of licensed CPAs; zero CBIZ senior officers sit on the CPA firm board.
7. Almost all personnel (including licensed CPAs who are stockholders of CBIZ CPAs P.C.) are **employed by CBIZ** on CBIZ's payroll and rendered to CBIZ CPAs P.C. as an independent contractor under the ASA, alongside office space, IT equipment, systems support, bookkeeping, and marketing.
8. **Consolidation & Working Capital:** CBIZ does **not** consolidate CBIZ CPAs P.C.; instead, CBIZ books the ASA service and technology fees paid by CBIZ CPAs P.C. directly as **CBIZ revenue**, and extends a revolving working-capital note to CBIZ CPAs P.C. (**$21.7M balance at Dec 31, 2025**) to fund WIP and client receivables timing.
9. **SEC & PCAOB Independence Guardrail (`Item 1A Risk Factors`):**
10. Under SEC Regulation S-X, the SEC treats CBIZ, Inc. as an **"associated entity"** of CBIZ CPAs P.C. Consequently, CBIZ cannot provide prohibited non-audit services (or hold financial interests in) companies audited by CBIZ CPAs P.C.

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4. Major US Private Equity CPA APS Transactions (2021–2026)

Target CPA Firm	Sponsor(s) & Date	Valuation / Multiple	APS Entity Split & Governance Structure
Citrin Cooperman	**New Mountain Capital** (Nov 2021) → **Blackstone** (Jan 2025)	**$500M** (~11x EBITDA in 2021) → **~$2.0B** (~15x EBITDA in Jan 2025)	`Citrin Cooperman Advisors LLC` (PE-controlled non-attest + ServiceCo) + `Citrin Cooperman & Company, LLP` (CPA-owned attest firm). Revenue grew from $350M to $850M+ via 15+ tuck-ins before the 15x Blackstone flip.
Grant Thornton US	**New Mountain Capital** + CDPQ + OA Private Capital (May 2024)	**$2.36B** revenue; ~$4B–$5B implied EV	`Grant Thornton Advisors LLC` (PE-owned advisory, tax & infrastructure platform) + `Grant Thornton LLP` (licensed attest partnership) under long-term MSA.
Baker Tilly US + Moss Adams	**Hellman & Friedman + Valeas** (Feb 2024; Moss Adams merger Jun 2025)	**~$3.0B+** combined revenue (#6 US firm)	`Baker Tilly Advisory Group, LP` (PE-backed) + `Baker Tilly US, LLP` (CPA attest partnership).
CohnReznick	**Apax Partners** (Feb 2025)	**$1.12B** FY25 revenue	Apax acquired **51%** of the non-attest & ServiceCo entity (`CohnReznick Advisory`), with partners retaining **49%** alongside the CPA-owned attest LLP.
Carr, Riggs & Ingram (CRI)	**Centerbridge + Bessemer Venture Partners** (Nov 2024)	**$455.4M** FY23 revenue	Sponsors acquired a **51% voting interest** in the ServiceCo/advisory platform, leaving **49%** with CPA partners — identical in spirit to Accord's 54/46 ServiceCo split.

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5. Direct Structural Takeaways for Accord Partners in Saudi Arabia

1. **Why Accord's Hybrid APS (`25% Licensed SJSC + 54% ServiceCo SJSC`) Is Stronger Than US Zero-Equity APS (`H&R Block / CBIZ`):**
2. In the US, H&R Block owned **0%** of McGladrey & Pullen LLP, which allowed the CPA partners to threaten MSA non-renewal in 2011.
3. In Saudi Arabia, **Article 78(1)(a)** of the Companies Law Implementing Regulations explicitly allows Accord to own **25%–30% voting shares directly inside the Licensed Firm**, which gives Accord:
    - **A direct Shareholder Reserved Matter veto** (`SJSC Art. 145` / K&S Precedent SHA `Cl. 8.3(b)`) over any amendment, termination, or non-renewal of the ServiceCo MSA;
    - **Statutory Share Stapling (`SJSC Arts. 151–152`)** making any transfer of Licensed Firm shares without the matching ServiceCo stake null and void (`باطل`); and
    - **0% Tax Leakage on Dividends** from both entities up to Accord KSA OpCo (`Saudi ITL Art. 7(3)` participation exemption once held ≥10% for ≥12 months).
4. **How to Price the MSA Like `CBIZ` and `Kelly Partners` Without Tripping `Article 78`:**
5. Rather than a single "90% residual profit-split sweep," split the MSA into **three benchmark-backed schedules** (exactly as modeled in our new interactive dashboard):
    - **Schedule A — Delivery Staffing, Secondment & Shared Back-Office (`TNMM Net Cost-Plus 14.1%–17.3%`, KSA Median `15.8%`)**: Covers all non-signing staff, premises, IT, finance, and HR.
    - **Schedule B — Accord OS & AI Workflow Platform Licence (`CUP 5.0%–12.0% of Revenue` or equivalent Per-Engagement Complexity Rate Card)**: Mirrors Kelly Partners' central IP/system levy and SEC Exhibit 10 vertical SaaS licences.
    - **Schedule C — Annual Business Plan & Rate-Card True-Up Mechanism**: Pre-agreed in the 3-year Business Plan attached to the SHA so Accord's effective share of combined profit hits the target **51.0%+** while keeping every individual fee inside its ZATCA arm's-length interquartile range.