Grant Thornton
An instinct for growth™

Grant Thornton UK LLP Annual Report 2017

For the year ended 30 June 2017

Registered no. OC307742

Contents

Our new Financial Statements

The financial statements have been created with the purpose of telling the story of Grant Thornton UK LLP by integrating the narrative reporting into the financial statements.

We have chosen to build our financial statements around three main areas which we believe are key to our business: operating activities, investing activities and financing activities. Each section has its own introduction and relevant disclosures to support the story of Grant Thornton, explaining the key information including associated accounting policies. Further statutory disclosures that are not considered by management to be key to the understanding of the performance, position and development of the business are included in the extended notes.

An index to each specific note is contained on page 105 to allow ease of navigation.

CEO foreword

I would summarise this year in one word: progress.

2016/17 saw us embedding our purpose-led strategy of shaping a vibrant economy. It continues to be our North Star – driving who we work with, what we do for them, what we speak out on and how we act as a business. Our future success and growth depends on us continually looking from the "outside in" – listening, influencing and challenging the system. By doing this we will continue to develop insights, connections and propositions which help clients to grow and adapt and play their part in shaping a vibrant economy.

Against the backdrop of market volatility, complexity and uncertainty, we have turned our business inside out, aligning everything we do to our purpose. We have continued to reshape our client portfolio. In just two years we have replaced 20% of our profits through selective exiting of certain streams of business and investment in others consistent with our purpose.

We have grown market share in each of our three impact areas: building trust and integrity in markets, unlocking sustainable growth for dynamic organisations and creating environments where business and people can thrive. Our game-changing work with one of the four major UK clearing banks on the ring-fencing of their retail bank and our market-leading position in local government and NHS audits are just two of the examples that demonstrate our ability to gain and sustain market share.

Grant Thornton's brand is increasingly standing out in the market. Awareness and familiarity have seen significant increases and, notably, our brand consideration has seen an impressive 60% year-on-year increase. Perhaps even more encouraging is the impression we are having on prospective clients, with those claiming we offer services which meet their needs almost doubling year-on-year.

> "Against the backdrop of market volatility, complexity and uncertainty, we have turned our business inside out, aligning everything we do to our purpose. We have continued to reshape our client portfolio. In just two years we have replaced 20% of our profits through selective exiting of certain streams of business and investment in others consistent with our purpose."

This positions us well for future growth and we feel confident we can turn increased awareness into valuable commercial outcomes for our clients and our business.

The continued success of our strategy depends on both our people and our Shared Enterprise culture. This Shared Enterprise culture is driven by core beliefs that are key to our future sustainable success. They include being a purpose-led business; liberating our talent to create sustainable value for our clients; building a team of diverse backgrounds and perspectives; understanding that we are always better and stronger together; and, importantly, ensuring that quality is second nature.

Through the year we continued laying the foundations for a Shared Enterprise culture, investing in the physical environment and infrastructure. Transformation and change is not easy and during this change we know that the consistent people experience we promise has not yet been delivered across our 27 offices. We are committed to addressing these challenges, helping our people to continue to be brilliant in their work.

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2016/17 was a good year for Grant Thornton as an employer. Applications to the firm are at a record high and we were recognised by several external bodies as a great place to work. Glassdoor's annual Employees' Choice Awards, which celebrate the best places to work in the UK, rated us the 12th best place to work, describing us as "a firm with a real sense of purpose". In addition we were also voted number one in the UK's first ever Social Mobility Employer Index. The index ranks employers on the actions they are taking to ensure they are open to accessing and progressing talent from all backgrounds. This recognition makes us even more determined to build upon our foundations to create a best-in-class Shared Enterprise firm.

And, most importantly, quality. Quality continues to be the golden thread that runs through the firm.We serve over 20,000 clients each year across a wide range of services. We know our reputation relies on the quality of the work that we deliver. We have made good progress through the year, and there is still more to do.

One of the areas where we have made progress is in the effectiveness of the methodologies, systems and controls we put in place to ensure we deliver quality work each and every time. As our firm has grown and the regulatory requirements have increased, it has been necessary for us to review all of our processes and policies to make it easy for our people to deliver their best work to a high standard.

This year we launched a new Code of Conduct aligned to our purpose; introduced a centralised client take-on process to increase effectiveness and consistency; conducted a major review of our client continuance processes; restructured our Quality, Ethics and Excellence team and codified who we will – and who we will not – work with in line with our purpose.

However quality is more than just about systems. Quality is about the environment and culture we create for our people. At the heart of our Shared Enterprise culture is shared responsibility. This is where everyone has clarity on what is expected of them; competence in terms of both capability and also context to make good judgements; a commitment to deliver and, finally, an understanding that there are clear consequences of not doing so.

Combined with our CLEARR values (Collaboration, Leadership, Excellence, Agility, Respect and Responsibility) we will continue to ensure our people are clear on both what quality means they need to do and also how they need to behave. In that way we are confident that we will ensure all of our work is delivered to the highest standards, underpinning trust and integrity in all we do. Quality will continue to be a priority for Grant Thornton and a key focus for the firm moving forward – and we are unwavering in our efforts to get it right.

So 2016/17 has been a year of good progress across the business in delivering our purpose and working towards our Vision 2020 goals. In the following pages I am pleased to be able to share in more detail how we have implemented this through the year, as well as highlighting our priorities for the year ahead.

1. Becoming the vibrant firm for growth

Our purpose is to shape a vibrant economy. At Grant Thornton we understand that our continued success and growth depends on us working with clients who are growing and changing in an economy that is thriving.

We advise over 51% of the FTSE100, are the leading auditor to the public sector and our private sector clients employ more than 6.3 million people in the UK. We believe that we can use our reach and influence to convene people from different sectors to deliver meaningful change necessary for shaping a vibrant economy that works for all.

Throughout the year we set out an ambitious programme of work designed to use this convening power to identify connections, insights and actions to drive value for our clients, our communities and our business.

Critically the programme is based on an approach that looks at what is working, finds shared purpose and enables collaboration to share ideas and resources to make things happen. We have been inspired and energised by the input of over 1,200 people in this programme over the last year.

Vibrant Economy Commission

We launched the **Vibrant Economy Commission** – a group of progressive leaders shaping our work to unlock the potential of the UK to be a vibrant economy where no one is left behind.

Will Butler-Adams
CEO, Brompton Bicycles

Tunji Akintokun
Director, Cisco

Nick Roberts
CEO, Atkins

Claire Lewis
Ventures & Partnerships, The Co-operative Group

Vibrant Economy Index

Launched the **Vibrant Economy Index** – it is clear to us that we need to look beyond GDP as a measure of success. Our Insights and Analytics team, with input from the Commission, identified six areas:

1. **Prosperity**
2. **Dynamism & opportunity**
3. **Inclusion & equality**
4. **Health, wellbeing & happiness**
5. **Resilience & sustainability**
6. **Community, trust & belonging**

For each area we have assembled together a basket of measures drawn from existing data which allows us to draw out insights across England as to relative performance of each local authority area.

Live Labs

We conducted six **Live Lab** city inquiries in **Reading**, **Manchester**, **Birmingham**, **Leeds**, **Bristol** and **Cambridge** – bringing together over 1,200 people from the public, private and third sector.

1,200
people

Faces of a Vibrant Economy

We continued to promote our inaugural **Faces of a Vibrant Economy** – designed to showcase progressive leaders from across our communities to inspire and engage both young people and other businesses into how we can all play our part in society.

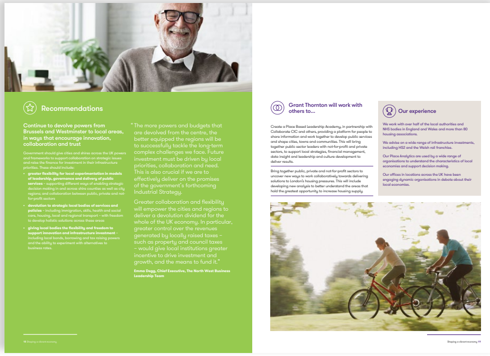
Solomon Smith & Dr. Mahamed Hashi, Founders of the Brixton Soup Kitchen

Laurence Kemball-Cook, Founder and CEO of Pavegen

Bethany Koby, Founder and CEO of Tech Will Save Us

Blueprint for a Vibrant Economy

Delivered to Government a '**Blueprint for a Vibrant Economy**' – bringing together insights and policy recommendations from our in-depth engagement across the country.



Started inquiries into the **Future of Work** and **Fintech for Good** and continued with our **Housing Inquiry**.

Actively involved in key programmes to shape a new normal for business: as the accounting partner for **Future Fit**, as a member of the advisory board for **UK National Advisory Board of the Global Impact Investing Steering Committee**, on the implementation group for the **Purposeful Business Review** and co-chair the government's **Inclusive Economy Partnership**.

The outcome of this programme is that we are becoming the firm of choice for progressive, dynamic organisations:

1 We have **increased or maintained** market share in each of our key impact areas

2 Our **brand awareness** has reached **an all-time high at 94%** (from 88% in 2016)

3 Our **brand consideration** has **increased by 60%** in 2017

2. Seize opportunities in a connected world

We have delivered good progress on programmes designed to support our clients in seizing opportunities as well as building our capabilities and propositions to create sustainable value for them.

Delivering exceptional client experience

Providing an excellent experience to one client during one job is great; delivering it to every client every time is even better. We are committed to providing an exceptional experience that our clients value. Our clients tell us that we are at our best when we consistently deliver the following:

- **Agile and responsive service** – we anticipate client needs and hold open and timely discussions around scope, costs and project outcomes
- **Collaborative teams with a different mind-set** – we build long-term relationships, tailor our teams and bring in the right experts
- **Discover what's important to the client and make it important to us** – we hold wider and broader conversations and organise strategy sessions with our clients
- **Pragmatic solutions to help the client improve and grow** – we share our experience and our networks, provide targeted insights and share bespoke benchmarking and best practice

These four foundations of distinctive client service are now being integrated into our service proposition. Our client net promoter score for the year was 57 which exceeded our target range for the year of 50–55. In addition 91% of clients surveyed said that they firmly agreed their partner built a trusted relationship with them.

Our clients say we are at our best when we focus on their business issues and are proactive in bringing ideas to support their sustainable development to them. This year we invested in two programmes of work to equip us to do this even more:

- **6 Box Model** – our 6 Box Model framework allows us to discuss the issues affecting our clients, their market and their people. It supports us working with them to co-create solutions. In 2016/17 we:
  - refreshed and updated the 6 Box Model to reflect how both the market and our firm have evolved
  - rolled out key training across the country to give people space to think about specific themes they might usefully explore with their clients.
- **Touchpoint** – in 2016/17 we invested in our online knowledge platform Touchpoint which helps our people get our ideas and capabilities to our clients quickly and efficiently

Finally our focus on strategic clients intensified. We have continued to invest in our strategic account programme and our income from these accounts grew by 24% in the last year.

Over

50%

of our revenue is now derived from clients trading internationally

International growth

As the UK tackles the complex negotiations to establish our future relationship with the European Union and to secure new trade deals across the world, supporting and helping our clients who wish to operate internationally and supporting increased inward investment into the UK, matters more than ever.

Over 50% of our revenue is now derived from clients trading internationally and, working collaboratively with other Grant Thornton International Limited (GTIL) member firms, we continue to invest in capability to support both UK clients who aspire to trade and invest internationally and overseas companies aspiring to trade with and invest into the UK.

To achieve this, we have increased the number of our International Business Directors who focus on the UK's main trade and investment routes, including the US, India, China, the Middle East and Mainland Europe.

We have also refined and expanded our Export Advisory Service providing an integrated channel for our clients to access the fifteen different specialist functions which help our clients to export overseas. Additionally, we continue to provide investment and support to other GTIL member firms to develop Advisory capability in key global financial centres that are of strategic importance to the UK economy.

Investments in new propositions

A key part of our strategy is to continually scan the horizon for opportunities and challenges facing our clients – our Livelab city inquiries have been extremely valuable in this respect. These insights are used to develop new capabilities, propositions and partnerships.

This year key areas of investment have been:

- **Financial Services and Forensics** – in 2016/17 Financial Services and Forensics continued their strong growth. Driven by our ability to be conflict-free, we saw good growth in corporate governance and remediation advisory as well as fraud investigations. This year:
  - Financial Services and Forensics contributed a combined 24% increase in profits year-on-year
  - 30% of all partner appointments were in Financial Services and Forensics, further supporting our expertise and growth.
- **Growth Services** – we have a full suite of services to support dynamic, growing businesses from early stage to maturity. This year we:
  - Expanded Growth 365: our community of like-minded fast growth entrepreneurs who start their journey with an in depth growth diagnostic to support them in focus as they realise their ambitions
  - Launched G: designed for start-ups and early stage entrepreneurs. This incorporates Geniac, our platform that supports all the back office functions needed for a business to operate.
- **Talent solutions** – attracting and retaining the right talent for businesses to grow is a top issue for our clients. This year we:
  - Collaborated with clients to design programmes to invest in the development of talent, making use of the Apprenticeship Levy. Our work with growth businesses identified that the education of managers correlated strongly to growth and job creation. We were therefore delighted to launch in March our collaboration with Cranfield School of Management to deliver an Executive MBA that is supported by the Apprenticeship Levy. This Mastership represents a clear career path and aspiration for those taking the Apprenticeship route in their working lives.

3. Build an innovation culture that creates value

In 2016/17 we continued to make significant investments in our people, appointing twenty new partners, eight of whom are internal promotions.

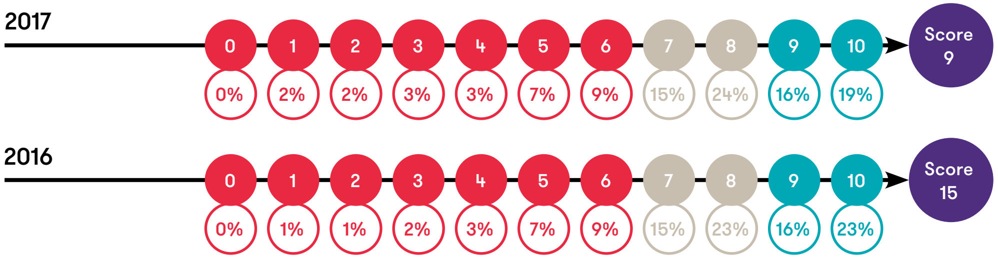
We made significant investments in new people, promotions and salary increases during the past year. With over 32,000 applications our new resourcing team has delivered exceptionally well for us – we are quicker at filling roles and while we increased the number of offers made this year, our cost for experienced hire recruitment reduced by £2.4 million. At the same time our voluntary employee turnover has been 20%, in line with the prior year and the wider profession.

We are pleased that our people have continued to excel in their professional examinations, outperforming national pass rates in all areas. These form the bedrock of Quality, Ethics and Excellence and the standard our trainees are consistently reaching is a secure foundation for their careers:

- **CTA students**: passed 77% of all papers sat, outperforming the national average pass rate of 58%
- **ATT students**: passed 86% of all papers sat, outperforming the national pass rate of 69% and outperformed national pass rates in all exam papers sat
- **ACA Professional Stage Exam Results:** 91% of all papers sat were passed
- **ACA Advanced Stage Exam Results:** 97% of all papers sat were passed and again exceeded national pass rates in all exams sat

Transformation and change is not easy and we know the people experience we promise has not yet been consistently delivered across our 27 offices. Our employee survey reflects this:

Likely to recommend as a place of work:



Note: **How Net Promoter Scores are calculated**: Answers are broken down between "Detractors" (0-6), those who are "Passive" (7,8), and "Promoters" (9,10). The overall score is calculated by subtracting detractors from the promoters. People who score passive (7,8) are not counted, because they are considered neutral.

This survey has given us lots of qualitative insights into how our people feel which we will be working on with them to identify and address underlying areas of focus.

This year our priorities have been:

Embedding Shared Enterprise

In 2015 we announced our decision to become a Shared Enterprise, fully understanding that this is a journey which will require time and investment.

We passionately believe that a diverse team of nearly 5,000 people **sharing ideas**, **sharing responsibility** and ultimately **sharing rewards** will unleash the potential of our people and is will be critical to the success of our business.

Having focused on the behaviours to share ideas in 2015/16, this year was about embedding shared responsibility across our business. We translated our high level firm priorities into a programme aimed at encouraging each person to see how they could drive growth, quality and efficiency and value for money in delivering our 2016/17 goals.

The outcome of this is that the firm made great improvements in efficiencies as well as reducing overheads, whilst continuing to improve our critical quality processes.

There is still work to ensure the habits of sharing ideas and responsibility are part of our DNA consistently across our firm. We will focus on our wider culture over the next year to ensure our business processes, systems and behaviours are aligned.

Finally we continued to add to our shared reward pool. The shared reward pool, which is an important part of our Shared Enterprise culture, is on track to pay out to employees in the 2018/19 financial year as planned.

Transformational leadership

Over 200 of our people took part in our leadership programme last year which was anchored around our Livelab city inquiries. These built capacity in our people to make sense of complex events impacting on our clients, the ability to inquire and explore new possibilities and to convene people to design and deliver actions as a consequence.

The next stage of this will be to take what we have learnt from this immersive development and turn it into scalable programmes for our practice.

Diversity of our team

We remain committed to building a diverse team that represents the clients we serve and crucially bringing a diversity of perspective to creating valuable solutions for clients. Over the coming months we will be taking what we have learnt from our work on social mobility to address other areas where our employee population is not representative of the wider population in the UK. Underpinning all our work in this area is a belief that it is the system that must change – our work on social mobility around entry criteria is a perfect example of this. Later this year we will publish our Gender Pay Gap data; this will include detailed analysis of our existing profile and our plan of action to address this.

We are delighted to have been externally recognised this year:

TOP 50 SOCIAL MOBILITY EMPLOYER INDEX 2017

Number one firm on the Social Mobility Index

working families

Winner of the Working Families Innovation award **for our family leave policy**

People love working here Best Places to Work 2016 glassdoor

Rated as twelfth best on the Glassdoor Employer Index

4. Quality as the foundational bedrock

Quality, Ethics and Excellence remain central to bringing our purpose to life and to building trust and integrity in the markets. This is now more important than ever in an environment where the public's trust in business is falling.

We are wholeheartedly committed to keeping quality at the heart of everything we do and in doing so ensure we meet the requirements of the Audit Firm Governance Code (the Code) and specifically to continue to protect the public interest.

Our reputation stands or falls on the quality of our people and the work we do. We listened and responded to the findings from the Financial Reporting Council's (FRC's) Audit Quality Review (AQR) on our public entity audits which were disappointing. We have worked to ensure that all issues have been identified and are being addressed appropriately so that stakeholders can have continued confidence in the effectiveness and quality of the firm's audit work.

In particular we have invested heavily in improving our Quality, Ethics and Excellence systems and infrastructure to drive efficiency and support our people. This included:

However quality is more than just about systems. Quality is about the environment and culture we create for our people. A culture where each person has clarity on what is expected of them and has competence to deliver that role – both in terms of capability and context, their commitment to deliver and, finally, their understanding that there are clear consequences of not doing so.

We want our people to be challenged and inspired, encouraged to build their skills and to question the status quo, and to share ideas and seize opportunities to make a difference.

Moving forward our priority is to build on the excellent work already in place and the investments and improvements made, ensuring that we continue to develop and promote a culture where quality is understood, valued and rewarded.

- Significant investment in, and strengthening of, the central Quality, Ethics and Excellence teams and in particular the Ethics Function
- The introduction and implementation of a new business risk management tool across all client service functions
- The formation of a Quality, Ethics and Excellence oversight/governance group providing a forum for closer collaboration with all areas of the business
- The delivery of an integrated and more efficient centralised take on team addressing ethical, legal and regulatory requirements

5. Make it easy and rewarding to deliver superior and sustainable results

Making progress to doubling profitability

We continue to re-engineer our business to set us up for the future. This year we:

- **reshaped our client base** – over the last two years we have replaced over 20% of our profits as we rebalance our portfolio. We also exited from six small portfolios of work where we felt there were better owners elsewhere
- **automated and streamlined business processes** – we are continually assessing our business processes for where we can improve quality and efficiency
- expanded the tasks being handled by our central audit support team in readiness for our new global audit methodology and technology being released in FY18
- **streamlined our cost base** – with great input from our people we have looked hard at whether our spend is delivering value. A specific example is travel where this year we have saved over £2 million compared to our base year and considerable time through being more thoughtful about when we travel and making better use of online meetings. Simple changes have reduced our costs, environmental footprint and travel time.

Building shared enterprise into our working practices

Our physical and information systems infrastructure are critical to making it easy for people to work together and share ideas and through the year we have invested in our capabilities. This year we have:

- refurbished five offices and delivered two office moves, creating vibrant spaces that encourage co-working and collaboration
- upgraded our IT systems, moving away from fixed telephone sets and equipping everyone with enhanced mobile technology.

6. Outlook

The UK is at a pivotal point in its history. As the country takes on the huge task of negotiating a future relationship with the European Union and the rest of world, the economic outlook is likely to remain uncertain over the next few years.

There is also huge opportunity. Our economy has long-standing strengths: an innovative service sector, thriving creative industries and advanced manufacturing expertise. As the fifth largest economy in the world we have longstanding, deep connections across the globe and these give us durable foundations upon which to build our future.

Over the past 18 months, Grant Thornton has brought together communities and leaders from across the UK to share their aspirations. People from different sectors and places – of all political persuasions – who have a common vision of an inclusive economy. An economy that is collaborative, open, trusted, connected and prosperous.

This engagement and the positive impact that this is having on our brand and reputation reinforces our strategy: that a focus on helping dynamic organisations achieve long-term sustainable growth, will ultimately help people and communities across the UK to prosper and thrive. And in turn this will drive sustainable commercial outcomes for Grant Thornton.

Ensuring that we are serving clients by developing services and propositions which support them in shaping a vibrant economy is critical. We have built firm foundations over the past year and our priority in 2017/18 is to continue to work hard to create value for clients ahead of the market, at pace and at scale.

We will do this by investing in our people and our culture, creating an environment where people collaborate, innovate and are inspired by the work we do. An environment where quality continues is second nature and we operate with speed and efficiency, embracing and utilising digital to drive outcomes.

2016/17 was a year of excellent progress. 2017/18 is a year where we will build upon that progress to deliver exceptional client value and sustainable growth, enabled by exceptional quality and living our Shared Enterprise culture to deliver an exceptional experience for our people and our clients.

Sacha Romanovitch

Sacha Romanovitch
Chief Executive Officer
Grant Thornton UK LLP

What we do, our goals and strategy

Who and what are we?

Grant Thornton is a leading financial and business adviser. Our focus is on unlocking growth for dynamic organisations – those changing, growing and shaping the economy, from start-ups through to large corporates.

Our lens to serve our clients is through the issues that they face. With a focus on understanding what is important to our clients and collaborating to bring the best team to work with them to address their issues. It works because we have breadth and depth of capability across both geography and specialist service lines. Our principal services are Audit and Assurance, Tax and Advisory Services, the latter including Business Risk, Corporate Finance, Business Consulting, Forensic Investigations, Financial Services Advisory and Recovery & Reorganisation. More information about all of our services is available on our website.

We are regulated by a number of bodies in the UK and overseas, the principal ones being the Institute of Chartered Accountants in England and Wales (the ICAEW – our lead regulator), the Financial Conduct Authority (FCA), the Financial Reporting Council (FRC) and the Insolvency Practitioners Association.

Ownership of the firm is vested in its partners and in the year to 30 June 2017 the full time equivalent number of partners was 185 (2016: 179). The full time equivalent number of employees during the year was 4,404 (2016: 4,450) and the firm currently operates from 27 offices throughout the United Kingdom. In addition, we have subsidiary entities operating in the Cayman Islands and British Virgin Islands that are focused on Insolvency and Restructuring services.

What we do

Grant Thornton helps dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice.

Proactive teams, led by approachable partners, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

Our underlying purpose is to build a vibrant economy, based on trust and integrity in markets, dynamic businesses, and communities where businesses and people thrive. We work with banks, regulators and Government to re-build trust through corporate renewal reviews, advice on corporate governance, and remediation in financial services. We work with dynamic organisations to help them grow. We work with the public sector to build a business environment that supports growth, including national and local public services.

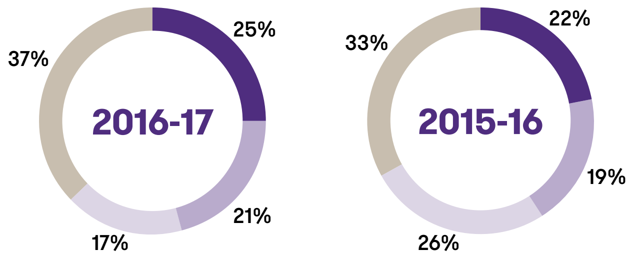
In the UK, we provide services to over 20,000 privately held businesses, public interest entities and individuals. Grant Thornton is led by around 185 partners and employs approximately 4,500 of the profession's brightest minds.

Our business is well balanced across private and public sector businesses at different stages of their growth journey and also between advising businesses and those that regulate and govern them.

"Our focus is on unlocking growth for dynamic organisations."

Percentage of total fees billed

- Trust & integrity
- Dynamic organisations
- Environments
- Other organisations



Pillars	Definition
Trust & integrity	Financial Services and Large Corporates (not in Environments)
Dynamic organisations	Mid-sized companies (Turnover £50m-£1bn) and Dynamic small companies
Environments	Public Sector & Not For Profit, Large Business Support Services and Property/Construction
Other organisations	Other clients

Global reach

More than 40,000 Grant Thornton people, across over 126 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work, through membership of Grant Thornton International Ltd (GTIL). More information on our global network is available on our website.

40,000
Grant Thornton International people

126
countries

Overall financial performance

The financial performance for the year ended 30 June 2017 reflects a year of progress. Whilst the firm's revenue fell by £34m, profit after tax increased by £7m reflecting continued progress in reshaping the business to reflect its purpose and thereby create a more sustainable and profitable business for the benefit of our key stakeholders.

The financial result reflects the following reshaping of our business:

- £46m reduction in revenue due to the cessation of the Government funded Business Growth Service which was terminated in March 2016 – as consortium leader, our accounts had reflected the income for the whole consortium
- the disposal of six small portfolios of work where we felt there were better owners elsewhere.

Meanwhile we have continued to invest in the development and growth of our business across the three areas where we believe we can make the most impact on shaping a vibrant economy:

- **building trust and integrity in markets** – this area has seen the strongest growth following significant investment in our Financial Services and Forensics businesses in particular. Strong growth has been seen in Financial Services, Business Risk Services and Forensics
- **unlocking growth in dynamic organisations** – the strongest growth in this area has been seen in our London and North & Midlands business units, as well as Transaction Advisory services to this market
- **creating environments where businesses and people can flourish** – the quantum of our work in this area has fallen back as expected following the cessation of the Government contract noted above. However, although not impacting the year under review, our public sector team has had great success in extending its market share of the audit of local government and NHS trusts following recent retender processes in those sectors.

Additionally, significant progress has been made in increasing the efficiency of the business to make it easy and rewarding to deliver superior and sustainable results. In particular this has seen the gross margin of the business increase by £2.2m and a reduction in other costs of £4.8m, whilst at the same time investing more in key areas such as Quality and IT.

The combined result of all these changes has resulted in a £7m improvement in the firm's profitability despite significant reshaping and investment for the future. The improvement in the firm's profitability has triggered the Shared Reward element of Shared Enterprise for the first time, with an additional provision of around £1m. Although relatively small this year, we believe that this is the first sign that creating a Shared Enterprise culture will help the firm build a more sustainable future where all of our people can share in its success.

Going concern

The members believe that it is appropriate to prepare these financial statements on a going concern basis after reviewing the firm's future anticipated trading results and cash flow forecasts, and the bank credit facilities which are in place until December 2019.

Management judgements and estimates

Material elements of the financial statements which are highly dependent upon management judgements and estimates are summarised below.

Defined benefit pension schemes
Asset performance in excess of previous assumptions and reductions to the mortality and marital status assumptions following the Mortality Underwrite and Marital Status (MUMS) exercise reducing the deficit by £30m and £17m respectively. These were partially offset by reductions to the discount rate and inflation measures increasing the deficit by £35m.

Revenue recognition
In determining the amount of revenue to be recognised on incomplete contracts, it is necessary to estimate the stage of completion, the remaining time and cost to be incurred to complete them and the consideration that will be received. These estimates are made on a contract-by-contract basis by professional staff with experience of the service being delivered and are subject to challenge by management.

Professional negligence claims provisions
Assumption that claim provisions will provide adequate cover for liabilities and that appropriate information has been used in order to establish the claim provisions.

Retirement annuities to partners
Estimations regarding assumed discount rate, RPI and mortality, where assumptions are in line with defined benefit pension scheme, but reflect shorter timescales.

Carrying value of goodwill
The carrying value of goodwill arising from the RSM Robson Rhodes LLP acquisition (in 2007) remained at £9.6m as at 30 June 2017. The carrying value of goodwill on less significant acquisitions as at 30 June 2017 is £3.5m.

Statement of financial position analysis

Net assets (excluding amounts due to members) at the year end were £8.1m, a £24.5m improvement from the £16.4m net liabilities at the prior year end. The largest single factor in the change to the statement of financial position was once again the pension scheme liability which reduced by £17.5m to £93.5m. The reduction resulted from the plan liabilities increasing by £5.7m, whilst the assets grew by £23.0m and the impact of the asset ceiling reduced by £0.2m.

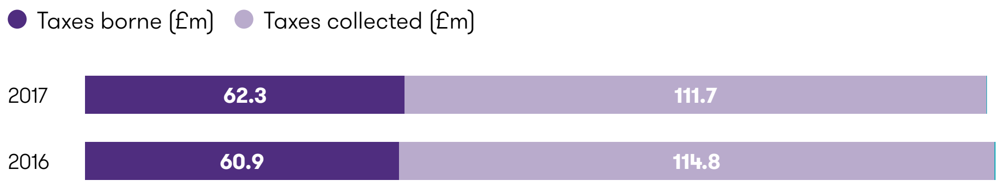
Despite the reduction, the pension scheme liability remains a large item on the statement of financial position. We have continued our dialogue with the Trustees around the best way to balance meeting our employer covenant to the pension scheme whilst continuing to invest in the business for the long term. As such we remain confident that despite the quantum, this liability is being effectively managed over a suitable timescale. In particular, in the year we worked with the Trustees to carry out a Mortality Underwrite and Marital Status (MUMS) exercise to establish better quality data around these areas. Additionally over the year end we have been carrying out an Enhanced Transfer Value (ETV) exercise with the deferred members of the fund. We expect the combined effect of these two exercises to have reduced the actuarial deficit by between £30m and £40m, with the majority of this impact already reflected in the year end accounting valuation.

Elsewhere in the statement of financial position, the largest year on year movements were the £31.5m reduction in trade and other payables and a £14.0m increase in net borrowings. The increase in net borrowings has mainly been driven by additional payments into the pension fund as part of the ETV and investment in fixed assets around property and IT. Overall total assets reduced by £0.9m whilst total liabilities reduced by £25.3m.

Capital, treasury, liquidity

Liquidity risk is managed by periodically undertaking reviews of short, medium and long term funding requirements as well as continuously monitoring working capital usage. A significant part of the firm's funding is from members' capital, which is only repayable following retirement and borrowings which mainly comprise revolving credit facilities. As noted above, net debt increased by £14.0m to £43.1m as at 30 June 2017 (30 June 2016: £29.1m).

Our tax contribution



Our tax contribution for 2017 was **£174.0m** (2016: £175.7m). For further details see note 7.

Members' Report

The members present their report together with the financial statements of Grant Thornton UK LLP (the LLP) and its subsidiary entities (together the Group) for the year ended 30 June 2017.

Principal activity

The principal activity of the LLP and the Group is the provision of audit, tax and advisory services in the UK.

Designated members

The designated members during the year ended 30 June 2017, and those who have been appointed or resigned subsequently, are as follows:

S V Romanovitch	CEO	
M R Byers	Strategic Leadership Team	
K J Eddy	Strategic Leadership Team	
R K Hannah	Strategic Leadership Team	
S Hasenbos-Case	Strategic Leadership Team	*(appointed 13 March 2017)*
S J Jones	Strategic Leadership Team	
N Pickavance	Strategic Leadership Team	*(resigned 31 October 2016)*
S B Bevan	Partnership Oversight Board	
K L Campbell-Williams	Partnership Oversight Board	*(appointed 1 July 2016)*
H Dale	Partnership Oversight Board	*(appointed 1 July 2017)*
P Flatley	Partnership Oversight Board	*(resigned 30 June 2017)*
T D James	Partnership Oversight Board	
T J W Lincoln	Partnership Oversight Board	*(resigned 30 June 2017)*
M A M Merali	Partnership Oversight Board	
S J Mills	Partnership Oversight Board	*(resigned 14 October 2016)*
N Morrison	Partnership Oversight Board	
N Page	Partnership Oversight Board	*(appointed 1 July 2017)*
P J Secrett	Partnership Oversight Board	*(appointed 1 July 2016)*

Members' drawings and the subscription and repayment of members' capital

The LLP operates a drawings policy based on a prudent estimate of budgeted profits. Drawings are restricted to prudent levels, taking into account working capital performance, until the results for the year and individual members' allocations have been determined. The Membership Agreement provides a framework for further restriction of drawings under circumstances where the cash requirements of the business need to take priority over the cash needs of the members.

Members' capital requirements are determined from time to time by the CEO based on the short, medium and long term needs of the business. There are two levels of capital contribution depending on the member's number of profit sharing units although members may opt to contribute up to the higher level. Whilst the Membership Agreement provides power to the CEO to repay a member's capital before retirement, such discretion is only exercised in exceptional cases.

"The Membership Agreement provides a framework for further restriction of drawings under circumstances where the cash requirements of the business need to take priority over the cash needs of the members."

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the '2008 Regulations') require the members to prepare financial statements for each financial year. Under the law the members have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), and solus entity financial statements under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework". The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs for the consolidated financial statements, and UK Accounting Standards for the solus entity, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP or the Group will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The members' responsibilities set out above are discharged by the Designated Members on behalf of the members.

On behalf of the members

Simon Jones

Simon Jones
Partner – Finance and Infrastructure Leader
28 September 2017

Independent Auditor's Report to the Members of Grant Thornton UK LLP

Opinion

We have audited the financial statements of Grant Thornton UK LLP for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; or
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. It should be noted that all the key audit matters were communicated. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and the value of unbilled work

Key audit matter

The Group's accounting policy in respect of revenue recognition is set out in the accounting policy notes on 'Revenue' on page 37. Unbilled work is included on the statement of financial position as 'Amounts recoverable on contracts' within Trade and other receivables. The Group's commentary on the related judgements and estimates is set out on page 37 under 'Revenue recognition'. Under this policy, the amount of revenue recognised in a year will represent the fair value of the Group's entitlement to consideration in respect of professional services provided in that year. In determining the entitlement to consideration, engagement teams estimate both the proportion of each engagement that is complete at the year-end, and the total consideration expected to be received under the engagement.

Some engagements, such as those that are longer term or that have complex contractual criteria determining entitlement to revenue, have a higher degree of uncertainty over the level of billable fees and/or assignment costs, and hence over profitability. The Recovery & Reorganisation (R&R) practice has a higher concentration of such contracts and accounts for 57% of amounts recoverable on contracts at the year end.

The level of uncertainty is also considered to be higher in the early stages of a long term engagement, and estimated profits on longer term engagements are discounted based on stage of completion to reflect this uncertainty.

Reflecting the judgemental nature of the assessments required by engagement teams and the complex nature of some contractual arrangements, we have identified revenue recognition as a significant risk that requires special audit consideration.

Our response

Our audit procedures over revenue recognition and unbilled work included general procedures on the methodology adopted and related control environment and control procedures, and substantive testing on a sample of engagements.

General procedures included, but were not limited to:

- considering the appropriateness of the methodology adopted, including the application of early-stage discounting of profit recognition on longer term engagements;
- testing the integrity of revenue recognition models utilised for complex engagements, such as those in the R&R practice;
- assessing the related internal control environment, including testing certain controls that we considered to be key in the determination of revenue to be recognised; and
- analytical procedures, enquiry of engagement teams and management, and corroboration of explanations provided.

Substantive sampling procedures included, but were not limited to:

- selection of a sample of engagements, focusing on but not limited to longer term and more complex engagements;
- for each sample engagement, assessing the right to consideration by reference to contractual terms; and
- discussing and challenging the assumptions and estimates applied by engagement teams in determining the level of revenue recognised.

Our findings

We concluded that the methodology and models used in estimating the level of revenue and the valuation of unbilled work were appropriate.

No significant deficiencies in the operation of related controls were detected that required us to revise the nature and/or scope of planned audit procedures.

On the basis of our audit procedures, we have not identified any misstatements in the level of revenue and unbilled work recognised in the financial statements.

Professional negligence claims

Key audit matter

The Group's accounting policy in respect of professional claims is set out in the accounting policy notes on 'Professional negligence claims provisions' on page 46. The Group's commentary on the related judgements and estimates is set out on page 45 under 'Professional negligence claims provisions'.

The Group makes a provision on the statement of financial position for regulatory matters and for uninsured and self-insured costs for settling negligence claims as 'Claims provisions' within 'Provisions', as set out in note 6. The determination of provisions required is highly judgemental. Generally, the level of provision in respect of claims considered to have merit is limited to the insurance excess plus any self-insured amount. The level of provision for regulatory matters is determined through assessment on a case by case basis.

A claim with a value exceeding the Group's insurance cover, or a claim that is not covered by the Group's insurance, could require an additional and potentially significant provision to be made which, in turn, could impact the ability of the Group to continue as a going concern. We have therefore identified the provisioning for professional claims and regulatory matters as a significant risk requiring special audit consideration.

Our response

Our audit procedures included, but were not limited to:

- confirming the nature and level of insurance in place by reference to insurance certification, and considering the financial strength of the insurance providers;
- reviewing the nature and level of insurance provision in place and considering the provision methodology;
- assessing the professional claim notification and identification procedures;
- consideration of a sample of claims in progress, reviewing publicly available information and information held in-house, and challenging the Group's legal counsel on the level of provision made; and
- considering the outturn of claims settled during the year that were provided for in prior years.

Our findings

We found the nature and level of insurance held to be consistent with the provision methodology. We did not identify any significant deficiencies in the operation of the professional claim notification and identification procedures. Based on our audit work on claims in progress and claims settled during the year, and taking into account information available to management, we consider that appropriate judgement has been exercised in determining the level of provision made.

Pension schemes and partners' annuities

Key audit matter

The Group's accounting policy in respect of pension schemes and partners' annuities is set out in the accounting policy notes on 'Retirement benefits of former members and partners of the predecessor firm' on page 46. The Group's commentary on the related judgements and estimates is set out on page 43 under 'Defined benefit pension schemes' and page 45 under 'Retirement annuities to partners'.

The pension arrangements include two defined benefit schemes for which a significant provision has been included on the Group statement of financial position as 'Pension and other employee obligations'. The measurement of the pension scheme liabilities in accordance with IAS 19 is performed by Grant Thornton's internal actuarial team, and is subject to complex assumptions that involve significant judgement. Details of the assumptions used and the calculation of the liabilities are included in note A4 'Pensions'.

The Group's obligations under partners' annuity arrangements also give rise to a significant provision which is included on the Group statement of financial position as 'Former members' annuities' within 'Provisions for liabilities', as set out in note 6. The calculation of the liability in respect of these obligations is performed by Grant Thornton's internal actuarial team and is subject to complex assumptions that involve significant judgement.

We have therefore identified liabilities in respect of the defined benefit pension schemes and the partners' annuity arrangements as a significant risk requiring special audit consideration.

Our response

Our audit procedures included, but were not restricted to:

- assessing the qualification and objectivity of the Grant Thornton internal actuarial team, and the scope of their work;
- in conjunction with our internal actuarial specialists, considering the appropriateness of the valuation methodologies and challenging the actuarial team on the appropriateness of the valuation assumptions;
- corroborating scheme asset values to the underlying asset manager statements to ensure consistency; and
- reviewing the associated financial statement disclosures in the context of requirements and best practice.

Our findings

Based on our audit procedures, we found the actuarial assumptions to be both balanced and consistent with the expectations of our internal actuarial specialists when considered individually and when taken as a suite of assumptions. We consider the valuation methodologies to be appropriate. No exceptions were noted from our testing of scheme assets. We consider that the related disclosures are appropriate and adequately disclose the significant degree of sensitivity of the actuarial assumptions.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on the financial statements, and in forming our audit opinion. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements.

We establish materiality by reference to the profit before members' remuneration and profit shares, which we consider to be one of the principal considerations of the members in assessing the financial performance of the Group. We determined materiality for the consolidated financial statements as a whole to be £7.8m (2016: £6.4m), representing approximately 10% of the profit before members' remuneration and profit shares.

We agreed with the Risk & Audit Committee that we would report to that committee all identified corrected and uncorrected audit differences in excess of £0.2m (2016: £0.19m) (representing 3% of financial statement materiality) together with differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit scope included an audit of the Group financial statements of Grant Thornton UK LLP. All audit work on subsidiary undertakings undertaken for the purposes of our Group audit opinion was performed by the Group audit team at the Group's main finance centre in Northampton.

We identified and tested certain controls over key financial systems identified as part of our risk assessment, including a review of general IT controls, the accounts production process, and controls addressing critical accounting matters. From this work, we sought to place reliance on the Group's internal controls wherever possible.

We undertook substantive testing on significant transactions, balances, and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems, and the management of specific risks.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the member' responsibilities statement set out on page 22, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the Group's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by regulations 39 and 40 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

William Neale Bussey
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and
Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

28 September 2017

Consolidated statement of comprehensive income

Financial Statements for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Revenue	1	**499,875**	533,785
Other external charges: client expenses and disbursements		**(32,920)**	(26,615)
Net revenue		**466,955**	507,170
Other income	15	**1,267**	1,152
Operating expenses	A1	**(388,087)**	(430,944)
Operating profit		**80,135**	77,378
Share of profit from equity accounted investments	11	**2,662**	3,083
Finance costs	19	**(6,240)**	(8,817)
Finance income	19	**1,391**	1,131
Loss on sale of non-financial assets	15	**(110)**	(384)
Other financial items	15	**50**	(153)
Profit before tax and members' remuneration		**77,888**	72,238
Tax expense	7	**(2,588)**	(3,986)
Profit for the year from continuing operations before members' remuneration		**75,300**	68,252
Members' remuneration charged as an expense	20	**(5,995)**	(6,162)
Profit for the year available for discretionary division among members		**69,305**	62,090

Review of performance:
Consolidated statement of comprehensive income

- Revenue reduction of £46m is due to the cessation of the Government funded Business Growth Service contract and the disposal of six small portfolios of work where we felt there were better owners elsewhere
- Revenue has grown 2.5% when adjusted for the cessation of the Business Growth Service contract
- Operating profit has increased by £2.8m reflecting improved business efficiency

Financial Statements for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Profit for the year available for discretionary division among members		**69,305**	62,090
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on the defined benefit obligation	A4	**9,934**	26,493
Items that will be reclassified subsequently to profit or loss			
Available-for-sale financial assets • current year gains		**4**	66
Exchange differences on translating foreign operations		**71**	977
Other comprehensive income for the year, net of tax		**10,009**	27,536
Total comprehensive income for the year		**79,314**	89,626

Review of position:

Other comprehensive income

- Actuarial gain on defined benefit pension schemes result from changes in demographic assumptions (£17.0m), returns on assets (£30.4m) and gain in remeasurement of the asset ceiling (£0.2m), which were partially offset by changes in financial assumptions (£35.2m) and experience remeasurement (£2.5m)

Consolidated statement of financial position

Financial Statements for the year ended 30 June 2017

Assets	Note	2017 £'000	2016 £'000
Non-current assets			
Goodwill	9	**13,101**	13,096
Other intangible assets	12	**7,845**	5,106
Property, plant and equipment	13	**27,206**	26,623
Investments accounted for using the equity method	11	**12,682**	19,516
Other long term financial assets	A2	**7,304**	7,950
Total non-current assets		**68,138**	72,291
Current assets			
Trade and other receivables	2	**202,986**	212,645
Derivative financial instruments	A2	**127**	-
Cash and cash equivalents	16	**24,198**	11,404
Total current assets		**227,311**	224,049
Total assets		**295,449**	296,340

Equity and liabilities			
Equity			
Members' other interests – other reserves classified as equity	20	**(47,348)**	(71,701)
Translation reserve	20	**1,988**	1,917
Revaluation reserve	20	**(318)**	(322)
Total equity		**(45,678)**	(70,106)

Review of position:
Consolidated statement of financial position

- Increase in other intangible assets due to larger, longer term investments, including investment in IT and Enterprise. This is funded through an increase in our borrowings
- Increase in property, plant and equipment reflects the preparation for the expected move from Grant Thornton House as part of the HS2 development
- Reduction in investments accounted for using the equity method as cash distributions (£9.5m) from Aperture exceed profits for the year (£2.7m)
- Reduction in trade and other receivables is predominately due to lower trade receivables following cessation of the Government funded Business Growth Service contract

Financial Statements for the year ended 30 June 2017

Equity and liabilities (continued)	Note	2017 £'000	2016 £'000
Liabilities			
Non-current liabilities			
Loans and other debts due to members after more than one year	20	–	36
Pension and other employee obligations	5	**93,464**	110,991
Borrowings	17	**11,630**	11,647
Provisions	6	**37,008**	39,283
		142,102	161,957
Current liabilities			
Loans and other debts due to members within one year			
Members' capital classified as a liability	20	**44,150**	42,975
Other amounts	20	**9,655**	10,662
		53,805	53,637
Other current liabilities			
Borrowings	17	**55,635**	28,825
Trade and other payables	3	**88,656**	120,130
Derivative financial instruments	A3	**77**	127
Current tax liabilities		**852**	1,770
		199,025	204,489
Total liabilities		341,127	366,446
Total equity and liabilities		295,449	296,340

The financial statements were approved by the Designated Members and authorised for issue on 28 September 2017.

Sacha Romanovitch

Simon Jones

Sacha Romanovitch
Chief Executive Officer
Registered no: OC307742

Simon Jones
Partner – Finance and Infrastructure Leader

Review of position:
Consolidated statement of financial position
- The largest item continues to be the pension scheme liability which has reduced in the year based on management of liabilities and assets within the scheme. We remain confident that the liability is being effectively managed over a suitable timescale
- Increase in net borrowings driven by additional payments into the pension fund as part of the ETV and investment in fixed assets which includes property and IT
- Reduction in trade and other payables is driven by cessation of the Government funded Business Growth Service contract of which we were consortium leader

Total members' interests	2017 £'000	2016 £'000
Loans and other debts due to members after more than one year	–	36
Loans and other debts due to members within one year	**53,805**	53,637
Members' other interests	**(45,678)**	(70,106)
Net assets (excluding amounts due to members)	**8,127**	(16,433)
Amounts due from members	**(10,981)**	(8,303)
Pension scheme liability	**93,464**	110,991
Total excluding pension scheme liability	**90,610**	86,255

Consolidated statement of changes in equity

Financial Statements for the year ended 30 June 2017

	Revaluation reserves £'000	Translation reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 July 2016	**(322)**	**1,917**	**(71,701)**	**(70,106)**
Allocated profits in respect of the prior year	–	–	(55,470)	(55,470)
Tax adjustments on payment of annuities to former members	–	–	584	584
Transactions with members	–	–	**(54,886)**	**(54,886)**
Profit for the financial year available for discretionary division among members	–	–	69,305	69,305
Other comprehensive income	4	71	9,934	10,009
Total comprehensive income for the year	4	71	79,239	79,314
Balance at 30 June 2017	(318)	1,988	(47,348)	(45,678)

	Revaluation reserves £'000	Translation reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 July 2015	**(388)**	**940**	**(97,195)**	**(96,643)**
Allocated profits in respect of the prior year	–	–	(63,756)	(63,756)
Tax adjustments on payment of annuities to former members	–	–	667	667
Transactions with members	–	–	**(63,089)**	**(63,089)**
Profit for the financial year available for discretionary division among members	–	–	62,090	62,090
Other comprehensive income	66	977	26,493	27,536
Total comprehensive income for the year	66	977	88,583	89,626
Balance at 30 June 2016	(322)	1,917	(71,701)	(70,106)

Consolidated statement of cash flows

Financial Statements for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Profit for the year available for discretionary division among members		**69,305**	62,090
Members' remuneration charged as an expense		**5,995**	6,162
Taxation		**2,588**	3,986
Non-cash adjustments	8	**8,007**	9,601
Contributions to defined benefit plans		**(11,113)**	(5,461)
Net changes in working capital	8	**(8,557)**	(11,169)
Net cash from operations		**66,225**	65,209
Taxes paid		**(3,506)**	(3,944)
Net cash from operating activities		**62,719**	61,265
Investing activities			
Purchase of property, plant and equipment		**(3,690)**	(3,438)
Proceeds from disposal of property, plant and equipment		**666**	538
Purchase of other intangible assets		**(4,914)**	(3,264)
Purchase of investments		**(7,300)**	(7,884)
Proceeds from disposal of investments		**7,903**	8,533
Interest received		**1,391**	1,131
Net cash used in investing activities		**(5,944)**	(4,384)

Review of major changes:
Consolidated statement of cash flows

- Increase in contributions to the defined benefit plans relate to the additional payments into the pension fund as part of the Enhanced Transfer Value (ETV) exercise
- Increase in other intangible assets starts to show the larger, longer term investments, including the investment in IT and Enterprise

Financial Statements for the year ended 30 June 2017

	2017 £'000	2016 £'000
Financing activities		
Proceeds from borrowings	67,264	40,473
Repayment of borrowings	(40,473)	(33,379)
Interest paid	(2,720)	(2,923)
Payments on behalf of members	(61,254)	(66,999)
Capital contribution by members	5,000	7,350
Annuity payments to former partners	(2,406)	(90)
Repayments to former members	(9,516)	(15,496)
Net cash used in financing activities	(44,105)	(71,064)
Net change in cash and cash equivalents	12,670	(14,183)
Cash and cash equivalents, beginning of year	11,404	24,927
Exchange differences on cash and cash equivalents	124	660
Cash and cash equivalents, end of year	24,198	11,404

Bank facilities

- The LLP has bank facilities of £80m comprising a revolving credit facility

Operating activities

Operating activities are those that derive from the core of our business and are not directly affected by decisions on how we manage our investments or financing.

These largely determine the underlying activity of the business. As such, in this section we include Operating Notes:

Operating highlights

Whilst the firm's net revenue fell by £33.9m, profit after tax increased by £7.0m reflecting the continued progress in reshaping the business to reflect its purpose and thereby create a more sustainable and profitable business for the benefit of all our key stakeholders.

The financial result reflects the following reshaping of our business:

- £46m reduction in turnover from the cessation of the Government funded Business Growth Service contract which was terminated in March 2016 – as consortium leader, our accounts reflected the income for the whole consortium
- The disposal of six small portfolios of work where we felt there were better owners elsewhere

1. Revenue analysis

At a glance:

Revenue in the year:

- Revenue has fallen 6.4% to £499.9m, due to £46m from the cessation of the Government funded Business Growth Service contract and disposal of six small portfolios of work where we felt there were better owners elsewhere
- Revenue growth of 2.5% after excluding the cessation of the Government funded Business Growth Service contract
- Continued investment in growth services, G and Growth 365 together with the new revenue stream for next year being the partnership with Cranfield Business School

Significant management judgement or estimate:

Revenue recognition

In determining the amount of revenue to be recognised on incomplete contracts, it is necessary to estimate the stage of completion, the remaining time and costs to be incurred to complete them and the consideration that will be received. These estimates are made on a contract-by-contract basis by professional staff with experience of the service being delivered and are subject to challenge by management.

Revenue recognition accounting policy

All of our revenue streams involve the rendering of services. Revenue is only recognised once the outcome of these transactions can be estimated reliably. This is when the stage of completion of the contract, the consideration to be received and the costs to be incurred to complete the contract can be measured reliably and it is probable that consideration will be received. The amount of revenue recognised is measured by reference to the stage of completion of the contract and the estimated fair value of the consideration to be received. This consideration represents amounts chargeable to clients, including expenses and disbursements, but excluding value added tax.

The Group generates revenues from a wide variety of contracts for the provision of audit, tax and advisory services, and often enters into sales transactions involving a range of the Group's services. The Group applies the revenue recognition criteria set out above to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to that services' relative fair value.

Revenue in respect of conditional or contingent fee engagements, which is over and above any agreed minimum fee, is recognised when the contingent event occurs where the event is outside the control of the Group or there exists sufficient historic evidence to enable estimating the probability of the event occurring.

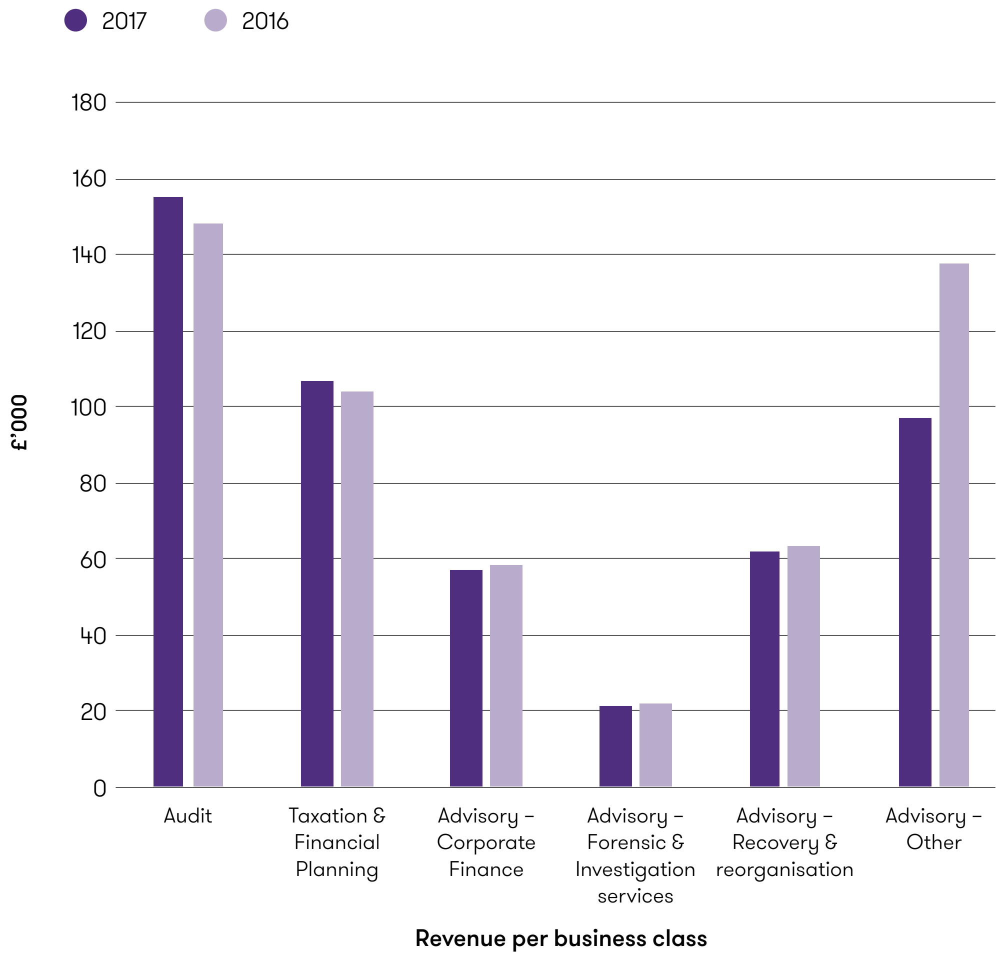
Revenue not invoiced to clients is included in amounts recoverable on contracts, within trade and other receivables. Payments on account in excess of the relevant amount of revenue are included in excess payments received on account within trade and other payables.

Full provision is made for losses on contracts in the year in which the loss is first foreseen. These losses are categorised as 'Provisions for foreseeable losses' within trade and other payables.

At a glance:

Revenue analysis: Analysis by business class

- The growth in audit revenues has been delivered in the London, North and Midlands and Scotland and Northern Ireland regions, despite also critically reviewing their client base
- The reduction in other advisory is due to the loss of £46m from the cessation of the Government funded Business Growth Service contract and is partially offset by growth within Insights and Analytics



2. Trade and other receivables

At a glance:

Trade and other receivables

- Reduction in revenue has resulted in a reduction in trade receivables at year end
- Credit control continues to be important and result in good collections, reflected in the improved year on year ageing profile

Trade and other receivables accounting policy

Our most significant financial assets are considered to be trade and other receivables and amounts recoverable on contracts. Trade receivables are recognised when a service has been provided and an invoice has been issued. These are initially recorded at the fair value of consideration receivable representing the amount we expect to be paid for our service as agreed with the client. If a service has been provided but not invoiced, an asset "Amounts recoverable on contracts" is recognised which is estimated by reference to the stage of completion of the contract and the amount we expect to bill for the work.

An impairment is recognised when a customer fails to pay in accordance with the terms of the engagement or there is other objective evidence that the customer will be unable to pay. Where an impairment has been identified, these are recorded in an allowance account for credit losses and deducted from the trade receivables balance. The net carrying value of trade receivables, which shows trade receivables after these provisions for impairment, is considered a reasonable approximation of fair value.

Trade and other receivables consist of the following:

Due < 1 year	2017 £'000	2016 £'000
Trade receivables, gross	107,457	121,070
Allowance for credit losses	(4,760)	(5,387)
Trade receivables	102,697	115,683
Amounts recoverable on contracts	54,328	58,388
Amounts due from members	10,981	8,303
Financial assets	168,006	182,374
Other receivables	17,633	13,519
Prepayments	13,091	12,726
Non-financial assets	30,724	26,245
	198,730	208,619

Due > 1 year	2017 £'000	2016 £'000
Fully and compulsory convertible debentures	3,734	3,734
Prepayments	522	292
	4,256	4,026
Total trade and other receivables	202,986	212,645

Credit risk analysis

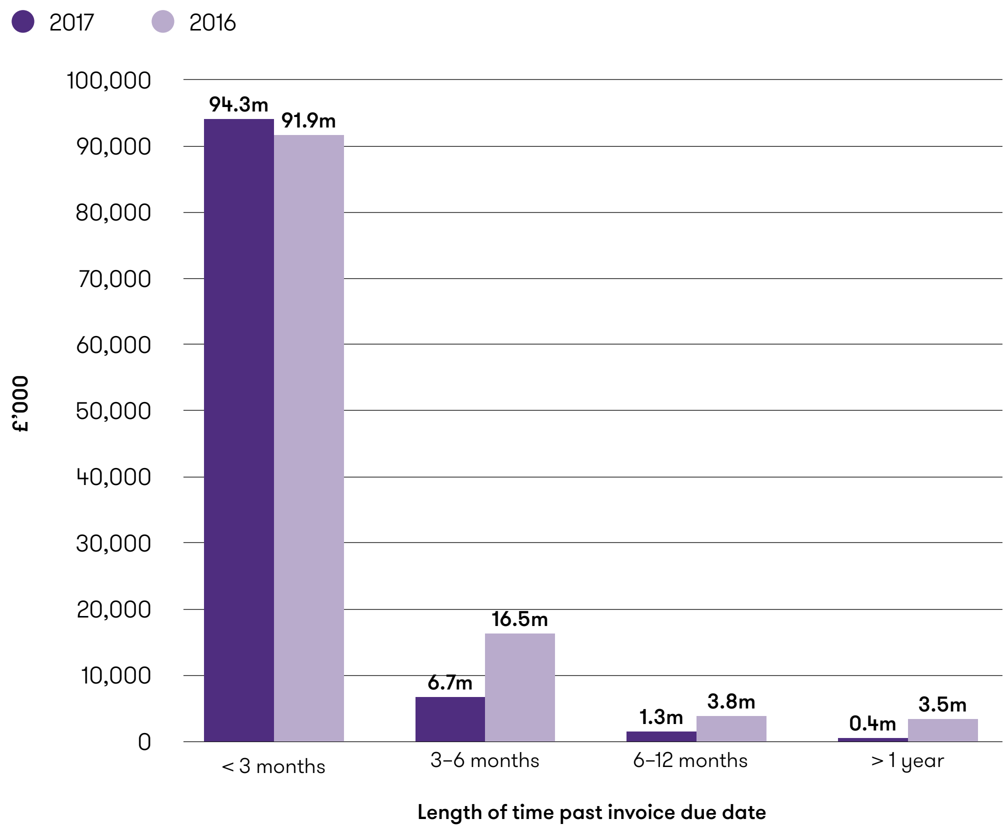
Credit risk is the risk of default on a debt that may arise from a customer failing to make payments that are contractually due. In the current low interest rate environment, the principal financial risk associated with trade receivables is credit risk.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk from exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas, which reduces any potential risk concentrations.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. The Group has a policy of providing for all debts to the extent that management think they cannot collect all amounts due. The provision is also determined by reference to past default experience. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

At 30 June the Group has certain trade receivables that have not been settled by the contractual due date, but are not considered to be impaired as management have reason to believe that they will be settled in full. The amounts receivable at 30 June, analysed by the length of time past due, are:



Where impairments have been recognised these allowances for credit losses are the movements in the allowance account for such credit losses is presented below:

	2017 £'000	2016 £'000
Balance 1 July	**5,387**	4,521
Impairment loss	**1,164**	866
Amounts written off	**(1,791)**	–
Balance 30 June	**4,760**	5,387

3. Trade and other payables

At a glance:

Trade and other payables

- Reduction in accruals and deferred income driven by cessation of the Government funded Business Growth Service contract for which we were consortium leader, with a liability shown for amounts due to consortium partners. This has also reduced trade payables year-on-year
- The primary driver in the reduction of excess payments received on account is cessation of the Business Growth Service contract, where settlement of the final invoice was received before 30 June 2016, but the invoice not raised until FY17

Trade and other payables consist of the following:

	2017 £'000	2016 £'000
Excess payments received on account	**19,025**	21,699
Trade payables	**5,675**	8,252
Social security and other taxes	**14,983**	15,376
Other creditors	**4,463**	3,455
Accruals and deferred income	**40,514**	66,723
Provisions for foreseeable losses	**1,839**	2,034
Amounts due to former members	**2,157**	2,591
Total payables	**88,656**	120,130

Trade and other payables accounting policy

Trade payables are recognised when a good or service has been received or supplied and has been formally invoiced but has not been paid. The liability is recorded at the fair value of consideration payable. If a good or service has been supplied but not been paid, invoiced or formally agreed with the supplier, including amounts due to employees, an accrual is recognised.

Deferred income is recognised where a client has been invoiced but the service has not yet been supplied, or only partially supplied. It is measured as the difference between the amount due from the client and the revenue recognised for any element of the service that has been delivered.

4. Employee remuneration – Employee benefits expense

At a glance:

Employee Remuneration
Employees are the primary driver of our operating performance. This has been discussed further in the Chief Executive Officer's Review and Business and Financial Review.

In offering rewards we utilise benchmarking tools to ensure they are competitive. This is in light of our investment in people and transparency in our reward. Salaries in Grant Thornton have increased by an average of 1.8% per person in the year (2016: 1.6%).

We have also restructured our organisation as a Shared Enterprise. We believe this will have the following benefits:

- Enable all our people to share ideas to drive our performance forward; sharing ideas
- Enable all our people to take ownership for driving these ideas forward; sharing responsibility
- Invest our improved performance with all our people; sharing reward

As a responsible business we ensure our employees earn a wage which is at least enough to live on and goes further than the Government minimum. We are a London Living Wage employer, agreeing to pay all directly paid Grant Thornton people and third party contractors the London Living Wage.

Later this autumn we will publish our Gender Pay Gap data which will include detailed analyses and our plan of action.

Short-term employee benefits accounting policy

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations (note 5), measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Expenses recognised for employee benefits are analysed below:

	2017 £'000	2016 £'000
Wages and salaries	**202,352**	201,127
Social security costs	**23,366**	23,072
Pensions – defined benefit plans current service cost	**-**	11
Pensions – defined contribution plans	**22,226**	21,900
	247,944	246,110

Employee numbers

The average number of full time equivalent members and employees during the year, all of whom were engaged in the Group's principal activity, were as follows:

	2017	2016
Members (of whom 16 are entitled to a fixed amount of profit share – 2016: 18)	**185**	179
Fee earning employees	**3,298**	3,356
Non fee earners	**1,106**	1,094
	4,589	4,629

5. Pensions

At a glance:

Pensions

The Group operates two defined benefit pension schemes for the benefit of certain employees, the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. The assets of the schemes are administered by the Trustees in funds independent from the assets of the Group. Both schemes are closed to new members, and the Grant Thornton scheme was closed to further benefit accrual with effect from 31 October 2014. Details for the plans has been provided in the extended notes.

The reduction in pension deficit resulted from the plan liabilities increasing by £5.7m, whilst the assets grew by £23.0m and the impact of the asset ceiling reduced by £0.2m.

Despite the overall reduction, the pension scheme liability remains a large item on the statement of financial position. We have continued our dialogue with the Trustees around the best way to balance meeting our employer covenant to the pension scheme whilst continuing to invest in the business for the long term. As such we remain confident that despite the quantum, this liability is being effectively managed over a suitable timescale. In particular during the year we worked with the Trustees to carry out a Mortality Underwrite and Marital Status (MUMS) exercise to establish better quality data. Additionally over the year end we have been carrying out an Enhanced Transfer Value (ETV) exercise with the deferred members of the fund. We expect the combined effect of these two exercises to have reduced the actuarial deficit by between £30m and £40m, with the majority of this impact already reflected in the year end accounting valuation.

By 30 June 2017, 46 members of the Fund had exercised their option under the ETV to transfer their pension rights to alternative pension arrangements, with corresponding transfer values of £8.6m. At the conclusion of the ETV exercise in the year ending 30 June 2018, a further 133–142 members with total transfers values of between £22m and £33m are expected to have exercised the option.

The duration of the Grant Thornton Pension Fund liabilities is around 17 years (2016: 17 years) and the Robson Rhodes Retirement Benefit Scheme is around 12 years (2016: 12 years).

Significant management judgement or estimate:

Defined benefit pension schemes

The Group takes professional advice from the schemes actuaries when estimating the assumptions used to value the Group's obligations under the schemes. Key assumptions include those in relation to the discount rate to be applied to liabilities as well as those in relation to mortality.

The next triennial valuation of the pension scheme will be at 30 June 2017 and the scheme actuary will give consideration to the most appropriate mortality tables to use going forward as part of that review. The review has not yet been concluded but we are not anticipating any significant changes to the mortality assumptions or tables.

The liabilities recognised for pensions and other employee remuneration are:

	2017 £'000	2016 £'000
Non-current:		
Defined benefit liability (net)	**93,464**	110,991
Former members annuities (note 6)	**21,210**	23,350
	114,674	134,341
Current:		
Other short term employee obligations	**5,760**	5,255

Holiday pay accounting policy

The current portion of these liabilities arise mainly from accrued holiday entitlement at the reporting date and are expected to be settled in the next 12 months.

Pension ageing

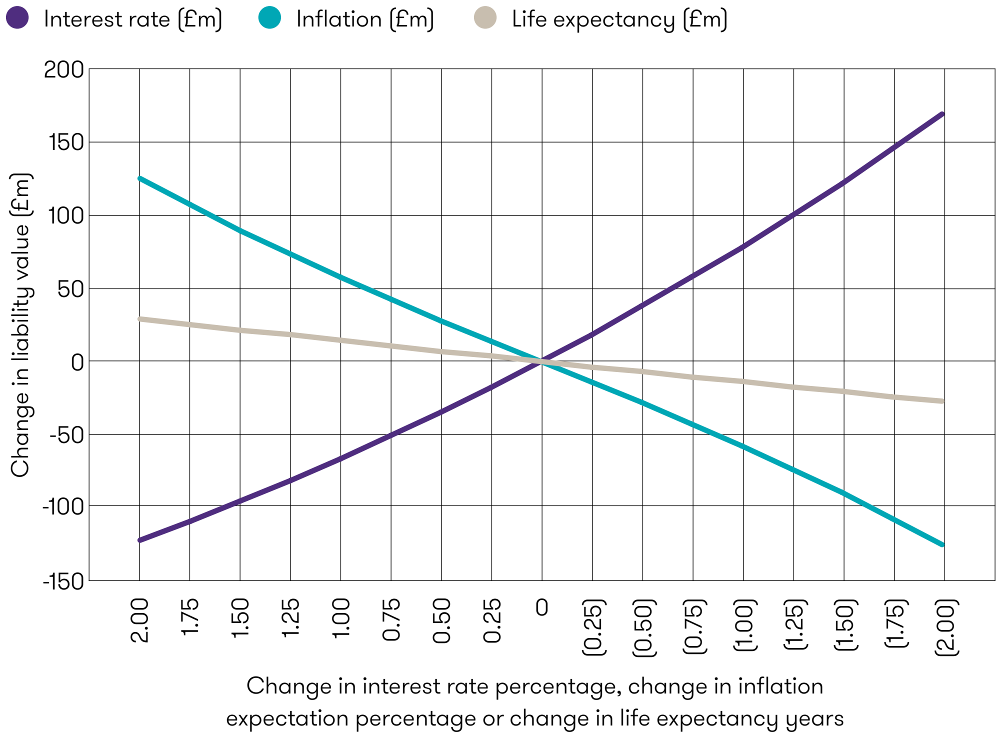
As none of the employees are eligible for early settlement of pension arrangements, the remaining element of pension obligations for defined benefit plans is considered non-current. The non-current portion of the defined benefit liability is presented net of plan assets.

Defined benefit pensions testing sensitivity

Comparatively small changes in the assumptions used for measuring the defined benefit obligations for the two plans may have a significant effect on the Group's income statement and statement of financial position.

The following graph shows the sensitivity of the defined benefit deficit to reasonably possible changes in the key assumptions underlying the valuation, whilst all other assumptions remaining unchanged.

Liabilities – sensitivities to main assumptions



As shown, the estimate of value of the defined benefit pension liability is particularly sensitive to the interest rate. If the interest rate used is increased by 1%, liabilities would be reduced by £67m.

6. Provisions

Significant management judgement or estimate:

All provisions are considered non-current.

Professional negligence claims provisions
Provisions for professional negligence claims are inherently difficult to estimate. In making a provision management make estimates by reference to:

- the number of claims notified at the period end. In establishing this number, the head of legal canvases the partner and director population quarterly to establish whether any new claims have been notified or are expected
- an estimate of the likely outflow. This is based on an assessment of the merits of the claim and past experience
- the time value of money based on the yield of a similar duration liability.

The firm insures itself against professional negligence claims through policies underwritten by its captive insurance subsidiary and by the external insurance market. All claims are subject to a policy excess (also referred to as a self-insured deductible amount) which is borne by the LLP.

Retirement annuities to partners
The firm has an obligation to former members in the form of retirement annuities.

This obligation must be estimated as the ultimate cash flow depends on various variables principally interest rates and mortality. We use our internal actuarial specialist to help estimate the obligation.

Provisions movements in the year

	Claim provision £'000	Property provision £'000	Former members' annuities £'000	Total £'000
Carrying amount 1 July 2016	13,416	2,517	23,350	39,283
New annuity obligations	–	–	(354)	(354)
Amortisation of discount	–	–	426	426
Settlement of obligations during year	(5,324)	(62)	(2,990)	(8,376)
Change in assumptions and experience losses	3,118	–	778	3,896
Released to profit and loss account	154	133	–	287
Provided during year in profit and loss account	909	937	–	1,846
Carrying amount 30 June 2017	**12,273**	**3,525**	**21,210**	**37,008**

Members' annuities

The provision for former members' annuities is expected to be utilised as follows:

	2017 £'000	2016 £'000
In less than one year	**2,612**	2,969
After one and within five years	**7,218**	8,151
After five and within ten years	**5,515**	5,948
After ten and within twenty-five years	**5,582**	5,905
In more than twenty-five years	**283**	377
	21,210	23,350

Provisions accounting policy

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions recognised at acquisition date in a business combination are included in additions.

Claim provisions – Provisions for claims are in respect of the estimated amounts for commercial settlements and professional indemnity claims.

Property provisions – Property provisions are in respect of dilapidations and surplus properties. The nature of the claims and property provisions are such that the timing of the utilisation of those provisions is inherently difficult to predict.

Retirement benefits of former members and partners of the predecessor firm

The Group (and LLP members) has a contractual obligation to make payments to certain former and current members and certain partners of the predecessor partnership following their retirement. The Group's obligations in respect of these future payments are referred to as 'annuities' for which further detail is provided below.

The obligation for all annuities remains with the Group and the financial statements include obligations for retirement annuities payable in the future to current and retired members. The obligation has been discounted to its net present value. The nature of the annuities contractually payable in the future to current members is such that no further rights will accrue to those members based on further service and the obligation is included within loans and other debts due to/from members.

The obligation for annuities to former members is included within provisions for liabilities because the annuities carry life contingent elements. The annuity provision has been actuarially calculated using a discount rate based on Government bonds and estimates of the expected payment period covered by the annuities.

New obligations granted to members on their retirement and changes in estimates and assumptions in respect of existing obligations, together with the unwinding of the discount, are recognised in profit and loss.

7. Income taxes

Grant Thornton UK LLP as a Limited Liability Partnership is not subject to corporation tax on the majority of its profits. Tax arises through the income tax payable on the LLP profits being the personal liability of the members, although payment of such liabilities is administered by the LLP on behalf of the members.

Taxation arises within the subsidiary undertakings of the Group and represents:

	2017 £'000	2016 £'000
Profits on ordinary activities before tax	**77,888**	72,238
(Profits)/losses of LLP's not subject to corporation tax	**(59,855)**	(53,341)
	18,033	18,897
Domestic tax rate	**19.75%**	20.00%
Expected tax expense	**3,562**	3,779
Profits taxed at zero percent or exempt from tax	**(365)**	(661)
Pension cost charge less than pension cost relief	**(1,322)**	(65)
Losses in subsidiary undertakings not relieved	**555**	444
Over provision from earlier years	**158**	489
Total tax expense	**2,588**	3,986
Deferred tax expense, recognised directly in other comprehensive income	**–**	–

Accounting policy

Recognition and measurement

In relation to the income tax payable by the members of Grant Thornton UK LLP, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the statement of financial position within loans and other debts due to members or set against amounts due from members as appropriate.

Amounts identified as income taxation in these financial statements relate to corporate subsidiaries.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or its investments in subsidiaries.

Our tax contribution

	2017 £'000	2016 £'000
Taxes paid or payable		
Estimated partner tax and NIC payable on current year profits	**30,038**	27,300
Employers NIC	**21,560**	21,192
Business Rates	**5,558**	5,727
Corporation tax on subsidiary company profits	**2,588**	3,986
PAYE and NIC on benefits in kind, irrecoverable input VAT and stamp duty	**2,511**	2,683
	62,255	60,888
Taxes collected		
Net VAT	**54,281**	58,028
PAYE and employees NIC	**57,401**	56,744
	111,682	114,772
Total tax contribution	**173,937**	175,660

The largest tax borne by the partners of the firm is on the profits of the LLP. Income tax and National Insurance contributions arising on the profits for the year ended 30 June 2017 is estimated to be £30.0m (2016: £27.3m). These profits will be taxed on each member at approximately 40% (2016: 40%) on the first £150,000 of their share and at 45% (2016: 45%) for amounts above this. Together with further National Insurance contributions of around 2%, this results in an effective tax rate across all the members of 42.5% (2016: 42.5%). The effective tax rate to members is 46.7% (2016: 46.7%) based on distributable profits.

In addition, a further £32.3m (2016: £33.6m) of various types of business tax was borne by the Group. The largest element of this was Employers' National Insurance, payable on the salaries paid to our employees.

The firm also collects tax on behalf of the Government. A total of £111.7m (2016: £114.8m) was collected by way of employment taxes and VAT and is an indication of the wider contribution the firm makes to the economy.

8. Operating cash flow: Adjustments in arriving at operating cash flows

The following adjustments have been made to profit before tax to arrive at operating cash flow:

Net changes in working capital:	**2017 £'000**	**2016 £'000**
Change in trade and other receivables	**21,766**	(19,661)
Change in trade and other payables	**(31,038)**	10,034
Change in provisions	**715**	(1,542)
Total changes in working capital	**(8,557)**	(11,169)
Adjustments:		
Depreciation, amortisation and impairment of non-financial assets	**5,887**	4,449
Interest and dividend income	**(1,391)**	(1,131)
Fair value (gains) / losses on financial assets and liabilities recognised in profit or loss	**(177)**	154
Interest expense	**2,720**	3,683
Loss on disposal of non-financial assets	**110**	384
Net interest on defined benefit liability	**3,520**	5,134
Current and past service costs	**–**	11
Result from equity accounted investments	**(2,662)**	(3,083)
Total adjustments	**8,007**	9,601

Investing activities

Investing activities are those activities that involve investing in the future operations of the Group, such as investments in property, plant & equipment and other capital expenditure.

Investing highlights

- Substantial investments have been made in our future this year in our people, IT, Enterprise & Innovation and Quality processes. While some of this can be seen through increase in other intangible assets, there are other investments that cannot be capitalised, with the impact to be realised in operating activities in the immediate future
- The Individual Voluntary Arrangement (IVA) business in which we retained a 40% interest following its sale to management in 2015 has contributed £2.7m of Group profits in the year (2016: £3.1m)
- Investment in property, plant and equipment (assets under construction) reflects the preparation for the expected move from Grant Thornton House as part of the HS2 development

9. Goodwill

Significant management judgement or estimate:

Goodwill value estimations
In estimating the value-in-use of a cash generating unit (CGU) we make certain assumptions about the future cash flows to be generated by that unit. The assumptions to which the impairment calculation are most sensitive are:

- **growth rates** – the growth rates reflect the long-term average growth rates for the product lines and industries of the segments (all publicly available). It has been assumed that there will be steady state growth of 3% in future years
- **discount rate** – the rates used reflect appropriate adjustments relating to market risk and the specific risk factors of each segment. Future cash flows have been discounted at between 8 and 11% to reflect the relative risk profile of the relevant CGU.

Significant management judgement or estimate:

Integration of businesses
When goodwill arises on a business combination it is allocated to the CGUs which will benefit from that acquisition, eg through synergies or access to the workforce of the acquired business. This allocation requires judgement in estimating how each of those CGUs are expected to benefit from that business combination.

This combined with the estimation of the future cash flows of these units and selection of a suitable discount rate mean that the determination of any impairment to this goodwill is highly subjective.

The movements in the net carrying amount of goodwill are as follows:

	2017 £'000	2016 £'000
Gross carrying amount		
Balance 1 July	**13,096**	13,076
Net exchange difference	**5**	20
Balance 30 June	**13,101**	13,096

Cash Generating Units (CGUs)

The smallest CGUs reviewed by the chief operating decision maker, the partner responsible for operations, and expected to benefit from the goodwill on each acquisition has been identified. Goodwill is allocated across a number of CGU's, none of which is considered individually significant in comparison to the total carrying value of goodwill.

Goodwill was generated on the acquisition of the following entities. All of these acquisitions have been integrated into the LLP across various CGU's. The individual acquisitions have been separately identified for the purpose of annual impairment testing:

	2017 £'000	2016 £'000
Robson Rhodes	**9,562**	9,557
Inderies Limited	**1,831**	1,831
Thomas May	**1,041**	1,041
Recovery Cost Auditing Limited	**550**	550
Grant Thornton FSBC Limited (formerly bgt5 Navigant Consulting (Europe) Limited)	**117**	117
	13,101	13,096

Accounting policy

Goodwill recognition and impairment review

Goodwill represents the future economic benefits expected to arise from a business combination that cannot be attributed to individually identifiable and separable assets. Goodwill is carried at cost less accumulated impairment losses.

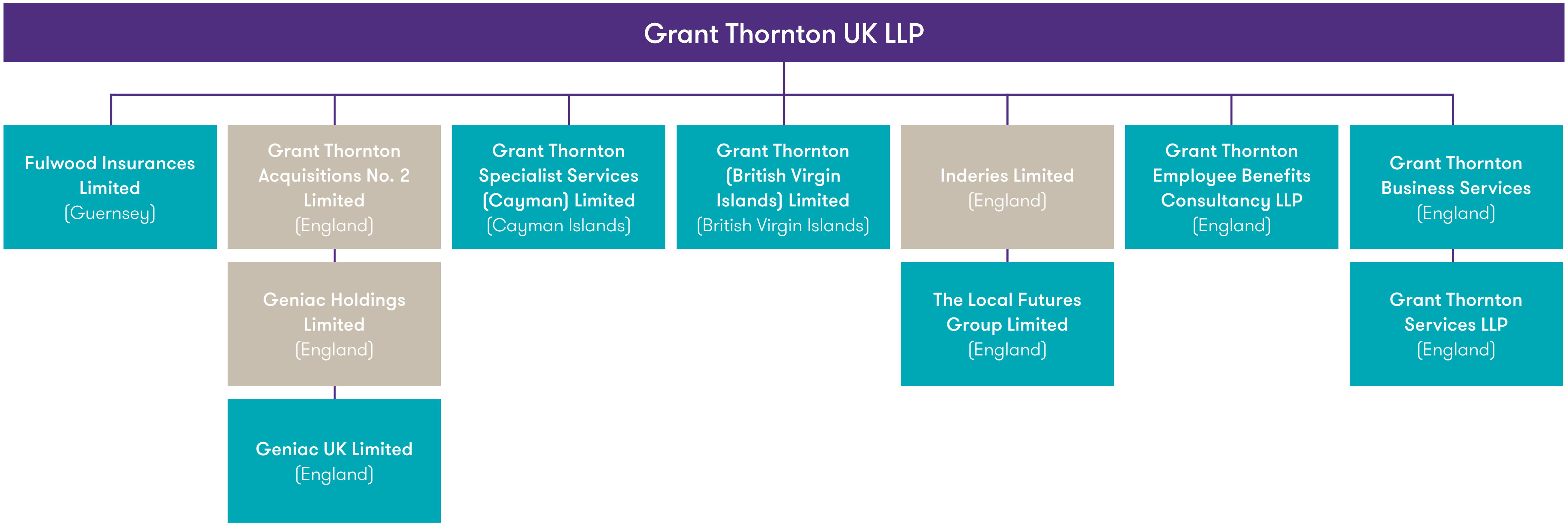
Goodwill is tested annually for impairment. The process of impairment testing for goodwill involves:

- allocating goodwill to those CGU's that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill
- calculating the recoverable amount of that CGU. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use
- reviewing the recoverable amount for each CGU by comparing it to the carrying amount of both goodwill and corporate assets assigned to the CGU, and recognising an impairment loss where the carrying value of the CGU is higher than its recoverable amount
- the recoverable amount has been calculated on a value-in-use basis, using an extrapolation of budgeted cash flows, and assuming steady state growth of 3% in future years
- applying any impairment loss to write down first the goodwill in that CGU and then pro-rata to the other assets in the cash-generating unit.

Management is not currently aware of any probable changes that would necessitate changes in its key estimates, and as the recoverable amounts are less than two years of the current year expected cash flows, these are not particularly sensitive to either the discount rate or growth rate.

10. Investments in principal subsidiaries – Composition of the Group

100% ownership Dormant or non-trading (x) Country of incorporation



Basis of consolidation accounting policy

The Group financial statements consolidate those of the LLP and all entities over which the LLP has control of as at 30 June 2017. All Group entities have a reporting date of 30 June.

All transactions and balances between Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of Group entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of Group entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The assets, liabilities and transactions of Group entities with a different functional currency are translated into Pounds Sterling upon consolidation.

The income statements of these entities are translated into Pounds Sterling at the actual exchange rates at the date of the relevant transaction and the year end net assets are translated at year end exchange rates. Exchange differences arising from retranslation of the opening net assets are reported in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Exposure to foreign exchange differences resulting from the re-translation of the asset and liabilities of the Group's foreign operations are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

11. Investments accounted for using the equity method

At a glance:

Interest in the IVA business

Our interest in the IVA business was sold to the management of Aperture Debt Solutions LLP in 2015. We retained a 40% interest, which was initially measured at fair value.

The carrying value represents amounts not yet paid up in cash, comprising current year profits (£2.7m) and balances transferred on disposal (£10.0m).

The reduction in carrying value of £6.8m reflects the net of cash received against balances transferred on disposal and prior year profits (£4.1m) and current year profits yet to be settled in cash (£2.7m).

Related Party Transactions:

Transactions with Associates

During 2017, the Group provided services to Aperture Debt Solutions LLP valued at £0.6m (2016: £0.5m). The outstanding balance of £0.1m (2016: £0.1m) due from Aperture Debt Solutions LLP is included in trade receivables.

Transactions with Joint Ventures

During 2017, Grant Thornton Debt Solutions Limited provided services valued at £Nil (2016: £Nil). Their outstanding balance of £Nil (2016: £0.1m) is included in trade receivables.

Investments in joint ventures and associates are accounted for using the equity method.

The carrying amount of investments accounted for using the equity method is as follows:

	2017 £'000	2016 £'000
Investment in joint venture	–	–
Investments in associates	12,682	19,516
Total investments accounted for using the equity method	12,682	19,516

The Group's share of profit from equity accounted investments is as follows:

	2017 £'000	2016 £'000
Investment in joint venture	–	–
Investments in associates	2,662	3,083
Total share of profit from equity accounted investments	2,662	3,083

The Group has one joint venture, Grant Thornton Debt Solutions Limited:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end 2017	2016
Grant Thornton Debt Solutions Limited	Ireland	Provision of personal debt advisory services	50%	50%

12. Other intangible assets

At a glance:

Intangible assets

Investment has been made for the improvement in our tools, systems and processes to deliver quality and excellence. This has included internal investment in our internal finance systems, our people system, and Insight and analytics.

Accounting policy

Other intangible assets relate to software, both purchased from third parties and generated internally, which are amortised over 4 years.

Significant management judgement or estimate:

Intangible assets research and development

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

	Software £'000
Gross carrying amount	
Balance at 1 July 2016	11,051
Additions, separately acquired	35
Additions, internally developed	4,879
Balance at 30 June 2017	**15,965**
Amortisation and impairment	
Balance at 1 July 2016	5,945
Amortisation	2,175
Balance at 30 June 2017	**8,120**
Carrying amount 30 June 2017	**7,845**

	Software £'000
Gross carrying amount	
Balance at 1 July 2015	7,787
Additions, separately acquired	1,155
Additions, internally developed	2,109
Balance at 30 June 2016	**11,051**
Amortisation and impairment	
Balance at 1 July 2015	5,084
Amortisation	861
Balance at 30 June 2016	**5,945**
Carrying amount 30 June 2016	**5,106**

13. Property, plant and equipment

At a glance:

Property, plant and equipment

Investment in assets under construction reflects the preparation of the Finsbury Square property for the expected move from Grant Thornton House as part of the HS2 development.

	Leasehold Property £'000	Furniture and Equipment £'000	Office Equipment £'000	Motor Cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance 1 July 2016	39,344	12,636	10,634	5,032	–	**67,646**
Additions	360	208	143	1,467	2,838	**5,016**
Disposals	(18)	(91)	–	(1,409)	–	**(1,518)**
Net exchange differences	12	3	4	–	–	**19**
Balance 30 June 2017	**39,698**	**12,756**	**10,781**	**5,090**	**2,838**	**71,163**
Depreciation and impairment						
Balance 1 July 2016	19,742	9,812	9,636	1,833	–	**41,023**
Disposals	(12)	(43)	–	(735)	–	**(790)**
Net exchange differences	6	3	3	–	–	**12**
Depreciation	1,774	691	426	821	–	**3,712**
Balance 30 June 2017	21,510	10,463	10,065	1,919	–	**43,957**
Carrying amount 30 June 2017	**18,188**	**2,293**	**716**	**3,171**	**2,838**	**27,206**

	Leasehold Property £'000	Furniture and Equipment £'000	Office Equipment £'000	Motor Cars £'000	Total £'000
Gross carrying amount					
Balance 1 July 2015	38,106	11,967	9,939	4,699	64,711
Additions	1,563	1,041	675	2,294	5,573
Disposals	(385)	(390)	–	(1,961)	(2,736)
Net exchange differences	60	18	20	–	98
Balance 30 June 2016	39,344	12,636	10,634	5,032	67,646
Depreciation and impairment					
Balance 1 July 2015	18,428	9,501	9,151	2,105	39,185
Disposals	(385)	(390)	–	(1,039)	(1,814)
Net exchange differences	33	14	17	–	64
Depreciation	1,666	687	468	767	3,588
Balance 30 June 2016	19,742	9,812	9,636	1,833	41,023
Carrying amount 30 June 2016	19,602	2,824	998	3,199	26,623
Depreciation rate – All straight line	Over the period of the lease	5–8 years	3–5 years	4 years	

14. Finance leases

The future minimum finance lease payments are as follows:

	2017 £'000	2016 £'000
Not later than one year	**1,408**	1,399
Later than one year and not later than five years	**5,279**	5,789
Later than five years	**68,850**	70,125
Total future minimum lease payments	**75,537**	77,313
Finance charges	**(63,782)**	(65,540)
Present value of minimum lease payments	**11,755**	11,773

Further details relating to the finance leases are contained in note 17.

15. Other income and other financial items

	2017 £'000	2016 £'000
Other income		
Property sub-let income	**1,267**	1,152

	2017 £'000	2016 £'000
Other financial items		
Loss on disposal of non-financial assets	**(110)**	(384)
Fair value movement on foreign exchange collars	**50**	(153)

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period are as follows:

	Within 1 year £'000	1 to 5 years £'000	After 5 years £'000	Total £'000
30 June 2017	**517**	**606**	**–**	**1,123**
30 June 2016	650	1,123	–	1,773

Financing activities

Financing activities are those activities undertaken to raise finance to fund operating and investing activities. The main sources of financing are external financing such as bank loans, members' interests and leases.

Financing highlights

- Increase in total members' investment is due to actuarial gain on defined benefit schemes and excess statutory profit before members' remuneration compared to drawings taken in the year
- Borrowings increased in year, supporting investment in the IT systems, property, Enterprise and Quality and payment in relation to the pension schemes
- Leases will be impacted by the acquisition of the Euston office in London by HS2 Limited

16. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

	2017 £'000	2016 £'000
Cash at bank and in hand:		
• GBP	**17,975**	5,871
• USD	**5,890**	5,045
• Euro	**333**	488
	24,198	11,404

Net debt comprises cash and cash equivalents and borrowings:

	2017 £'000	2016 £'000
Cash and cash equivalents	**24,198**	11,404
Bank loans and overdrafts	**(55,500)**	(28,700)
Finance leases and hire purchase contracts - current	**(135)**	(125)
Current net debt	**(31,437)**	(17,421)
Finance leases and hire purchase contracts – non-current	**(11,630)**	(11,647)
Net debt	**(43,067)**	(29,068)

17. Borrowings

At a glance:

Borrowings

The increase in net borrowings has mainly been driven by additional payments into the pension fund as part of the ETV and investment in property, plant and equipment.

Bank loans represent drawdowns against the revolving credit facility.

Finance leases primarily represents the lease obligation on Grant Thornton House, which matures in 2076, but is expected to be derecognised on the disposal of this property as part of the HS2 development. Other finance leases represent the financing of motor vehicles and IT equipment.

Borrowings include the following financial liabilities:

	Current		Non-current	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
Carrying amount at amortised cost:				
Bank loans and overdrafts	**55,500**	28,700	**–**	–
Finance leases and hire purchase contracts	**135**	125	**11,630**	11,647
	55,635	28,825	**11,630**	11,647

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations as they fall due. The Group manages its liquidity needs by periodically undertaking reviews of short, medium and long term financing requirements as well as continually monitoring working capital usage. A significant part of the Group's funding is from members' capital, which is only repayable following retirement, and following the refinancing in December 2015, a revolving credit facility of £50m. In addition, a further accordion credit facility of £30m was arranged in August 2016. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient.

The Group's objective is to maintain cash balances sufficient to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to call upon additional members' capital, in line with the Membership Agreement.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash and cash equivalents and trade receivables as detailed in note 16 and note 2. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

As at 30 June 2017, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current – Less than 12 months	Non-current – More than 12 months	
30 June 2017	**£'000**	**1 to 5 years £'000**	**Later than 5 years £'000**
Bank loans and overdrafts	55,515	–	–
Finance lease obligations	1,408	5,279	68,850
Trade and other payables	46,303	–	–
Derivative financial instruments	77	–	–
Loans and other debts due to members within one year	53,805	–	–
Total	**157,108**	**5,279**	**68,850**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current – Less than 12 months	Non-current – More than 12 months	
30 June 2016	**£'000**	**1 to 5 years £'000**	**Later than 5 years £'000**
Bank loans and overdrafts	28,738	–	–
Finance lease obligations	1,399	5,789	70,125
Trade and other payables	64,459	–	–
Derivative financial instruments	127	–	–
Loans and other debts due to members within one year	53,637	–	–
Total	148,360	5,789	70,125

The amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. In December 2015, the Group refinanced its banking facilities.

In assessing and managing liquidity risks of its derivative financial instruments, the Group considers both contractual inflows and outflows.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk and currency risk, which result from both its operating and investing activities. Currency risk analysis is provided in note A3.

Interest rate sensitivity

The Group's policy is to minimise cash flow interest rate risk and volatility on long-term financing. At 30 June 2017, the Group is exposed to changes in market interest rates through bank borrowings on its revolving credit facilities (1.1% over LIBOR); and members' capital (5.0% over Bank of England Base Rate). The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Impact on profit for the year	**Bank borrowings £'000**	**Members' capital £'000**
30 June 2017	**431**	**451**
30 June 2016	298	433

18. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to members

The Group monitors capital on the basis of the total members' interests, comprising reserves (excluding the pension deficit) and loans and other debt due to/from members, as presented on the face of the statement of financial position. The net debt to members' interest (excluding the pension deficit) ratio is a key covenant in the Group's revolving credit facility.

In addition, the Group targets a structure of members' capital equal to net debt (measured at the lowest point in the Group's annual cash cycle).

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of returns to members, increase capital from the members, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2017 £'000	2016 £'000
Cash and cash equivalents	**24,198**	11,404
Bank loans due in less than one year	**(55,500)**	(28,700)
Net debt	**(31,302)**	(17,296)
Members' total interest	**(2,854)**	(24,736)
Pension deficit	**93,464**	110,991
Total members' interest (excluding pension deficit)	**90,610**	86,255
Percentage of net debt to members' interests (excluding pension deficit)	**35%**	20%

The Group has honoured its covenant obligations during the period, including maintaining capital ratios.

19. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2017 £'000	2016 £'000
Interest expense for borrowings at amortised cost:		
Bank loans and overdrafts	**850**	1,469
Other borrowings at amortised cost	**22**	32
	872	1,501
Interest expense for finance lease arrangements	**1,422**	1,422
Net interest expense on defined benefit liability	**3,520**	5,134
Unwinding of discount relating to former member annuity provisions	**426**	760
	5,368	7,316
Finance costs	**6,240**	8,817

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates and joint ventures, are recognised at the time that the right to receive payment is established. Dividends from investments in associates and joint ventures are reflected in the equity accounting of these investments.

Finance income for the reporting periods consists of the following:

	2017 £'000	2016 £'000
Interest income from cash and cash equivalents	**1,391**	1,131

20. Members’ interests

At a glance:

Members’ interests

Members’ other interests – other reserves classified as equity represents profits not yet allocated and differences between reported profit and profit to be allocated to members under the Membership Agreement. The principal differences relate to retained results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges and the treatment of long leasehold interests.

Translation reserve represents exchange differences charged or credited to other comprehensive income on the translation of overseas operations.

Revaluation reserve represents the unrealised gains and losses on the revaluation of investments.

	Revaluation reserve £’000	Translation reserve £’000	Other reserves £’000	Total members’ other interests £’000	Loans and other debts due to/(from) members £’000	Total members’ interests £’000
At 1 July 2016	(322)	1,917	(71,701)	**(70,106)**	45,370	**(24,736)**
Members’ remuneration charged as an expense	–	–	–	**–**	5,995	**5,995**
Profit for the financial year available for discretionary division among members	–	–	69,305	**69,305**	–	**69,305**
Members’ interests after profit for year	(322)	1,917	(2,396)	**(801)**	51,365	**50,564**
Allocated profits in respect of the prior year	–	–	(55,470)	**(55,470)**	55,470	**–**
Tax adjustments on payment of annuities to former members	–	–	584	**584**	–	**584**
Members’ capital introduced	–	–	–	**–**	5,000	**5,000**
Other amounts withdrawn by members	–	–	–	**–**	83	**83**
Drawings (including tax payments)	–	–	–	**–**	(60,011)	**(60,011)**
Transfer of capital to former members’ balances	–	–	–	**–**	(3,825)	**(3,825)**
Transfer of other amounts to former members’ balances	–	–	–	**–**	(5,258)	**(5,258)**
Pension scheme actuarial gain	–	–	9,934	**9,934**	–	**9,934**
Movement in unrealised gains/losses on investments	4	–	–	**4**	–	**4**
Exchange gains on translation of foreign operations	–	71	–	**71**	–	**71**
At 30 June 2017	(318)	1,988	(47,348)	**(45,678)**	42,824	**(2,854)**

20. Members' interests

	Revaluation reserve £'000	Translation reserve £'000	Other reserves £'000	Total members' other interests £'000	Loans and other debts due to/(from) members £'000	Total members' interests £'000
At 1 July 2015	(388)	940	(97,195)	(96,643)	43,406	(53,237)
Members' remuneration charged as an expense	–	–	–	–	6,162	6,162
Profit for the financial year available for discretionary division among members	–	–	62,090	62,090	–	62,090
Members' interests after profit for year	(388)	940	(35,105)	(34,553)	49,568	15,015
Allocated profits in respect of the prior year	–	–	(63,756)	(63,756)	63,756	–
Tax adjustments on payment of annuities to former members	–	–	667	667	–	667
Members' capital introduced	–	–	–	–	7,350	7,350
Other amounts withdrawn by members	–	–	–	–	578	578
Drawings (including tax payments)	–	–	–	–	(65,443)	(65,443)
Transfer of capital to former members' balances	–	–	–	–	(4,950)	(4,950)
Transfer of other amounts to former members' balances	–	–	–	–	(5,494)	(5,494)
Pension scheme actuarial gain	–	–	26,493	26,493	–	26,493
Movement in unrealised gains/losses on investments	66	–	–	66	–	66
Exchange gains on translation of foreign operations	–	977	–	977	–	977
Movement on members' annuities	–	–	–	–	5	5
At 30 June 2016	(322)	1,917	(71,701)	(70,106)	45,370	(24,736)

Total members' interests includes all amounts that the members have an interest in regardless of whether those amounts are classified as debt or equity in the statement of financial position. Total members' other interests shows the total members' interests classified as equity in the statement of financial position. The loans and other debts due to/from members are shown as loans and other debts due to members in the statement of financial position and can be analysed as follows:

	Due within one year £'000	Due after one year £'000	2017 £'000	Due within one year £'000	Due after one year £'000	2016 £'000
Members' capital classified as a liability	44,150	–	44,150	42,975	–	42,975
Amounts due to members – profits	9,655	–	9,655	10,662	–	10,662
Provision for annuities in relation to current members	–	–	–	–	36	36
Loans and other debts due to members	53,805	–	53,805	53,637	36	53,673
Amounts due from members included in trade and other receivables	(10,981)	–	(10,981)	(8,303)	–	(8,303)
	42,824	–	42,824	45,334	36	45,370

Members' capital is repayable and is therefore classified as a liability. Other than in exceptional cases, it is not repaid until after retirement. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year notwithstanding repayment could be made after more than one year at the discretion of the CEO.

Amounts due to members after more than one year comprise provisions for annuities to current members which are not payable within twelve months of the reporting date.

Accounting policy

Divisible profits and members' remuneration

For an LLP, the basis of calculating profits for allocation may differ from the profits reflected in the financial statements, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges and the treatment of long leasehold interests are all items which generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they are not allocated to members as part of the division of profits but instead are effectively included within other reserves in the statement of financial position.

Depreciation and profits or losses on disposal of cars used by members, together with members' other motor expenses, are charged through the profit and loss account in arriving at profit before members' remuneration and profit shares. For profit sharing purposes, such members' motor expenses are automatically charged to each member on the basis of specific costs incurred. Members' fixed shares of profits (excluding discretionary fixed share bonuses) and interest earned on members' balances are also automatically allocated and, together with members' motor expenses, are treated as members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary division among members.

The remainder of profit shares, which have not been allocated until after the statement of financial position date, are treated in these financial statements as unallocated at the statement of financial position date and included within equity reserves.

Related Party Transactions:

Transactions with key management personnel

Key management of the Group are defined as members of the Partnership Oversight Board and the Strategic Leadership Team. The LLP does not divide profits amongst members until after the financial statements have been finalised and approved by the members. The estimated profit entitlement due to the partnership's key management in respect of the current year totalled £9.2m. The actual profit allocated in respect of the previous year was £7.6m.

Members Profit Share

	2017 £'000	2016 £'000
Average profit per member	407	381
Retirement annuities and other items	(21)	(32)
Retained profits for the year in subsidiary entities net of consolidation adjustments	(21)	(5)
Average allocable profit per member	**365**	344

The table above provides a reconciliation between the average profit per member calculated in accordance with IFRS and the average profit allocation per member. Profits are shared among members in accordance with agreed profit sharing arrangements. The average profit per member is calculated by dividing the profit for the financial year before members' remuneration and profit shares by the average number of members.

The profit attributable to the member with the largest entitlement was £1,329,091 (2016: £1,510,777).

Allocable profits take into account pension and annuity payments rather than pension and annuity charges and include sums allocated as interest, members' motor expenses and capital profits but exclude profits in certain subsidiary entities.

Extended notes and accounting policies

The following are the detailed extended notes supporting the rest of the preceding financial statements.

The extended notes provide additional disclosures, not included as key in either operating or financing activities

About the Financial Statements to 30 June 2017

Nature of operations

The principal activities of Grant Thornton UK LLP (the LLP) and its subsidiary entities (together the Group) are the provision of audit, tax and advisory services within the UK.

The consolidated financial statements are presented in Pounds Sterling (£) which is also the functional currency of the parent company and have been presented in round thousands (£'000).

General information and statement of compliance with IFRSs

The LLP, the Group's ultimate parent entity, is a limited liability partnership registered in England and Wales. Its registered office and principal place of business is Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations, as adopted by the European Union and with those parts of the Companies Act 2006 as applied by LLPs and the relevant principles of the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in July 2014, applicable to companies reporting under IFRS.

Going concern

After reviewing the Group's forecasts and projections, the members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Those which have the most significant effect can be found in the following notes:

Page		
37	Note 1	Revenue recognition
43	Note 5	Defined benefit pension schemes
45	Note 6	Professional negligence claims provisions
45	Note 6	Retirement annuities to partners
51	Note 9	Goodwill value estimation
51	Note 9	Goodwill integration of businesses
56	Note 12	Intangible assets research and development

Notes to the consolidated financial statements

Changes in accounting policies

New and revised standards adopted on or after 1 July 2016

There were no new or revised standards that are applicable and effective for periods beginning on or after 1 July 2016.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the International Accounting Standards Board (IASB) that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement and EU endorsement.

30 June 2017	30 June 2018	30 June 2019	30 June 2020
	IFRS 15 & IFRS 9 Comparative period	IFRS 15 & IFRS 9 First accounts	
		IFRS 16 Comparative period	IFRS 16 First accounts

Standard	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	IFRS 16 Leasing
Application	For annual periods beginning on or after 1 January 2018. Earlier application is permitted.	For annual periods beginning on or after 1 January 2018, subject to EU endorsement.	For annual periods beginning on or after 1 January 2019, subject to EU endorsement. Earlier application is permitted if IFRS 15 is applied.
Summary	IFRS 15 presents new requirements for the recognition of revenue.	The new standard, IFRS 9, introduces extensive changes to IAS39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets.	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under the new standard most operating leases will be included in the statement of financial position.
Anticipated impact	Medium	Low	Medium

Notes to the consolidated financial statements

30 June 2017	30 June 2018	30 June 2019	30 June 2020
	IFRS 15 & IFRS 9 Comparative period	IFRS 15 & IFRS 9 First accounts	
		IFRS 16 Comparative period	IFRS 16 First accounts

Standard	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	IFRS 16 Leasing
Qualification & Project management	IFRS 15 could have a significant effect on our accounting policies for: • contingent revenue • modifications to contracts • contracts with multiple services • timing of recognition of revenue for long term contracts. We have established a working party to analyse these effects. IFRS 15 could have a material impact on the Group and we are still assessing the precise impact. A webinar was carried out for finance team members to help them analyse the impact of IFRS 15 on their service line. This has led to discussions on the impact and work is being performed in order to prepare for transition.	We have started to assess the impact of IFRS 9 but are not yet in a position to provide quantified information. At this stage, the main areas of expected impact are as follows: • The classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed • An expected credit loss-based impairment will need to be recognised on the Group's trade receivables. At this stage, it is expected that this will result in a larger provision for trade receivables • It will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present movement in fair value in other comprehensive income • If the Group elects to take the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Group's own credit risk	We have started to assess the early impact of IFRS 16 and will be assessing the transition options and practical expedients in due course.

A1. Other operating expenses

	2017 £'000	2016 £'000
Cost of services rendered		
Employment and related costs of fee earners	**203,280**	207,642
Other cost of services rendered	**29,891**	67,978
	233,171	275,620
Other operating costs		
Employment and related costs of non-fee earners	**52,341**	53,078
Other operating costs	**102,575**	102,246
	154,916	155,324
Other operating expenses	**388,087**	430,944

Other operating expenses are stated after charging:

	2017 £'000	2016 £'000
Auditor's remuneration		
Audit services – Group and LLP	**130**	155
Other services – subsidiary LLP and company audits	**32**	31
Depreciation, amortisation and impairment of non-financial assets	**5,887**	4,449

Recognition and measurement

Operating expenses are recognised in profit or loss as the service is used or as incurred.

The Group leases offices, motor cars, and IT equipment under operating leases. The future minimum lease payments are as follows:

Minimum lease payments due

	Within 1 year £'000	1 to 5 years £'000	After 5 years £'000	Total £'000
30 June 2017	**14,726**	**38,440**	**8,785**	**61,951**
30 June 2016	15,073	38,414	8,897	62,384

All non-financing leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Lease expense during the period amounts to £16,294,000 (2016: £16,428,000).

A2. Financial assets

Financial assets at year end

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

The following table shows which of our assets are financial assets and the classification of those assets in accordance with IAS 39.

The accounting policy for each class of financial asset is detailed below.

30 June 2017	Non-financial assets £'000	Available For Sale (Fair value) £'000	Derivatives (Fair Value) £'000	Loans and receivables (amortised cost) £'000	Total £'000
Non-current assets					
Goodwill	13,101	–	–	–	13,101
Other intangible assets	7,845	–	–	–	7,845
Property, plant and equipment	27,206	–	–	–	27,206
Investments accounted for using the equity method	12,682	–	–	–	12,682
Other long term financial assets	–	7,304	–	–	7,304
Total non-current assets	60,834	7,304	–	–	68,138
Current assets					
Trade and other receivables	31,246	–	127	171,740	203,113
Cash and cash equivalents	–	–	–	24,198	24,198
Total current assets	31,246	–	127	195,938	227,311

30 June 2016	Non-financial assets £'000	Available For Sale (Fair value) £'000	Derivatives (Fair Value) £'000	Loans and receivables (amortised cost) £'000	Total £'000
Non-current assets					
Goodwill	13,096	–	–	–	13,096
Other intangible assets	5,106	–	–	–	5,106
Property, plant and equipment	26,623	–	–	–	26,623
Investments accounted for using the equity method	19,516	–	–	–	19,516
Other long term financial assets	–	7,950	–	–	7,950
Total non-current assets	64,341	7,950	–	–	72,291
Current assets					
Trade and other receivables	26,537	–	–	186,108	212,645
Cash and cash equivalents	–	–	–	11,404	11,404
Total current assets	26,537	–	–	197,512	224,049

Accounting policy

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit or loss (FVTPL)
- Available-for-sale (AFS) financial assets

All financial assets, except for those at FVTPL, are measured initially at fair value, adjusted for transaction costs, and are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within operating expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Under the amortised cost method the difference between the amount initially recognised and the redemption value is recorded in the income statement over the period of the borrowing on an effective interest rate basis. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

AFS financial assets

AFS investments compromise listed investments at market value held by Fulwood Insurance Limited and other investments in other Grant Thornton International Limited member firms. The carrying amount of these investments are as follows:

Fair value	2017 £'000	2016 £'000
Non-current assets		
Listed investments	7,104	7,872
Other investments	200	78
	7,304	7,950

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial risk management is coordinated by its shared service centre, in close cooperation with the Strategic Leadership Team (SLT), and focuses on actively securing the Group's short to medium-term cash flows by minimising the risk described below. The long term financial management is the responsibility of the SLT, with oversight from the Partnership Oversight Board (POB), and ultimately the members.

Credit risk on other receivables

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk on receivables from customers, cash at bank and listed investments. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 30 June.

The credit risk for cash and cash equivalents, money market funds, debentures and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 30 June, as summarised below:

Fair Value	2017 £'000	2016 £'000
Listed investments	7,104	7,872
Other investments	200	78
Derivative financial instruments	127	–
Cash and cash equivalents	24,198	11,404
Trade and other receivables	171,740	186,108
	203,369	205,462

A3. Financial liabilities

Financial liabilities at year end

The following table shows which of our liabilities are financial liabilities and the classification of those liabilities in accordance with IAS 39.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

30 June 2017	Non-financial liabilities £'000	Derivatives (Fair Value) £'000	Other liabilities (amortised cost) £'000	Total £'000
Non-current liabilities				
Loans and other debts due to members after more than one year	–	–	–	–
Pension obligation	93,464	–	–	93,464
Non-current borrowings	–	–	11,630	11,630
Provisions	37,008	–	–	37,008
Total non-current liabilities	**130,472**	**–**	**11,630**	**142,102**
Current liabilities				
Loans and other debts due to members within one year	–	–	53,805	53,805
Current borrowings	–	–	55,635	55,635
Trade and other payables	42,353	–	46,303	88,656
Derivative financial instruments	–	77	–	77
Current tax liabilities	852	–	–	852
Total current liabilities	**43,205**	**77**	**155,743**	**199,025**

30 June 2016	Non-financial liabilities £'000	Derivatives (Fair Value) £'000	Other liabilities (amortised cost) £'000	Total £'000
Non-current liabilities				
Loans and other debts due to members after more than one year	36	–	–	36
Pension obligation	110,991	–	–	110,991
Non-current borrowings	–	–	11,647	11,647
Provisions	39,283	–	–	39,283
Total non-current liabilities	150,310	–	11,647	161,957
Current liabilities				
Loans and other debts due to members within one year	(43)	–	53,680	53,637
Current borrowings	–	–	28,825	28,825
Trade and other payables	68,757	–	51,373	120,130
Derivative financial instruments	–	127	–	127
Current tax liabilities	1,770	–	–	1,770
Total current liabilities	70,484	127	133,878	204,489

Accounting policy

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign currency sensitivity

Currency risk exists when a financial transaction is denominated in a currency other than that of the functional currency of the LLP and arises from the change in price of one currency in relation to another. The majority of the Group's transactions are carried out in Pounds Sterling and as such currency risk does not exist on these transactions. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD) and Euros (EUR). The Group also holds a debenture denominated in USD, where the foreign exchange risk is managed through a series of foreign exchange collars. As at 30 June, the contractual cash flows of the Group's derivative financial assets and liabilities are as follows:

Foreign exchange collars	Current £'000	Non-current £'000
30 June 2017	**1,000**	**–**
30 June 2016	1,000	1,000

To mitigate the Group's exposure to foreign currency risk, non-sterling cash flows are regularly monitored. This review distinguishes the short-term foreign currency cash flows requirements from longer-term foreign currency cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further action is undertaken as this naturally eliminates the risk; where they do not, the surplus currency is converted to Pounds Sterling and it is the rate that this is converted at that may change and results in risk exposure. This level of risk is accepted by management and not mitigated further.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into Pounds Sterling at the closing rate:

	Short term exposure USD £'000	Long term exposure USD £'000
30 June 2017		
Financial assets	**2,894**	**–**
Financial liabilities	**(1,964)**	**–**
Total exposure	930	–
30 June 2016		
Financial assets	5,803	–
Financial liabilities	(1,960)	–
Total exposure	3,843	–

Given the limited exposure to short term foreign currency risk, and the foreign exchange collars in place for the long term exposure, average market volatility in exchange rates are not expected to result in material impacts on either profit or reserves.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

A4. Pensions

There are two types of pension schemes operated by the Group comprising 'defined contribution' plans which are open to employees of the Group, and two 'defined benefit' plans which are both closed to new employees.

Defined contribution plans

In respect of the defined contribution plans, the Group makes fixed payments into separate funds on behalf of those employees that have elected to save for their retirement. The Group has no further legal or constructive obligations to make additional payments over and above the fixed payments made on behalf of the employees. Any risks and rewards associated with these plans including investment risk are borne solely by the employees and not the Group.

The Group's obligation to make fixed contributions to the defined contribution plans are recognised as an operating cost in the income statement as the services are received from the employees. For 2017, total contributions in respect of such plans recognised as an expense were £22,226,000 (2016: £21,900,000).

Defined benefit plans

Under such plans, pension scheme members receive cash payments during their retirement, the value of which is dependent upon the employee's length of service and final salary. The Group operates two defined benefit pension plans for the benefit of certain employees, the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. Both schemes are closed to new employees, and the Grant Thornton Pension Fund was closed to further benefit accrual with effect from 31 October 2014.

The assets of the plans are administered by Trustees in pension funds independent and legally separate from the assets of the Group. It is the responsibility of the Trustees of the two plans to manage and invest the assets of the plans. The Trustees of the plans are required to act in the best interest of the funds.The Group has no representation on the boards of the funds.

The legal obligation for benefits payable to employees on retirement under the plan remains with the Group, and as such in the event of insufficient investment returns, the Group may need to address this through a combination of increased levels of contributions or by making adjustments to the plans.

The Group's obligation is calculated by estimating the amount of future retirement benefit that eligible employees have earned in return for their services. That benefit which is payable in the future is discounted to today's value (the defined benefit obligation) and then the fair value of the scheme assets at the year end is deducted, which results in the defined benefit pension deficit recognised in the statement of financial position.

The defined benefit obligation (DBO) for each of the plans is measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method. This method is an accrued benefits valuation method which makes allowance for projected earnings of members in the future up to retirement. These calculations are performed annually by management with the assistance of qualified actuaries and involve many judgements and estimates, the main assumptions are set out later in this section. A sensitivity of the principal assumptions is set out in note 5. Movements in assumptions during the year are called 'remeasurement gains and losses' and these are recognised in the period in which they arise through other comprehensive income.

Defined benefit obligation

The areas which impact the defined benefit obligation position at the year end are as follows:

- Current service cost is the cost to the Group of the future benefits earned by pension scheme members that relates to pension scheme members' service in the current year, which is charged to operating costs in the income statement
- The settlement loss arose from 46 pension scheme members of the Fund exercising their right under the ETV offer by 30 June 2017
- The interest expense is the unwinding of one year's movement in the present value of the defined benefit obligation and is essentially determined by multiplying the discount rate by the defined benefit obligation at the beginning of the year and updated for contributions to the scheme and benefit payments made by the scheme. The interest expense is recognised through net financing costs in the income statement
- Remeasurement gains and losses arise from experience adjustments and changes in actuarial assumptions (demographic and financial). Experience adjustments arise from comparing assumptions made when estimating the obligations and what has actually occurred. Key assumptions are explained in detail later in this section. Remeasurements gains and losses are recognised through other comprehensive income
- Benefits paid out to pension scheme members by the plans reduce the obligation

The details of the Group's defined benefit obligation ('DBO') are as follows:

	2017 £'000	2016 £'000
Defined benefit obligation 1 July	429,043	435,203
Current service cost	–	9
Interest expense	12,584	16,258
Employee contributions	–	1
Remeasurements – actuarial gains from changes in demographic assumptions	(17,034)	(10,342)
Remeasurements – actuarial losses from changes in financial assumptions	35,245	29,907
Remeasurement gains on the defined benefit obligation – experience	2,468	(27,098)
Benefits paid	(19,277)	(14,895)
Settlements	(8,275)	–
Defined benefit obligation 30 June	**434,754**	429,043

Plan assets

Plan assets are measured at fair value and can change due to the following:

- Interest income on plan assets is determined by multiplying the fair value of the plan assets at the start of the year by the discount rate taken as at the beginning of the year. This is recognised through net financing costs in the income statement
- Return on plan assets arise from differences between the actual return and interest income on plan assets and is recognised through other comprehensive income
- Employer contributions represent the cash payments made by the Group to the funds to be managed and invested
- Benefits paid represents cash paid to eligible pension scheme members and administrative fees are administrative expenses paid by the funds

	2017 £'000	2016 £'000
Fair value of plan assets 1 July	318,294	297,591
Interest Income	9,427	11,131
Return on scheme assets excluding amounts included in interest income	30,364	19,007
Employer contributions	11,113	5,458
Employee contributions	–	1
Benefits paid	(19,277)	(14,895)
Assets distributed on settlements	(8,631)	–
Administration fee paid from scheme assets	–	1
Fair value of plan assets 30 June	**341,290**	318,294

The actual return on plan assets was £39,791,000 in 2017 (2016: £30,138,000).

Plan assets can be broken down into the following categories of investments:

Total plan assets	2017 £'000	2016 £'000
Equities	**161,470**	135,481
Corporate bonds	**92,980**	102,861
Diversified Growth fund	**–**	458
Alternative investments	**42,738**	35,743
Hedge account	**11,657**	11,053
Cash	**(241)**	1,207
Buy in policy*	**32,686**	31,491
	341,290	318,294

* This asset is a bulk annuity contract which provides income to match exactly the benefits, in terms of timing and amount, due to plan pension scheme members who were 70 or more years old at the time of its purchase in February 2013. The asset is valued at the same amount as the present value of the plan liabilities it matches and has the effect of de-risking the liabilities relating to that part of the scheme's pensioner population.

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies.

All equity and debt instruments, including alternative investments (managed funds) have quoted prices in active markets and so represent Level 1 valuations in the fair value hierarchy.

The plans expose the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields on high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in sterling. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The plan assets at 30 June 2017 are predominantly equities, corporate bonds and alternative investments. The fair value of the plan assets is exposed to the property market and equity markets (both in the UK and overseas).

Longevity risk

The Group is required to provide benefits for life to the pension scheme members of the defined benefit scheme. Increases in the life expectancy of the pension scheme members will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The actuarial assumptions were developed by management with the assistance of independent actuaries and are based on current actuarial benchmarks and management's historical experience.

Significant actuarial assumptions

These assumptions were developed by management with the assistance of actuaries. Discount factors are determined close to each year end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

	2017 %	2016 %
Expected return on assets – Robson Rhodes scheme	**2.75**	3.00
Expected return on assets – Grant Thornton scheme	**2.75**	3.00
Rate of general increase in salaries – Grant Thornton scheme	**n/a**	n/a
Rate of general increase in salaries – Robson Rhodes scheme	**n/a**	n/a
Rate of revaluation of accrued and deferred pensions – Grant Thornton scheme	**2.20**	1.85
Rate of revaluation of accrued and deferred pensions – Robson Rhodes scheme	**5.00**	5.00
Rate of increase in pensions in payment – pre 1 July 2006	**3.00**	2.75
Rate of increase in pensions in payment – post 30 June 2006	**2.00**	1.90
Discount rate	**2.75**	3.00
Retail price inflation	**3.20**	2.85
Consumer price inflation	**2.20**	1.85
Mortality assumption	**110% S2PA Light***	S2PA Light*

*Mortality rates were assumed to follow the 110% S2PA Light (2016: S2PA Light), incorporating the CMI_2016 projections with a long-term rate of improvement of 1% per annum for past and future years.

Life expectancy	Male	Female
Currently aged 65	**87.5**	88.5
Aged 65 in 20 years	**88.5**	89.7

The present value of the DBO was measured using the projected unit credit method.

Changes in the significant actuarial assumptions

Comparatively small changes in the assumptions used may have a significant effect on the Group's income statement and statement of financial position.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy.

The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 30 June 2017:

	2017 £'000	2016 £'000
Discount rate reduced by 0.25%		
Increase in the defined benefit liability	**18,729**	18,251
RPI increase by 0.25%		
Increase in the defined benefit liability	**13,607**	16,006
Long term mortality improvement rate of 1.5%		
Increase in the defined benefit liability	**3,880**	5,540

In preparing the sensitivity analysis, the present value of the defined benefit obligation is determined using the same method (project unit credit) as that used to measure the defined benefit obligation recognised in the statement of financial position.

The sensitivity analysis is based on a change in one assumption while all other assumptions are kept the same. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Defined benefit plan expenses

The information above provides an explanation for the key movements in both the plans' liabilities and plans' assets during the year. The following sets out how these movements in the year have impacted the income statement and other comprehensive income.

Amounts recognised in profit or loss related to the Group's defined benefit plans are as follows:

	2017 £'000	2016 £'000
Current service cost	**–**	9
Net interest expense	**3,164**	5,134
Settlement loss	**356**	–
Total expenses recognised in profit or loss	**3,520**	5,143

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

The asset ceiling reduces the carrying value of the surplus on the Robson Rhodes scheme to the value of future employer contributions still due to be paid under the current Schedule of Contributions. It is reconciled as follows:

	2017 £'000	2016 £'000
Impact of asset ceiling at start of year	**242**	188
Interest on asset ceiling	**7**	7
Remeasurement of asset ceiling	**(249)**	47
Impact of asset ceiling at end of year	**–**	242

Amounts recognised in other comprehensive income related to the Group's defined benefit plans are as follows:

	2017 £'000	2016 £'000
Actuarial gain from changes in demographic assumptions	**17,034**	10,342
Actuarial losses from changes in financial assumptions	**(35,245)**	(29,907)
Remeasurement (losses)/gains on the defined benefit obligation – experience	**(2,468)**	27,098
Return on assets excluding amounts included in interest expense	**30,364**	19,007
Total remeasurement gains on the defined benefit obligation	**9,685**	26,540
Remeasurement gains /(losses) on impact of asset ceiling	**249**	(47)
Total income recognised in other comprehensive income	**9,934**	26,493

All the expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the statement of other comprehensive income.

Other defined benefit plan information

The expected employer contributions to the scheme, including salary sacrifice component, in the year commencing 1 July 2017 are expected to be £6.1m (1 July 2016: £5.0m).

A subsidiary entity, Grant Thornton Services LLP (GT Services), is the principal employer to both the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. Both schemes are defined benefit pension schemes. GT Services is the sole participating employer of the active pension scheme members of the GT scheme. Its immediate parent company, Grant Thornton Business Services (GT Business Services) is the sole participating employer of the active pension scheme members of the Robson Rhodes scheme. The IAS 19 obligations in respect of the schemes are set out above. The LLP pays GT Services and GT Business Services for the supply of employees to the LLP in accordance with the terms of a Supply of Services Agreement between the LLP and GT Services, such charges being sufficient to cover all of the employment costs of the employees, including all pension payments made by GT Services or GT Business Services to the scheme.

On 28 June 2004, the LLP provided a guarantee to the Trustees of the Grant Thornton Pensions Fund under which it has undertaken to pay immediately, following a demand properly served on it by the trustees, any amount which becomes due and payable by GT Services and which remain unpaid by GT Services for a period of not less than two months from the due date.

In addition, on 29 March 2006, the LLP provided a further guarantee to the Trustees of the Grant Thornton Pensions Fund in connection with the contributions payable to it by GT Services. The guarantee is to enable the Trustees to provide a Type 1 Contingent Asset (as defined in section 6.1 of the document 'Guidance in relation to contingent assets' issued by the Board of the Pension Protection Fund in September 2006) to the Board of the Pensions Protection Fund. The guarantee was provided in connection with the Pensions Protection Fund Risk Based Levy and resulted in a significant reduction in the amount of the Risk Based Levy chargeable by the Pensions Protection Fund on the pension scheme. The obligation is limited to all present and future obligations and liabilities of GT Services to make payments to the scheme up to a maximum amount which, when added to the assets of the scheme, would result in the scheme being 105% funded on the date on which any liability under the guarantee arises, calculated on the basis set out in section 179 of the Pensions Act 2004.

On 2 July 2007, the LLP provided a guarantee to the Trustees of the Robson Rhodes Retirement Benefit Scheme under which it has undertaken to pay immediately, following a demand by the Trustees, any amount which becomes due and payable by GT Business Services in respect of its guaranteed obligations. Such obligations are defined and limited in the same way as those for GT Services set out above.

The obligations to the schemes are reflected in the respective statements of financial position of GT Services and GT Business Services as the participating employers. The obligations are not reflected in the individual entity statement of financial position of the LLP because, apart from the contingent liability, no obligation or liability in connection with the scheme or the contributions payable to it exist within the individual entity either to the scheme or the principal/participating employers at the reporting date.

A5. Investments in subsidiaries

Set out below are details of the subsidiaries held directly by the Group:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests[2] held by the Group at year end	
			2017	**2016**
Fulwood Insurances Limited[1]	Guernsey	Insurance services	**100%**	100%
Geniac UK Limited	England	Provision of a platform for small businesses support	**100%**	100%
Grant Thornton (British Virgin Islands) Limited[1]	British Virgin Islands	Provision of insolvency and restructuring services	**100%**	100%
Grant Thornton Business Services[1]	England	Provision of personnel to the Group	**100%**	100%
Grant Thornton Employee Benefits Consultancy LLP[1]	England	Provision of benefits consultancy services	**100%**	100%
Grant Thornton Services LLP	England	Provision of personnel to the Group	**100%**	100%
Grant Thornton Specialist Services (Cayman) Limited[1]	Cayman Islands	Provision of insolvency and restructuring services	**100%**	100%
The Local Futures Group Limited	England	Licensing of intellectual property	**100%**	100%

At 30 June 2017, the Group also held 100% of the ordinary share capital of, or interest in, the following companies and LLPs incorporated or registered in England, which are either dormant or non-trading:

Barfreston Limited[1]	Grant Thornton Personal Financial Planning Limited[1]
Geniac Holdings Limited	Grant Thornton Property Nominees[3]
Grant Thornton Limited[1]	Grant Thornton Trust Company Limited[1]
Grant Thornton Acquisitions Limited[1]	GTN1 Limited[1]
Grant Thornton Acquisitions No.2 Limited[1]	GTN2 Limited[1]
Grant Thornton Consulting Limited[1]	GTPN1 Limited[1]
Grant Thornton Contracts LLP[1]	GTPN2 Limited[1]
Grant Thornton Corporate Finance Limited[1]	Inderies Limited[1]
Grant Thornton Management Consultants Limited[1]	Local Knowledge (UK) Limited[1]
Grant Thornton Nominees[1,3]	Thornton Baker Limited
Grant Thornton Pension Trustees Limited[1]	

[1] directly owned by the LLP.

[2] ownership is in the ordinary share capital of the unlimited company and limited companies, and memberships of LLP's.

[3] unlimited liability nominee companies in which the LLP has a 100% interest.

A6. Investments accounted for using the equity method

Investment in joint venture

Summarised financial information for Grant Thornton Debt Solutions Limited is set out below:

	2017 £'000	2016 £'000
Non-current assets	–	2
Current assets	652	268
Total assets	**652**	**270**
Non-current liabilities	–	–
Current liabilities	(2,205)	(1,634)
Total liabilities	**(2,205)**	**(1,634)**
Net liabilities	**(1,553)**	**(1,364)**
Revenue	396	362
Loss and total comprehensive income for the year	(107)	(484)
Depreciation and amortisation	(2)	(2)
Tax expense	–	–

Group losses not recognised are:

	2017 £'000	2016 £'000
At 1 July	682	355
For the year	53	242
Exchange adjustment	42	85
At 30 June	**777**	**682**

A review of carrying amount against the net liabilities is set out below:

	2017 £'000	2016 £'000
Total net liabilities	(1,553)	(1,364)
Proportion of ownership interests held by the Group	50%	50%
Carrying amount of the investment	–	–

No dividends were received from Grant Thornton Debt Solutions Limited during the years 2017 and 2016.

Grant Thornton Debt Solutions Limited is a private company, therefore there are no quoted market prices available for its shares.

Investment in associates

On 14 August 2015, the Group transferred its IVA business to Aperture Debt Solutions LLP, a new entity in which the Group retains a 40% equity interest and so the Group accounts for the interest as an associate. The profit sharing arrangements on certain contracts differ to this equity interest. This entity's principal place of business is Ireland.

Summarised financial information for Aperture Debt Solutions LLP is set out below:

	2017 £'000	2016 £'000
Non-current assets	67	82
Current assets	14,147	10,428
Total assets	**14,214**	10,510
Non-current liabilities	(9,253)	(5,475)
Current liabilities	(1,452)	(1,417)
Total liabilities	**(10,705)**	(6,892)
Net assets	**3,509**	3,618
Revenue	17,565	12,261
Profit from continuing operations	3,293	3,618
Aggregate carrying amount of the Group's interest in this associate	12,682	19,516

No dividends were received from Aperture Debt Solutions LLP during the period it has been an associate.

Aperture Debt Solutions LLP is a partnership, therefore there are no quoted market prices available for it.

A7. Other intangible assets

Accounting policy

Recognition and measurement

Initial recognition of other intangible assets
Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell the software
- The software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads.

Subsequent measurement
All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs less residual values are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. Software's useful live has been estimated at 4–5 years.

Any capitalised internally developed software that is not yet complete is not amortised until it is ready for use but is subject to impairment testing during this time.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets and are included within operating expenses.

Subsequent expenditure on the maintenance is expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

A8. Property, plant and equipment

Accounting policy

Recognition and measurement

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the value of an asset from cost to its estimated residual value over its estimated useful economic life. The following useful lives are applied:

Leasehold property	Period of the lease[1]
Furniture and equipment	5–8 years
Office equipment	3–5 years
Motor cars	4 years

[1] In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful lives are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within gain or loss on sale of non-financial assets.

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets, and are included within operating expenses in the consolidated statement of comprehensive income.

The net book value of assets held under finance leases and similar hire purchase contracts was £7,919,000; of which £7,396,000 relates to leasehold property and £523,000 to motor cars (2016: £8,038,000; of which £7,652,000 relates to leasehold property and £386,000 to motor cars). The principal finance lease relates to Grant Thornton House.

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

The cost of incentives received in connection with property leases are allocated over the lease term on a straight line basis, or to the period to the next break clause, if shorter.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Finance lease liabilities are secured by the related assets held under those finance leases. The lease agreements generally include fixed lease payments.

A9. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the 30 June 2017 and the date of authorisation of these financial statements except as reflected in the relevant notes, pensions (note 5) and property, plant and equipment (note 13).

There were no contingent liabilities at 30 June 2017 (2016: None) other than those in connection with guarantees given by the LLP relating to the defined benefit pension schemes.

Parent entity financial statements

Grant Thornton UK LLP – Financial Statements for the year ended 30 June 2017

Statement of financial position for the parent entity

Financial Statements for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Goodwill	3	**12,028**	12,028
Other intangible assets	3	**5,965**	3,372
Tangible assets	4	**27,039**	26,413
Investments	5	**15,296**	22,008
		60,328	63,821
Current assets			
Debtors due < 1 year	6	**193,477**	203,425
Debtors due > 1 year	6	**4,256**	4,026
Cash at bank and in hand		**6,481**	5,256
		204,214	212,707
Creditors: amounts falling due within one year	7	**(149,878)**	(158,719)
Net current assets		**54,336**	53,988
Total assets less current liabilities		**114,664**	117,809
Creditors: amounts falling due after more than one year	8	**(11,630)**	(11,647)
Provisions for liabilities	9	**(31,596)**	(32,136)
Net assets excluding amounts due to members		**71,438**	74,026
Loans and other debts due to members within one year			
Members' capital classified as a liability	11	**44,150**	42,975
Other amounts	11	**9,655**	10,662
Loans and other debts due to members in more than one year			
Other amounts	11	**–**	36
Equity			
Members' other interests – profit for the year	2, 11	**52,166**	64,586
Members' other interests – other reserves classified as equity		**(34,533)**	(44,233)
Total equity and amounts due to members		**71,438**	74,026

The financial statements were approved by the Designated Members and authorised for issue on 28 September 2017.

Sacha Romanovitch

Sacha Romanovitch
Chief Executive Office

Simon Jones

Simon Jones
Partner – Finance and Infrastructure Leader

Registered no: OC307742

Statement of changes in equity for the parent entity

Financial Statements for the year ended 30 June 2017

	Other reserves £'000	Equity £'000
Balance at 1 July 2016	20,353	20,353
Allocated profits in respect of the prior year	(55,470)	(55,470)
Tax adjustments on payment of annuities to former members	584	584
Transactions with members	**(54,886)**	**(54,886)**
Profit for the financial year available for discretionary division among members	58,161	58,161
Members' remuneration charged as an expense	(5,995)	(5,995)
Total comprehensive income for the year	**52,166**	**52,166**
Balance at 30 June 2017	**17,633**	**17,633**

	Other reserves £'000	Equity £'000
Balance at 1 July 2015	18,856	18,856
Allocated profits in respect of the prior year	(63,756)	(63,756)
Tax adjustments on payment of annuities to former members	667	667
Transactions with members	(63,089)	(63,089)
Profit for the financial year available for discretionary division among members	70,748	70,748
Members' remuneration charged as an expense	(6,162)	(6,162)
Total comprehensive income for the year	64,586	64,586
Balance at 30 June 2016	20,353	20,353

Notes to the parent entity financial statements

Financial Statements for the year ended 30 June 2017

1. Accounting policies

The principal accounting policies adopted in the preparation of the parent financial statements together with the critical accounting judgements and key sources of estimation are the same as those set out on pages 46, 52 and 56 of the consolidated financial statements. Any accounting policies in addition to those applied in the preparation of the consolidated financial statements are detailed below. These polices have been consistently applied throughout the year and the preceding year. The true and fair override has been taken in respect of the non-amortisation of goodwill, which would otherwise have been £3,714,000, due to the consideration that the goodwill has an indefinite useful economic life.

Basis of accounting

Grant Thornton UK LLP meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements for Grant Thornton UK LLP have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) "Reduced Disclosure Framework".

The financial statements have been prepared under the historic cost convention.

Disclosure exemptions adopted

In preparing these financial statements the LLP has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes for the LLP
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Presentation of comparative reconciliations for intangible and tangible fixed assets
- Disclosure of key management personnel compensation

Investments

Fixed asset investments in subsidiaries and investments in joint ventures are shown at cost less provision for impairment.

Financial Statements for the year ended 30 June 2017

2. Profit and loss account

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss in these financial statements.

3. Intangible fixed assets

	Goodwill £'000	Software £'000
Cost		
At 1 July 2016	12,028	9,068
Additions	–	3,645
At 30 June 2017	12,028	12,713
Amortisation		
At 1 July 2016	–	5,696
Charge for the year	–	1,052
At 30 June 2017	–	6,748
Net book amount at 30 June 2017	**12,028**	**5,965**
Net book amount at 30 June 2016	12,028	3,372

Details of the significant management judgements or estimates and impairment are included in note 9 of the Group financial statements.

4. Tangible fixed assets

	Leasehold property £'000	Short leasehold property £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount							
Balance 1 July 2016	17,783	21,163	12,520	10,502	5,032	–	67,000
Additions	–	360	206	142	1,467	2,838	5,013
Disposals	–	(18)	(91)	–	(1,409)	–	(1,518)
Balance 30 June 2017	17,783	21,505	12,635	10,644	5,090	2,838	70,495
Depreciation							
Balance 1 July 2016	6,947	12,575	9,715	9,517	1,833	–	40,587
Provided in the year	304	1,434	684	416	821	–	3,659
Disposals	–	(12)	(43)	–	(735)	–	(790)
Balance 30 June 2017	7,251	13,997	10,356	9,933	1,919	–	43,456
Net book amount 30 June 2017	**10,532**	**7,508**	**2,279**	**711**	**3,171**	**2,838**	**27,039**
Net book amount 30 June 2016	10,836	8,588	2,805	985	3,199	–	26,413

Financial Statements for the year ended 30 June 2017

5. Investments

Investments comprise the following:

	2017 £'000	2016 £'000
Investments in subsidiaries	**2,414**	2,414
Investments in associates	**12,682**	19,516
Other investments	**200**	78
	15,296	22,008

Interests in subsidiaries

The movement in investments in subsidiaries is as follows:

	Investments in subsidiaries £'000
Cost	
At 1 July 2016	2,432
At 30 June 2017	**2,432**
Accumulated impairment	
At 1 July 2016	18
At 30 June 2017	18
Net book amount at 30 June 2017	**2,414**
Net book amount at 30 June 2016	2,414

A list of investments held by the LLP is set out in note A5 of the consolidated financial statements.

Interests in associates

The movement in investments in associates is as follows:

	Investments in associates £'000
Cost	
At 1 July 2016	19,516
Profit recognised in the year	2,662
Cash receipts	(9,496)
At 30 June 2017	**12,682**
Net book amount at 30 June 2017	**12,682**
Net book amount at 30 June 2016	19,516

Financial Statements for the year ended 30 June 2017

6. Debtors

Due < 1 year

	2017 £'000	2016 £'000
Trade debtors	**99,034**	111,927
Amounts due from group undertakings	**4,166**	3,308
Amounts recoverable on contracts	**52,075**	56,845
Other debtors	**16,443**	12,262
Amounts due from members	**10,981**	8,303
Prepayments and accrued income	**10,778**	10,780
	193,477	203,425

Due > 1 year

	2017 £'000	2016 £'000
Fully and compulsory convertible debentures	**3,734**	3,734
Prepayments and accrued income	**522**	292
	4,256	4,026

7. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loans	**55,510**	28,700
Excess payments on account	**19,025**	21,699
Trade creditors	**5,148**	7,557
Amounts owed to group undertakings	**40,735**	43,103
Taxation and social security	**9,050**	9,172
Obligations under finance lease and hire purchase contracts	**125**	125
Other creditors	**3,011**	1,807
Derivative financial instruments	**77**	127
Amounts due to former members	**2,157**	2,591
Provisions for foreseeable losses	**1,839**	2,034
Accruals and deferred income	**13,201**	41,804
	149,878	158,719

Financial Statements for the year ended 30 June 2017

8. Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Obligations under finance lease and hire purchase contracts	**11,630**	11,647
	11,630	11,647

Amounts falling due after more than five years are as follows:

	2017 £'000	2016 £'000
Obligations under finance lease and hire purchase contracts	**11,438**	11,442

The LLP's future minimum finance lease payments are as follows:

	2017 £'000	2016 £'000
Not later than one year	**1,408**	1,399
Later than one year and not later than five years	**5,279**	5,789
Later than five years	**68,850**	70,125
Total future minimum lease payments	**75,537**	77,313
Finance charges	**(63,782)**	(65,540)
Present value of minimum lease payments	11,755	11,773

Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments.

9. Provisions for liabilities

	Claim provisions £'000	Property provisions £'000	Former members' annuities £'000	Total £'000
At 1 July 2016	6,269	2,517	23,350	32,136
New annuity obligations	–	–	(354)	(354)
Amortisation of discount	–	–	426	426
Settlement of obligations during year	(471)	(62)	(2,990)	(3,523)
Change in assumptions and experience losses	–	–	778	778
Release to profit and loss account	154	133	–	287
Provided during year in profit and loss account	909	937	–	1,846
At 30 June 2017	**6,861**	**3,525**	**21,210**	**31,596**

The provision for claims is in respect of the estimated amounts for commercial settlements and professional indemnity claims. Property provisions are in respect of dilapidations and surplus properties. The nature of the claims and property provisions are such that the timing of the utilisation of those provisions is inherently difficult to predict.

Financial Statements for the year ended 30 June 2017

9. Provisions for liabilities (continued)

The provision for former members' annuities is expected to be utilised as follows:

	2017 £'000	2016 £'000
In less than one year	**2,612**	2,969
After one and within five years	**7,218**	8,151
After five and within ten years	**5,515**	5,948
After ten and within twenty-five years	**5,582**	5,905
In more than twenty-five years	**283**	377
	21,210	23,350

10. Capital commitments

At the end of the year the LLP had capital commitments of £1,105,000 (2016: £Nil) that were not provided for.

Financial Statements for the year ended 30 June 2017

11. Members' interests

	Members' other interests – Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members' interest £'000
At 1 July 2016	20,353	45,370	**65,723**
Members' remuneration charged as an expense	–	5,995	**5,995**
Profit for the financial year available for discretionary division among members	52,166	–	**52,166**
Members' interests after profit for year	72,519	51,365	**123,884**
Allocated profits in respect of the prior year	(55,470)	55,470	**-**
Tax adjustments on payment of annuities to former members	584	–	**584**
Members' capital introduced	–	5,000	**5,000**
Other amounts withdrawn by members	–	83	**83**
Drawings (including tax payments)	–	(60,011)	**(60,011)**
Transfer of capital to former members' balances	–	(3,825)	**(3,825)**
Transfer of other amounts to former members' balances	–	(5,258)	**(5,258)**
At 30 June 2017	**17,633**	**42,824**	**60,457**

	Members' other interests – Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members' interest £'000
At 1 July 2015	18,856	43,406	62,262
Members' remuneration charged as an expense	–	6,162	6,162
Profit for the financial year available for discretionary division among members	64,586	–	64,586
Members' interests after profit for year	83,442	49,568	133,010
Allocated profits in respect of the prior year	(63,756)	63,756	–
Tax adjustments on payment of annuities to former members	667	–	667
Members' capital introduced	–	7,350	7,350
Other amounts withdrawn by members	–	578	578
Drawings (including tax payments)	–	(65,443)	(65,443)
Transfer of capital to former members' balances	–	(4,950)	(4,950)
Transfer of other amounts to former members' balances	–	(5,494)	(5,494)
Movement on members' annuities	–	5	5
At 30 June 2016	20,353	45,370	65,723

Financial Statements for the year ended 30 June 2017

11. Members' interests (continued)

The loans and other debts due to/(from) members can be analysed as follows:

	Due within one year £'000	Due after one year £'000	2017 £'000	Due within one year £'000	Due after one year £'000	2016 £'000
Members' capital classified as a liability	44,150	–	44,150	42,975	–	42,975
Amounts due to members – profits	9,655	–	9,655	10,662	–	10,662
Provision for annuities in relation to current members	–	–	–	–	36	36
Loans and other debts due to members	53,805	–	53,805	53,637	36	53,673
Amounts due from members included in trade and other receivables	(10,981)	–	(10,981)	(8,303)	–	(8,303)
	42,824	–	42,824	45,334	36	45,370

12. Commitments under operating leases

The Company's future minimum operating lease payments are as follows:

	2017 £'000	2016 £'000
Due within one year	14,726	15,073
Due between one and five years	38,440	38,414
Due after more than five years	8,785	8,897
Total	61,951	62,384

The Company's operating leases primarily relate to motor vehicles and office space. There are no contingent rentals.

13. Related party disclosures

Transactions with Group companies

As permitted by FRS 101 related party transactions with wholly owned Group entities have not been disclosed.

Transactions with associates

During the year the Company entered into the following transactions with the Company's associated undertakings.

	2017 £'000	2016 £'000
Provision of services	550	532
Amounts owed by associated undertakings	62	55
Amounts owed to associate undertakings	–	70

Independent Auditor's Report to the Members of Grant Thornton UK LLP

Opinion

We have audited the financial statements of Grant Thornton UK LLP for the year ended 30 June 2017 which comprise the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 22, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the Limited Liability Partnership's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Liability Partnership and the Limited Liability Partnership's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

28 September 2017

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