Grant Thornton

Grant Thornton UK LLP report and accounts

For the year ended 31 December 2023

Registered no. OC307742

March 2024

grantthornton.co.uk/about-us/annual-report

Contents

Report to members

The Strategic Leadership Team presents 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 31 December 2023.

Structure

Grant Thornton UK LLP is incorporated under the Limited Liability Partnership Act 2000 and registered in England and Wales and is referred to in these financial statements as "the firm" or "the LLP". It is the UK member firm of Grant Thornton International Limited. Each member firm is a separate and independent legal entity.

Principal activities

The principal activities of the LLP and the Group are the provision of audit, tax and advisory services. The Group operates primarily through the UK LLP and subsidiary undertakings, predominantly in the UK.

Governance

During the year ended 31 December 2023 the governance structure included:

- The Strategic Leadership Team which is responsible for developing and implementing the strategy and day to day management of the firm
- The Partnership Governance Board which is responsible for overseeing the work of the Strategic Leadership Team on behalf of the members. The Board is chaired by an independent non-executive.

Members of the Strategic Leadership Team are designated members of the firm. Full details of the governance structures and related sub-committees, which includes the Risk and Audit Committee can be found in the separately published Transparency Report which is available on the Group's website.

Designated members

The designated members during the year ended 31 December 2023, and those who have been appointed or resigned subsequently, are as follows:

Strategic Leadership Team and current roles

Malcolm Gomersall	Chief Executive Officer
Darren Bear	Chief Operating Officer
Fiona Baldwin	Head of People & Brand
Wendy Russell (appointed 1 March 2024)	Head of Audit
Mo Merali (appointed 1 January 2023)	Head of Advisory
Hazel Platt (appointed on 1 July 2023)	Head of Tax
Robert Hannah	Head of Industries
Perry Burton	Head of Partner Development & Engagement

Dave Dunckley resigned as a designated member on 19 January 2024 and Mark Byers and Karen Campbell-Williams resigned as designated members on 1 October 2023.

Members' capital, drawings and profit share

Members' capital forms part of the Group's financing. Capital requirements are determined from time to time by the CEO based on the short, medium and long-term needs of the Group. In 2023 there were two levels of capital contribution depending on the member's status although all members could, and most have opted to, contribute at the higher level. Whilst the Membership Agreement provides power to the CEO to repay a member's capital before retirement, such discretion is not typically exercised in practice.

Members receive drawings during the year. For equity members the firm operates a drawings policy based on a prudent estimate of budgeted profitability and effective tax rates. Drawings are restricted to cautious 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 firm need to take priority over those of individual members.

Additional profit share distributions may be made depending on the Group's financial performance and position. The amount and timing of profit share distribution is decided by the Strategic Leadership Team and approved by the Remuneration and Profit Share Committee, on behalf of the Partnership Governance Board.

Financial performance

Net revenue grew by 7% in 2023 to £653.5m (2022: £610.4m) with growth coming from all three service lines – Advisory, Tax and Audit. We continued to invest in areas that will support this sustainable growth in the long-term including development of new and improved service capability, our people and our infrastructure (particularly technology). Our focus on return on investment has enabled us to invest while mitigating the impact of external inflationary pressure. Operating profit grew by 18% in 2023 to £146.2m (2022: £124.0m), driven by one-off property-related income.

Financial position

The Group's funding consists of members' capital and loans of £57.1m, net amounts due to members of £22.6m, a £105.0m revolving credit facility (of which £67.0m was undrawn at 31 December 2023), and an undrawn overdraft facility of £15.0m. Net debt at 31 December 2023 was £18.0m, an increase on the 2022 position (£0.4m).

In addition, the Group is funding a defined benefit pension scheme and separately a former members' retirement annuity scheme. The defined benefit pension scheme net deficit has reduced slightly from £42.0m at 31 December 2022 to £40.3m at 31 December 2023. This pension deficit is stated before any associated (unbooked) deferred tax assets and further detail is set out in Note 9.2. The former members' retirement annuity scheme obligation has also reduced by £1.4m to £9.0m at 31 December 2023, further detail is included in Note 20.

The Group's main assets are trade receivables and contract assets both relating to services provided to clients. There is continued focus on the careful control and management of these assets to optimise their recoverability.

Environmental and sustainability

We remain committed to our journey to net zero emissions and have made strong progress during the year. Further detail can be found in our Energy and carbon report in the appendix of this Annual Report.

Going concern

Our strategic priorities and business model continue to be relevant, sustainable and adaptable. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within its facilities (a summary of which are set out in the Financial Position section of this report) and in compliance with all covenants for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

In reaching this conclusion forecasts have been prepared for several scenarios including a plausible but severe scenario that combines a number of negative impacts both internally and externally driven.

Even under the worst-case plausible, but severe scenario, our current facilities as well as other mitigation options available to us are projected to remain sufficient over the forecast period.

Statement of members' responsibilities in respect of the report to members and the financial statements

The members are responsible for preparing the Report to members 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 period. Under the law the members have elected to prepare consolidated financial statements in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to Limited Liability Partnerships, and single entity financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 101 "Reduced Disclosure Framework"), and applicable law.

Under Regulation 8 of the 2008 Regulations the members must not approve the financial statements unless they are satisfied that they 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 UK-adopted international accounting standards for the consolidated financial statements, and UK Accounting Standards for the LLP, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 LLP and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied by LLPs;
- maintenance and integrity of the corporate and financial information included on the firm's website; and
- safeguarding the assets of the LLP and the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

During the year, members' responsibilities were discharged by the Designated Members on behalf of the members. The Designated Members at the date of signing of these financial statements confirm that:

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

Auditor

Under section 487 of the Companies Act 2006 as applicable by LLPs, Crowe U.K. LLP, will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

The members' responsibilities set out above are discharged by the Designated Members on behalf of the members. Signed on behalf of the members on 27 March 2024:

Malcolm Gomersall
Chief Executive Officer

Darren Bear
Chief Operating Officer

Independent auditor’s report to the members of Grant Thornton UK LLP

Opinion

We have audited the financial statements of Grant Thornton UK LLP (the “LLP”) and its subsidiaries (together the “Group”) for the year ended 31 December 2023, which comprise:

- the Consolidated income statement for the year ended 31 December 2023;
- the Consolidated statement of comprehensive income for the year ended 31 December 2023;
- the Consolidated and LLP statements of financial position as at 31 December 2023;
- the Consolidated and LLP statements of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the LLP financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group’s and of the LLP's affairs as at 31 December 2023 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the LLP financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the Group and the LLP financial statements have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

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 and the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’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

In auditing the financial statements, we have concluded that the members’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the members’ assessment of the Group’s and LLP’s ability to continue to adopt the going concern basis of accounting included:

- assessing the adequacy of the model used by management to assess going concern;
- considering the key assumptions inherent within the model and management's sensitivity analysis including the severe but plausible downside scenarios;
- using our knowledge of the sector and current economic conditions to consider whether management's assumptions were reasonable and appropriate;
- understanding the Group's financing requirements and comparing these to committed facilities and the capital provided by members; and
- considering the adequacy and appropriateness of the disclosures within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Overview of the scope of the audit

Our audit comprised an audit of the LLP and its significant subsidiary undertakings, where we are also appointed as statutory auditor. 99% (2022: 99%) of Group revenue and 96% (2022: 97%) of Group total assets were covered by these audits, all of which were performed by the Group audit team and, given the centralised nature of the financial management of the Group, were all performed within the UK.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £6.9m (2022: £6.5m). In making this assessment we have given specific focus and weighting to the benchmarks in respect of revenue (1%) and profit before tax (5%). Materiality for the LLP financial statements as a whole was set at £6.2m (2022: £5.8m) based on similar benchmarks.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £4.8m (2022: £4.6m) for the Group and £4.3m (2022: £4.1m) for the LLP.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions.

We agreed with the Risk and Audit Committee to report to it all identified errors in excess of £0.3m (2022: £0.3m). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

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 year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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. 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition and the valuation of contract assets	
Accounting policy, note 1.3, Significant judgements, note 2.1, Significant accounting estimates, note 2.2 Trade and other receivables, notes 3 and 17	
The Group generates revenue from the provision of professional services across its main business streams that include Audit, Advisory, and Tax. There are significant judgements and estimates required in determining the appropriate level of revenue to be recognised from large and complex engagements such as insolvency matters and other engagements where the level of fee may be dependent on the achievement of certain outcomes.	We examined the revenue recognition policies adopted for different services and contract types to ensure they complied with the requirements of IFRS 15 and tested the application of these policies We selected a sample of client engagements, focusing on those which we considered to be of higher risk given their nature and terms. We sent questionnaires to engagement leaders to understand and challenge key estimates, such as forecast fees for the engagement, stage of completion, estimated time to complete and other areas of judgement required in the valuation of the contract asset. We performed work, including using data analytics, to ensure the completeness and accuracy of time-recording and WIP through to revenue and tested the standard cost model used for the estimation of stage of completion for fixed fee assignments. Our significant judgements included the appropriateness of the accounting policies applied to the various revenue streams and the appropriateness of fee estimates relating to certain complex assignments.
Valuation of liabilities in the defined benefit pension scheme	
Accounting policy, note 1.5, Significant accounting estimates, note 2.2, Pensions and other employee obligations, note 9.2	
The valuation of the defined benefit pension scheme liability requires judgement in terms of the assumption bases to be applied and there is estimation uncertainty in terms of the appropriate measure applied to each assumption at the year-end date. Significant assumptions that impact the valuations include mortality, discount rate and inflation rate. The valuation of the liabilities requires expertise that is provided by the Group's internal actuarial team.	We assessed the expertise and objectivity of the Group's internal expert and have used our own internal actuarial expert to review and challenge the valuation reports produced. We tested other relevant inputs for the valuation of the liabilities such as membership data, contributions paid (for the pension scheme) and benefits paid. We reviewed the disclosures and presentation within the financial statements to ensure that these are accurate and appropriate. Our significant judgements included the appropriateness of the assumptions used, particularly that relating to the discount rate.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The members are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 where 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 LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP 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 Statement of members' responsibilities statement set out on page 4, the members are responsible for the preparation of the Group's and LLP's 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 and LLP'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 the LLP 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework within which the Group operates, focussing on those laws and regulations that have a direct impact on the determination of material amounts and disclosures in the financial statements. The laws and regulations considered in this context were the Companies Act 2006, as applied to limited liability partnerships and regulations connected with the Group's activities as a provider of professional services such as those issued by the Institute of Chartered Accountants in England and Wales, the Financial Reporting Council and the Financial Conduct Authority.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, the improper application of the revenue recognition policies, and the risk of inappropriate management bias in the making of judgements and significant estimates.

Our audit procedures to respond to those risks included:

- enquiries of management about their own assessment of the risk of irregularities and whether they were aware of any actual, suspected or alleged fraud;
- sample testing of journals;
- testing revenue recognition through examining a sample of client engagements;
- holding meetings with the in-house counsel on matters relating to the provision for claims and regulatory matters; and
- evaluating significant judgements and estimates for indications of inappropriate management bias.

Owing to the inherent limitation in an audit, there is an unavoidable risk that we may not have detected a material misstatement in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing, and cannot be expected to detect, non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement arising from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Steve Gale.

Steve Gale
(Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

27 March 2024

Consolidated income statement

for the year ended 31 December

	Note	2023 £m	2022 £m
Revenue	3	690.2	647.8
Client expenses and disbursements		(36.7)	(37.4)
Net revenue		**653.5**	**610.4**
Other operating income	4	22.7	1.0
Operating expenses	5	(530.0)	(487.4)
Operating profit		**146.2**	**124.0**
Share of profit from equity accounted investments	16	-	0.1
Finance costs	6	(5.4)	(3.4)
Finance income	6	1.9	0.5
Profit before tax		**142.7**	**121.2**
Taxation charge for the year	7	(6.4)	(4.7)
Profit for the year before members' remuneration		**136.3**	**116.5**
Members' remuneration charged as an expense	8	(22.7)	(15.8)
Profit for the year available for discretionary division		**113.6**	**100.7**
Profit for the year available for discretionary division attributable to:			
Members	8	113.2	100.7
Non-controlling interest	8	0.4	-
		113.6	**100.7**

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2023 £m	2022 £m
Profit for the year available for discretionary division		113.6	100.7
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement losses on the defined benefit obligations	9.2	(5.0)	(4.2)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive (expense)/income of joint ventures accounted for using equity method	16	(0.3)	0.4
Exchange differences on translating foreign operations - parent		(1.2)	0.6
Other comprehensive expense for the year		(6.5)	(3.2)
Total comprehensive income for the year		107.1	97.5
Total comprehensive income for the year, attributable to:			
Members		106.7	97.5
Non-controlling interest		0.4	-
		107.1	97.5

Consolidated statement of financial position

as at 31 December

ASSETS	Note	2023 £m	2022 £m
Non-current assets			
Goodwill	10	12.5	12.5
Other intangible assets	11	4.1	5.7
Property, plant and equipment	12	10.3	10.9
Right-of-use assets	13	25.8	35.1
Right-of-use assets held as investment property	14	1.0	0.3
Other long-term financial assets	19.1	6.7	4.1
Investments accounted for using the equity method	16	2.2	2.8
Trade and other receivables	17	10.1	12.2
Total non-current assets		72.7	83.6
Current assets			
Trade and other receivables	17	270.3	241.1
Restricted fixed-term call deposits	19.1	18.2	8.9
Other short-term financial assets	19.1	5.2	-
Cash and cash equivalents	18	20.0	22.6
Total current assets		313.7	272.6
Total assets		386.4	356.2

LIABILITIES	Note	2023 £m	2022 £m
Non-current liabilities			
Loans and other debts due to members after more than one year	8	5.8	6.3
Net pensions liability	9.2	40.3	42.0
Lease liabilities	13	19.5	24.9
Provisions	20	33.7	35.6
Total non-current liabilities		99.3	108.8

Consolidated statement of financial position (continued)

as at 31 December

LIABILITIES (continued)	Note	2023 £m	2022 £m
Current liabilities			
Loans and other debts due to members within one year			
Members' capital classified as a liability	8	51.3	50.4
Other amounts due to members	8	37.4	28.0
		88.7	78.4
Other current liabilities			
Borrowings	19.2	38.0	23.0
Trade and other payables	21	106.1	101.9
Lease liabilities	13	8.0	10.1
Provisions	20	1.4	1.6
Total current liabilities		242.2	215.0
Total liabilities		341.5	323.8
Net assets		44.9	32.4

EQUITY	Note	2023 £m	2022 £m
Equity attributable to Members			
Members' other interests – other reserves classified as equity	8	43.6	30.0
Translation reserve	8	0.9	2.4
Equity attributable to Members		44.5	32.4
Non-controlling interest	8	0.4	-
Total equity		44.9	32.4

The financial statements of Grant Thornton UK LLP (Registered no. OC307742) on pages 10 to 61 were approved and authorised for issue on 27 March 2024 by the Designated Members of Grant Thornton UK LLP and were signed on their behalf by:

Malcolm Gomersall

Chief Executive Officer

Darren Bear

Chief Operating Officer

Consolidated statement of changes in equity

for the year ended 31 December

	Note	Translation reserve £m	Other reserves £m	Non-controlling interest £m	Total equity £m
Balance as at 1 January 2023	8	2.4	30.0	-	32.4
Allocated profits in respect of the prior year	8	-	(94.9)	-	(94.9)
Tax adjustments on payment of annuities to former members		-	0.3	-	0.3
Transactions with members and former members		-	(94.6)	-	(94.6)
Profit for the financial year available for discretionary division		-	113.2	0.4	113.6
Other comprehensive expense		(1.5)	(5.0)	-	(6.5)
Total comprehensive income for the year		(1.5)	108.2	0.4	107.1
Balance as at 31 December 2023	**8**	**0.9**	**43.6**	**0.4**	**44.9**

	Note	Translation reserve £m	Other reserves £m	Non-controlling interest £m	Total equity £m
Balance as at 1 January 2022	8	1.4	35.8	-	37.2
Allocated profits in respect of the prior year	8	-	(102.7)	-	(102.7)
Tax adjustments on payment of annuities to former members		-	0.4	-	0.4
Transactions with members and former members		-	(102.3)	-	(102.3)
Profit for the financial year available for discretionary division		-	100.7	-	100.7
Other comprehensive expense		1.0	(4.2)	-	(3.2)
Total comprehensive income for the year		1.0	96.5	-	97.5
Balance as at 31 December 2022	**8**	**2.4**	**30.0**	**-**	**32.4**

Consolidated statement of cash flows

for the year ended 31 December

	Note	2023 £m	2022 £m
Operating activities			
Profit for the year available for discretionary division		113.6	100.7
Members' remuneration charged as an expense	8	22.7	15.8
Taxation charge for the year	7	6.4	4.7
Depreciation, amortisation, and impairment of non-financial assets	5	16.2	18.9
(Profit)/loss on disposal of property, plant, and equipment	5	(0.2)	0.1
Interest income	6	(1.9)	(0.5)
Interest expense	6	3.6	2.5
Net interest on defined benefit liability	6	1.8	0.9
Result from equity accounted joint venture and associate	16	-	(0.1)
Unrealised exchange differences		(0.3)	0.3
Employer's contributions to defined benefit plans	9.2	(8.5)	(16.0)
Change in trade and other receivables		(24.2)	(10.6)
Change in trade and other payables		0.6	12.6
Change in provisions		(1.3)	(0.5)
Net cash from operating activities before tax paid		128.5	128.8
Taxes paid		(6.6)	(4.6)
Net cash from operating activities		**121.9**	**124.2**
Investing activities			
Purchase of property, plant and equipment		(1.1)	(2.2)
Proceeds from disposal of property, plant and equipment		0.5	0.9
Acquisition of other long-term assets		(2.8)	(1.7)
Acquisition of investments accounted for using the equity method	16	-	(0.2)
Purchase of other short-term financial assets and restricted fixed-term call deposits		(23.2)	(8.9)
Proceeds on maturity of restricted fixed-term call deposits		8.9	10.9
Interest received		1.7	0.5
Net cash used in investing activities		**(16.0)**	**(0.7)**

Consolidated statement of cash flows (continued)

for the year ended 31 December

	Note	2023 £m	2022 £m
Financing activities			
Proceeds from borrowings	22	38.0	23.0
Repayments of borrowings	22	(23.0)	(20.0)
Repayments of lease liabilities	13	(10.7)	(12.3)
Interest paid		(3.5)	(2.5)
Payments to members and former members	22	(114.0)	(129.3)
Capital contribution by members	8	6.2	13.5
Annuity payments to former members		(1.4)	(1.7)
Net cash used in financing activities		(108.4)	(129.3)
Net change in cash and cash equivalents		(2.5)	(5.8)
Cash and cash equivalents, beginning of year		22.6	28.0
Exchange differences on cash and cash equivalents		(0.1)	0.4
Cash and cash equivalents, end of year	18	20.0	22.6

Notes to the consolidated financial statements

1 Material accounting policies

1.1 Basis of preparation

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 predominantly within the UK. The LLP, the Group's ultimate parent entity, is a limited liability partnership registered and incorporated in England and Wales. Its registered office is 30 Finsbury Square, London, EC2A 1AG.

The consolidated financial statements are presented in Pounds Sterling (£) which is also the functional currency of the LLP and have been presented in round millions to 1 decimal place (£m). The financial statements were previously presented in round thousands and comparatives have been updated accordingly.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006 as applicable to LLPs.

Consolidation

The Group financial statements consolidate those of the LLP and all entities over which the LLP has control as at 31 December 2023. All Group entities have a reporting date of 31 December.

All transactions and balances between Group entities are eliminated on consolidation. 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.

Non-controlling interests arise where the Group holds less than 100% of the shares in the entities acquired or, as a result of agreements in place, is entitled to less than 100% of profits or losses arising. Non-controlling interests are measured at the proportionate share of the acquired net identifiable assets. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Foreign currency translation

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 average exchange rates for the period 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 retranslation of the assets 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.

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 period-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at the period-end. They 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.

Impairment of non-financial assets

Whenever there are events or changes that suggest the book value of assets, which, are subject to depreciation or amortisation may not be recoverable, these assets are examined for impairment. If the book value of an asset surpasses its recoverable amount, an impairment loss is recognised. The recoverable amount is determined as the greater value between the asset's fair value (minus costs to sell) and its value in use. Non-financial assets (excluding goodwill) that have experienced impairment are evaluated at each reporting date for potential reversal of the impairment. The value in use models, which are used for impairment testing, are based on budgets and forecasts that include projected capital investment.

Going concern

At 31 December 2023, the Group's financing arrangements consisted of a revolving credit facility of £105.0m (of which £67.0m was undrawn) which expires in August 2027, an overdraft facility of £15.0m (of which £15.0m was undrawn), along with members' capital and loans of £57.1m and net amounts due to members of £22.6m. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities and in compliance with all covenants for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements. Further detail is provided in the Report to members.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1.2 Changes in accounting policies

There are no changes to accounting policies effective in the year.

New and amended standards adopted by the Group

Management have, in the current year, applied the Amendments to IAS 1 and IFRS Practice Statement 2 when preparing these financial statements. As a result, there has been a refinement of the description of the accounting policies to ensure only material accounting policies are disclosed. There have been no changes to the accounting policies applied from the prior year and no restatement of reported numbers as a result of this.

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 consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been endorsed by the UK Endorsement Board. No Standards or amendments to existing Standards have been adopted early by the Group or disclosed as they are not expected to have a material impact on the Group's financial statements.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

1.3 Revenue recognition

Revenue from contracts with clients is recognised when the Group satisfies a performance obligation for a contracted service.

The Group generates revenues from a wide variety of contracts for the provision of audit, tax, and advisory services. Where it enters into revenue transactions involving a range of its services the Group applies the revenue recognition criteria set out in this policy to each separately identifiable component of the transaction.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct service or a series of distinct services that are substantially the same and have the same pattern of transfer to the client. Services are distinct and accounted for as separate performance obligations in the contract if the client can benefit from them either on their own or together with other resources that are readily available to the client, and they are separately identifiable in the contract.

The Group evaluates the separability of the promised services based on whether they are distinct.

Transaction price

At the start of the contract, the total transaction price is estimated as the consideration to which the Group expects to be entitled to for satisfying performance obligations and transferring the promised services to the client, including expenses, as the Group is acting as principal and excluding value added taxes and discounts.

A contract is assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices, based on a cost-plus margin method.

Approach

Performance obligations can be satisfied in a variety of ways upon completion of specific obligations, or as services are rendered. Revenue recognised is the value allocated to the satisfied performance obligation over time or at a point in time.

Revenue from a contract to provide services, which is typically recognised over time, is recognised by reference to the stage of completion of the contract based upon an input method, being the standard cost of labour hours expended. This is a faithful representation of the completion status because the labour hours expended, and expenses incurred, is the most appropriate record of the work performed. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Measuring the timing and the progress of performance obligations is performed on a consistent basis to similar performance obligations in similar circumstances, using either a contract by contract or portfolio approach.

As further information is received calculations for estimates are updated. Any revenue or cost changes brought about from changes to estimates are included in the income statement in the period to which it relates to.

The Audit service line's fees are typically fixed fees plus any variable consideration for work performed which is over and above any agreed minimum fee. For the Advisory and Tax service lines, services can involve any one of the performance-fee contracts, time-and-materials, fixed fee, variable or contingent fee contracts as detailed below. The different revenue types are as follows:

- Performance-fee contracts are recognised when the Group meets the performance obligations and there is a contractual right to payment, at a point in time.
- Time-and-materials contracts are recognised over time, as services are delivered at a rate agreed with the client, where there is a contractual and enforceable right to payment for services completed to date. The Group applies the practical expedient as set out in IFRS 15.B16 which enables the consideration recognised to correspond directly with the value to the client of the Group's performance completed to date.
- Fixed fee revenue is recognised over time based on the actual service provided to the end of the reporting period relative to total services to be provided, generally assessed by reference to actual inputs of time and expenses as a proportion of the total expected inputs, and where there is an enforceable right to payment for performance completed to date. There are no material fixed fee contracts where there is not an enforceable right to payment.
- Variable revenue is recognised on an expected value basis unless it relates to a contingent event happening, which is over and above any agreed minimum fee. The Group recognises revenue relating to a contingent event over and above a minimum fee to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable revenue recognised on an expected value basis is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The probability is based on current understandings of the work and historical evidence, as appropriate.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations, these amounts are reported as trade and other payables in the statement of financial position.

When the Group satisfies a performance obligation before it receives the consideration and before it is billed, the Group recognises a contract asset in the statement of financial position. Contract assets are reclassified as trade receivables when the consideration has become unconditional because only the passage of time is required before payment is due.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. These 'Provisions for foreseeable losses' are disclosed separately within provisions.

Invoices are issued in accordance with the terms of the engagement; except where consideration is variable, fees are usually billed on account based on a payment schedule. Payment terms with clients are due upon receipt of the invoice however payment terms can vary contract by contract. The raising of invoices reduces the contract asset balance.

1.4 Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement and are expected to be settled in the next 12 months.

1.5 Defined benefit pension

The Group's obligation relating to The Grant Thornton Pensions Fund is calculated in accordance with IAS 19 '*Employee Benefits*' based on the difference between the amount of future retirement benefit that eligible employees have earned discounted to today's value and the fair value of the scheme assets at the year-end. No corresponding deferred tax asset is recorded in these accounts as it can only be recorded in the accounts of a taxable entity.

The defined benefit obligation of the ongoing plan is measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method based on member data. The main assumptions are set out in Note 9.2 along with an indication of their sensitivity. Movements in assumptions during the period are called 'remeasurement gains and losses' and are recognised in the period in which they arise through other comprehensive income.

Areas which impact the defined benefit obligation position at the period end are as follows:

- The interest expense is the unwinding of one year's movement in the present value of the net defined benefit obligation and is recognised through net finance costs in the income statement; and
- Remeasurement gains and losses arise from experience adjustments and changes in actuarial assumptions (demographic and financial).

1.6 Provisions

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. The unwinding of the discount is charged to the income statement.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable or cannot be measured reliably. 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 cannot exceed the amount of the related provision.

1.7 Goodwill

Goodwill is tested at least annually for impairment or as and when there are indicators of impairment. Any impairment losses identified are first applied to the goodwill in that CGU and then pro-rated to the other assets in the CGU.

1.8 Investments

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

1.9 Intangible assets

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 criteria for recognition as prescribed by IAS 38 '*Intangible Assets*'.

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

Amortisation

Amortisation 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 useful life for software has been estimated at between 2 and 10 years and is amortised over this period.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets and is included within operating expenses in the income statement.

1.10 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The following useful lives are applied:

Category	Useful economic life
Leasehold improvements	Shorter of the period of the lease or the life of the asset
Furniture and equipment	3-8 years
Motor cars	4 years

1.11 Leases

Leased assets

The Group makes use of leasing arrangements principally for the provision of office property, IT equipment and motor vehicles. Leases of property generally have a lease term ranging from 5 years to 20 years and some of these have break options. Lease terms for IT equipment and motor vehicles have lease terms of between 3 and 5 years. Lease payments are generally fixed. The Group has not entered into sale and leaseback arrangements.

For new contracts entered into, the Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of IT equipment and motor vehicles. The Group has elected to not separate its leases into lease and non-lease components and instead accounts for these contracts as a single lease component.

Measurement and recognition of leases as a lessee

The Group recognises all lease liabilities and the corresponding right-of-use assets on the statement of financial position, with the exception of short-term leases (12 months or less) and leases of low value assets, which are expensed on a straight-line basis over the lease term.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. During the lease term, if there are increases to the property provision in respect of dismantling the asset at the end of the lease, these are added to the right-of-use asset and depreciated over the remainder of the lease term. Other increases to the property provision are classified as wear and tear and are charged to profit or loss.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease, and if not available the Group's incremental borrowing rate. This is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments (as applicable) based on an index or rate and any payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, including changes in market rental rates following a market rent review, or, as appropriate, changes in the assessment of whether a renewal or purchase option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised. The revised lease payments are discounted using the Group's incremental borrowing rate at the lease commencement date when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in the income statement.

The Group has applied judgement to determine the lease term for those contracts that include a renewal or break option. The assessment of whether the Group is reasonably certain to exercise a renewal option or not exercise a break option can impact the value of the lease liability and right-of-use assets recognised on the statement of financial position. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause. Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised). Considerations include, but are not limited to, ongoing assessment of the office portfolio and its suitably for the Group, including a greater use of home working, costs that would be incurred to change assets where a break option is taken, past practice and other commercial considerations.

The Group as lessor

The Group is an intermediate lessor and accounts for its subleased properties to third parties as operating leases. These subleases are classified as a Right-of-use assets held as investment properties and are accounted for on the same basis as the right-of-use asset for the head lease as above.

1.12 Restricted fixed-term call deposits

The restricted fixed-term call deposits are longer term in nature with a minimum term of four and a half months from inception. The deposits are restricted as these investments are for insurance purposes only.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with a term of less than four and a half months from inception, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash.

1.14 Members' interests

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 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 income statement in arriving at profit before members' remuneration. 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 allocated and, together with members' motor expenses, are treated as members' remuneration charged as an expense to the income statement in arriving at profit available for discretionary division among members.

The LLP does not finalise the division of profits amongst members until after the financial statements have been finalised and approved by the members. As a result, the remainder of profits which have not been divided and allocated, and are available for discretionary allocation, are included within other reserves in equity at the statement of financial position date.

Payments to members are classified as financing activities in the Consolidated statement of cash flows.

Other equity reserves

Other components of equity include the following:

- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Pounds Sterling.
- Non-controlling interest reserve – comprises of the non-controlling interest's share of profits.

1.15 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities 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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified as being held at amortised cost or fair value through profit and loss (FVTPL).

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

Financial assets at amortised cost

The Group's cash and cash equivalents, trade and most other receivables are measured at amortised cost using the effective interest method, following the principles of IFRS 9 '*Financial Instruments*'. Discounting is omitted where the effect of discounting is immaterial.

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

The Group's other receivables and long-term financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Trade and contract assets

The Group makes use of a simplified impairment approach in accounting for trade receivables and contract assets and records a loss allowance in the form of lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. The definition of default is when a client or member or other party are unable to pay the amounts due based on internal credit risk management procedures and information.

Other receivables

The Group's investment in debentures is measured at FVTPL due to the debenture being able to be converted into equity.

Amounts due from members

Amounts due from members are measured at amortised cost. The contractual requirements, as set out in the Membership Agreement requires the repayment of any deficit on a members current account within 30 days, together with interest, which it is considered meets the 'solely the payment of principal and interest' condition.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value and are adjusted for transaction costs as applicable and are subsequently measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included within finance costs or finance income.

Borrowing costs are expensed as incurred.

Fair values

The fair value of the level 1 financial assets disclosed in Note 19.1 use quoted prices (unadjusted) in active markets for identical assets and liabilities. There are no level 2 financial assets or liabilities. The level 3 financial assets that are FVTPL comprises of debt investments in certain Grant Thornton global network firms, litigation funding balances and equity investments. The fair value inputs are based on unobservable inputs with specific details included within Note 19.1.

There have been no transfers between Levels 1, 2, and 3 during the current or prior year.

For other financial assets and liabilities, fair value approximates their carrying value in the current and prior financial years.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with internal valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Operating Officer with oversight from the Risk and Audit Committee of the Partnership Governance Board. Valuation processes and fair value changes are discussed among the Risk and Audit Committee at least every year, in line with the Group's reporting dates.

1.16 Tax

The profits of an LLP are subject to income tax as a personal liability of the individual members. As a result there is no charge for tax (or deferred taxation) on the profits of the LLP within these financial statements. This means that no deferred tax asset is recorded against the firm's pension liabilities. 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.

2 Significant management judgements and estimates

When preparing the financial statements, management make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Management base their assessment for judgements and estimates on historic experience, market insights, and rational estimates of future events. Those which have the most significant effect are summarised below.

2.1 Significant judgements

Revenue recognition

For specific contracts within the Advisory service lines, a judgement is required to determine the outcome of certain litigation and asset recovery cases as the collectability of revenue is uncertain or there is a contingency on the occurrence of a future event. Management's previous experience in such areas is used as the basis for making the judgement. The judgement made as to the outcome of the cases ensures that the value of revenue recognised is constrained so that it is highly probable that a significant reversal of revenue will not occur in a future period. For contracts where there can be a range of outcomes, an expected value model is used which constrains the revenue to it being highly probable.

If different judgements were made on any of the above areas this could affect both the timing and extent of revenue and assets recognised within a financial period.

2.2 Significant accounting estimates

Revenue recognition

In determining the amount of revenue to be recognised on incomplete performance obligations as at the year end, management makes estimates of the stage of completion including estimating the time and costs to complete the contract. These estimates depend upon the outcome of future events and may need to be revised as circumstances change. The effect of making different assessments of the stage of completion could result in a different value being determined for revenue recognised in the year and a different carrying value of contract assets as at the year end.

Estimates are updated at each reporting date, including the application of any constraint in respect of variable consideration until uncertainty is resolved. Any resulting increases or decreases in estimated revenues or costs are reflected in the Group's statement of comprehensive income in the period in which the circumstances arose.

The carrying gross value of contract assets recognised is £123.6m (2022: £112.7m). A 5% movement in contract assets would result in a £6.2m (2022: £5.6m) change in revenue.

Defined benefit pension scheme

The Group's obligation involves estimating the amount of future retirement benefits that eligible scheme members have earned in return for their service. These calculations are performed annually by qualified actuaries and involve many assumptions and estimates. The assumptions are set out in detail in Note 9.2, including sensitivity analysis on the three most critical estimates.

3 Revenue

3.1 Disaggregation of revenue

The Group's revenue has been disaggregated by service line and by the place of destination of the service to show how it could be affected by economic uncertainty.

Year ended 31 December 2023	United Kingdom £m	Rest of Europe £m	Rest of World £m	Total £m
Audit	204.7	5.0	3.7	213.4
Advisory	301.3	32.4	37.7	371.4
Tax	89.9	8.5	7.0	105.4
	595.9	45.9	48.4	690.2

Year ended 31 December 2022	United Kingdom £m	Rest of Europe £m	Rest of World £m	Total £m
Audit	177.6	3.6	3.3	184.5
Advisory	301.3	29.9	33.8	365.0
Tax	83.3	8.7	6.3	98.3
	562.2	42.2	43.4	647.8

The above table has been presented in a different format from the prior year to combine Deals & Business Consulting - Advisory and Large & Complex - Advisory together within Advisory. It splits revenue into categories that are considered to have similarities in the nature, amount, timing and uncertainty of revenue and cash flows arise.

Included within the Advisory service line is £17.8m (2022: £16.9m) of tax related services. Also, included within the Advisory service line is £34.7m (2022: £41.5m) of revenue recognised at a point in time. The remainder of revenue in this and the other service lines is recognised over time.

3.2 Contract balances

Revenue of £28.1m (2022: £23.6m) has been recognised during the current financial year that was included in the contract liability balance as of 31 December 2022.

The Group has applied the practical expedient in IFRS 15 not to disclose information in respect of partially completed contracts where the period of the contract is one year or less. The expected credit losses are detailed in Note 19.3.

The Group's contract related balances are detailed in Notes 17 and 21.

4 Other operating income

	2023 £m	2022 £m
Other operating income		
Property sub-let income	0.7	0.8
Other	22.0	0.2
Total other operating income	**22.7**	**1.0**

The 'other' category above includes one-off property related compensation.

5 Operating expenses

	2023 £m	2022 £m
Cost of services rendered		
Employment and related costs of fee earners	309.0	278.8
Other cost of services rendered – contractor costs	34.2	31.3
Other cost of services rendered	4.7	3.2
Total cost of services rendered	347.9	313.3
Other operating costs		
Employment and related costs of non-fee earners	73.1	68.8
Premises costs – including property service charges and lease-related expenditure	14.8	13.0
Technology and other equipment	19.4	16.8
Depreciation, amortisation and impairment of non-financial assets	16.2	18.9
(Profit)/loss on disposal of non-financial assets	(0.2)	0.1
Other operating costs	58.8	56.5
Total other operating costs	182.1	174.1
Total operating expenses	**530.0**	**487.4**

Operating expenses are stated after charging:

	2023 £m	2022 £m
Auditor's remuneration (including disbursements)		
Audit services – Group and LLP	0.2	0.2
Audit services – Subsidiary LLPs and companies	0.1	0.1

6 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2023 £m	2022 £m
Interest expense for borrowings at amortised cost:		
Bank loans	2.0	1.3
Other borrowing at amortised cost	0.1	-
	2.1	1.3
Lease finance costs and unwinding of discounting relating to dilapidations provision	1.0	1.0
Net interest expense on net defined benefit pension liability	1.8	0.9
Unwinding of the discount relating to former member annuity provisions	0.5	0.2
	3.3	2.1
Finance costs	**5.4**	**3.4**

Finance income for the reporting periods consists of the following:

	2023 £m	2022 £m
Other interest income	1.7	0.5
Gain from financial assets classified as FVTPL	0.2	-
Finance income	**1.9**	**0.5**

Interest income and expenses are reported on an accruals basis using the effective interest method.

7 Tax expenses

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

	2023 £m	2022 £m
Profits on ordinary activities before tax	142.7	121.2
Profits of LLP not subject to corporation tax	(100.6)	(74.9)
	42.1	46.3
Domestic tax rate	23.52%	19.00%
Expected tax expense	9.9	8.8
Profits taxed at zero percent or exempt from tax	(1.8)	(1.2)
Pension cost charge less than pension cost relief	(1.6)	(2.8)
Over provision in prior year	-	(0.1)
Adjustment for tax rate differences in foreign jurisdictions	(0.1)	-
Total tax expense	6.4	4.7

8 Members' interests

	Translation reserve £m	Other reserves £m	Total members' other interests £m	Loans and other debts due to/(from) members £m	Total members' interests £m	Non-controlling interest reserves £m	Amounts due to/(from) non-controlling interest £m
As at 1 January 2023	2.4	30.0	32.4	71.7	104.1	-	-
Members' remuneration charged as an expense	-	-	-	22.7	22.7	-	-
Profit for the financial year available for discretionary division	-	113.2	113.2	-	113.2	0.4	-
Members' interests after profit for the year	2.4	143.2	145.6	94.4	240.0	0.4	-
Allocated profits in respect of the prior year	-	(94.9)	(94.9)	94.9	-	-	-
Movements in respect of former partners	-	0.3	0.3	(9.4)	(9.1)	-	-
Members' capital introduced	-	-	-	6.2	6.2	-	-
Drawings and other distributions	-	-	-	(108.2)	(108.2)	-	-
Non-cash movements	-	-	-	1.8	1.8	-	-
Other comprehensive income movements	(1.5)	(5.0)	(6.5)	-	(6.5)	-	-
As at 31 December 2023	**0.9**	**43.6**	**44.5**	**79.7**	**124.2**	**0.4**	**-**

Members' interests (continued)

	Translation reserve £m	Other reserves £m	Total members' other interests £m	Loans and other debts due to/(from) members £m	Total members' interests £m	Non-controlling interest reserves £m	Amounts due to/(from) non-controlling interest £m
As at 1 January 2022	1.4	35.8	37.2	65.2	102.4	-	-
Members' remuneration charged as an expense	-	-	-	15.8	15.8	-	-
Profit for the financial year available for discretionary division	-	100.7	100.7	-	100.7	-	-
Members' interests after profit for the year	1.4	136.5	137.9	81.0	218.9	-	-
Allocated profits in respect of the prior year	-	(102.7)	(102.7)	102.7	-	-	-
Movements in respect of former partners	-	0.4	0.4	(7.1)	(6.7)	-	-
Members' capital introduced	-	-	-	13.5	13.5	-	-
Drawings and other distributions	-	-	-	(120.4)	(120.4)	-	-
Non-cash movements	-	-	-	2.0	2.0	-	-
Other comprehensive income movements	1.0	(4.2)	(3.2)	-	(3.2)	-	-
As at 31 December 2022	**2.4**	**30.0**	**32.4**	**71.7**	**104.1**	-	-

Total members' interests include all amounts in which the members have an interest regardless of whether those amounts are classified as debt or equity in the statement of financial position.

Total members' other interests show the total members' interests classified as equity in the statement of financial position.

The loans and other debts due to or from members included in the statement of financial position can be analysed as follows:

	2023 £m	2022 £m
Loans and other debts due to members in more than one year	5.8	6.3
Members' capital classified as a liability	51.3	50.4
Amounts due to members – profits	37.4	28.0
Loans and other debts due to members	94.5	84.7
Amounts due from members included in trade and other receivables (Note 17)	(14.8)	(13.0)
	79.7	71.7

Loans and other debts due to members in more than one year includes an optional class of members' capital which is repayable upon request with no less than 12 months' notice.

Profits are shared among members in accordance with agreed profit-sharing arrangements. The average profit per member for the current year totalled £644,000 (2022: £579,000). The average profit per member is calculated by dividing the profit for the financial year before members' remuneration, tax and profit shares by the average number of full-time equivalent members. The profit attributable to the member with the largest entitlement was £1.9m (2022: £2.4m) and to the partnership's key management, the designated members, was £10.8m (2022: £10.3m).

9 Employee remuneration

Employee remuneration below includes wages and salaries, bonuses, employee benefits, defined contribution pension costs and the administration costs of the defined benefit scheme, as follows:

	2023 £m	2022 £m
Salaries	304.4	280.5
Social security costs	34.5	31.4
Pensions	19.1	16.8
	358.0	328.7

9.1 Member and employee numbers

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

	2023	2022
Members (of whom 91 are entitled to a fixed amount of profit share – 2022: 75)	225	212
Employees		
Fee earning	4,241	4,003
Non-fee earning	1,095	1,101
Total employees	5,336	5,104
Total members and employees	5,561	5,316

9.2 Pensions and other employee obligations

The liabilities recognised for pensions and other employee remuneration are:

	2023 £m	2022 £m
Non-current:		
Defined benefit liability (net)	40.3	42.0
Former members' annuities (Note 20)	9.0	10.4
	49.3	52.4
Current:		
Other short-term employee obligations*	4.0	3.7

*Included within accruals in trade and other payables in Note 21.

Defined contribution plans

The Group makes fixed payments into separate funds on behalf of scheme members that have elected to save for their retirement in respect of the defined contribution plans. 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 members of the defined contribution scheme and not the Group.

The Group's obligation to make fixed contributions to the defined contribution plans is recognised as an operating expense in the statement of comprehensive income as the services are received from the scheme members. For 2023 total contributions in respect of such plans recognised as an expense were £19.1m (2022: £16.8m).

Defined benefit plan

Defined benefit pension scheme members receive cash payments during their retirement and death benefits, the value of which is dependent upon the fund members' length of service and final salary. The Group operated a defined benefit pension plan, the Grant Thornton Pension Fund, which is closed to new entrants and was closed to further benefit accrual from 31 October 2014.

The assets of the continuing plan 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 plan to manage and invest the assets of the plan. The trustees of the plan are required to act in the best interest of the fund and be guided by the Fund's Trust deed and rules dated 1 March 2011. The Group has no representation on the trustee board.

The pension scheme is a registered scheme under UK legislation and was contracted out of the state second pension. The pension scheme is subject to the scheme funding requirements outlined in UK legislation.

The legal obligation for benefits payable to fund members on retirement under the plan remains with the Group and, as such, in the event of insufficient investment returns, the Group is obliged to remedy this using measures such as increased levels of contributions or reducing prospective benefits for fund members.

Defined benefit obligation

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

	2023 £m	2022 £m
Defined benefit obligation as at 1 January	300.0	457.5
Interest expense	13.9	8.5
Remeasurements – actuarial gains from changes in demographic assumptions	(5.8)	(0.2)
Remeasurements – actuarial losses/(gains) from changes in financial assumptions	6.5	(160.7)
Remeasurements – actuarial losses from experience	5.1	11.7
Benefits paid	(13.5)	(16.8)
Defined benefit obligation as at 31 December	**306.2**	**300.0**

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 finance 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.

The actual return on plan assets including interest income was a gain of £12.9m in 2023 (2022: loss of £145.7m).

	2023 £m	2022 £m
Fair value of plan assets as at 1 January	258.0	404.5
Interest income	12.1	7.7
Return/(loss) on scheme assets excluding amounts included in interest income	0.8	(153.4)
Employer contributions	8.5	16.0
Benefits paid	(13.5)	(16.8)
Fair value of plan assets as at 31 December	**265.9**	**258.0**

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

Total plan assets	2023 £m	2022 £m
Equities	47.9	52.2
Bonds and liability driven investments	137.7	130.6
Alternative investments	51.2	50.5
Cash	17.9	12.4
Buy in policy*	11.1	12.3
Property funds	0.1	-
	265.9	258.0

**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.

Significant actuarial assumptions

These assumptions were developed by management with the assistance of the firm's in-house internal actuaries. Discount factors are determined close to each year end by reference to market yields for 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.

	2023 %	2022 %
Rate of revaluation of accrued and deferred pensions	2.30	2.30
Rate of increase in pensions in payment – pre 1 July 2006	2.90	2.95
Rate of increase in pensions in payment – post 30 June 2006	2.05	2.05
Discount rate	4.55	4.75
Retail price inflation	3.00	3.05
Consumer price inflation	2.30	2.30
Mortality assumption	100% S3PA*	100% S3PA*

**Mortality rates were assumed to follow the 100% S3PA (2022: 100% S3PA), incorporating the CMI_2022 (2022: CMI_2021) projections with a long-term rate of improvement of 1.25% (2022: 1.25%) per annum for past and future years.*

Life expectancy	2023	2022
Male – Currently aged 65	86.4	87.0
Male – Aged 65 in 20 years	87.6	88.3
Female – Currently aged 65	88.9	89.4
Female – Aged 65 in 20 years	90.3	90.8

Changes in the significant actuarial assumptions

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

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

	Impact on plan liability increase £m
1.0% decrease to discount rate	41.3
1.0% increase to inflation	27.1
One year increase to life expectancy	12.4

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 plan's liabilities and plan's 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 income statement related to the Group's defined benefit plan are as follows:

	2023 £m	2022 £m
Net interest expense	1.8	0.9
Total expenses recognised in income statement	1.8	0.9

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

	2023 £m	2022 £m
Actuarial gain – changes in demographic assumptions	5.8	0.2
Actuarial (loss)/gain – changes in financial assumptions	(6.5)	160.7
Actuarial loss – experience	(5.1)	(11.7)
Return/(loss) on assets excluding amounts included in interest income	0.8	(153.4)
Total recognised in other comprehensive expense	(5.0)	(4.2)

Other defined benefit plan information

The ongoing Grant Thornton Pension Plan exposes the Group to actuarial risks, the most significant of which are:

- Asset volatility relative to discount rate changes – the fund liabilities are calculated using a discount rate set with reference to corporate bond yields. If fund assets underperform this yield, this will create a statement of financial position deficit. If fund assets underperform the discount rate used for the scheme funding valuation Recovery Plan, it is likely to lead to an increase in the required contribution rate from the Group;

- Life expectancy – Future mortality rates cannot be predicted with certainty. Unanticipated increases in life expectancy will lead to an increase in the Fund's liability; and
- Inflation risk – Pensions in deferment and in payment are linked to inflation. An increase in inflation will lead to an increase in the Fund's liability value.

In order to reduce some of the risks associated with the Fund, a bulk annuity in respect of a proportion of the pensioner membership was purchased in 2013. The Trustees have also adopted a liability-driven investment strategy, which hedges a large proportion of the inflation and interest rate risk.

The duration of the Fund liabilities is around 13 years (2022: 14 years).

A subsidiary entity, Grant Thornton Services LLP, is the principal employer to the Grant Thornton Pension Fund, a defined benefit pension scheme. Grant Thornton UK LLP pays Grant Thornton Services LLP and Grant Thornton Business Services for the supply of employees in accordance with a Supply of Services Agreement between Grant Thornton UK LLP and Grant Thornton Services, such charges being sufficient to cover the employment costs of the employees.

The obligation to the continuing scheme is reflected in the statement of financial position of Grant Thornton Services LLP as the participating employer. The obligations are not reflected in the individual entity statement of financial position of Grant Thornton UK LLP because, 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.

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 future funding obligations

The ongoing funding of the defined benefit pension scheme is based on the last triennial actuarial valuation at 30 June 2020.

As a result of the actuarial deficit as at 30 June 2020 the Group agreed to a Recovery Plan to eliminate the deficit by 28 February 2027 by increasing regular contributions to £8.5m per annum and making one-off contributions of £15.0m (which were made by 31 January 2022). This recovery plan shortened the recovery period compared to the previous plan by 2 years.

The triennial actuarial valuation at 30 June 2023 is ongoing.

10 Goodwill

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

	2023 £m	2022 £m
Balance as at 1 January	12.5	12.9
Impairment	-	(0.5)
Exchange differences	-	0.1
Balance as at 31 December	12.5	12.5

No goodwill has been impaired in the current year (2022: £0.5m).

The recoverable amount for goodwill has been determined based on value in use. Value in use reflects the present value of future cash flows based on one-year budgeted cash flows. Terminal value cash flows calculations for the periods beyond existing one-year budgets have been extrapolated using a 2.0% external long-term growth rate (2022: 1.9%). Cash flow scenarios with nil growth show no indication of impairment given the headroom in the impairment testing that has been performed.

The same discount rate has been used for all CGUs based on our assessments that the risks of all the CGUs are consistent with risks of the Group. The discount rate applied against the pre-tax projected cash flows is based on a pre-tax weighted average cost of capital of 10.7% (2022: 11.2%). The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to various sources of externally available data for entities which are engaged in comparable activities as the firm.

Growth rates

The growth rates used in the value in use calculation reflect a conservative estimate given the past performance of these CGUs and uncertainties around further market growth in these capabilities beyond the initial one-year forecast period.

Cash flow assumptions

The key cash flow assumptions take in to account an assessment of a more uncertain economic outlook, include an assessment of inflationary pressures on employment and related costs, are based on past experience of the performance of the CGUs and the markets they operate in. The Group's management believes this is the best available input for forecasting in the various markets. Cash flow projections reflect profit margins achieved immediately before the most recent budget period. The one-year budgets are built from the bottom up and led by business leaders taking into consideration the specific nature of work performed by each part of our business.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors.

Sensitivity analysis

Management is not currently aware of any reasonably possible changes to key estimates that would result in an impairment. The recoverable amounts are less than two years of the current year expected cash flows and are not particularly sensitive to either the discount rate or growth rate.

Cash Generating Units (CGU)

Goodwill was generated on the acquisition of various entities, all of which have been integrated into the LLP across the three service lines. The goodwill is allocated across a number of CGUs, none of which are considered individually significant in comparison to the total carrying value of goodwill.

The smallest CGUs reviewed by the Finance Partner for internal management purposes, have been identified and considered annually for impairment by comparing their carrying value to the forecast future cashflows based on the following year budget and growth assumptions.

For the purpose of annual impairment testing, goodwill on the Robson Rhodes acquisition has been allocated to the public sector audit and financial services audit and advisory CGU, the results of which reside within the Audit and Advisory service lines, as they benefit from the synergies of the business combinations in which the goodwill arose. The other goodwill arose on various smaller acquisitions and have been allocated to various other smaller CGUs which are not considered material to disclose.

	2023 £m	2022 £m
Robson Rhodes	9.5	9.5
Other	3.0	3.0
	12.5	12.5

11 Other intangible assets

	Software £m	Assets under development £m	Total £m
Gross carrying amount			
Balance as at 1 January 2023	18.4	0.1	18.5
Additions	-	-	-
Transfers	0.1	(0.1)	-
Balance as at 31 December 2023	18.5	-	18.5
Amortisation and impairment			
Balance as at 1 January 2023	12.8	-	12.8
Amortisation	1.6	-	1.6
Balance as at 31 December 2023	14.4	-	14.4
Carrying amount as at 31 December 2023	**4.1**	-	**4.1**

	Software £m	Assets under development £m	Total £m
Gross carrying amount			
Balance as at 1 January 2022	18.6	0.3	18.9
Transfers	0.2	(0.2)	-
Disposals	(0.4)	-	(0.4)
Balance as at 31 December 2022	18.4	0.1	18.5
Amortisation and impairment			
Balance as at 1 January 2022	11.5	-	11.5
Amortisation	1.7	-	1.7
Disposals	(0.4)	-	(0.4)
Balance as at 31 December 2022	12.8	-	12.8
Carrying amount as at 31 December 2022	**5.6**	**0.1**	**5.7**
Carrying amount as at 31 December 2021	7.1	0.3	7.4

12 Property, plant and equipment

	Leasehold property improvements £m	Furniture and equipment £m	Motor cars £m	Assets under construction £m	Total £m
Gross carrying amount					
Balance as at 1 January 2023	13.1	5.1	6.5	0.2	24.9
Additions	-	0.1	1.8	1.0	2.9
Transfer	0.7	0.3	-	(1.0)	-
Disposals	(1.7)	(0.8)	(1.4)	-	(3.9)
Balance as at 31 December 2023	12.1	4.7	6.9	0.2	23.9
Depreciation and impairment					
Balance as at 1 January 2023	8.1	3.0	2.9	-	14.0
Disposals	(1.7)	(0.8)	(1.1)	-	(3.6)
Depreciation	1.3	0.7	1.2	-	3.2
Balance as at 31 December 2023	7.7	2.9	3.0	-	13.6
Carrying amount as at 31 December 2023	**4.4**	**1.8**	**3.9**	**0.2**	**10.3**

	Leasehold property improvements £m	Furniture and equipment £m	Motor cars £m	Assets under construction £m	Total £m
Gross carrying amount					
Balance as at 1 January 2022	17.3	6.7	5.7	1.3	31.0
Additions	0.1	0.2	2.0	1.9	4.2
Transfer	1.9	1.1	-	(3.0)	-
Disposals	(6.2)	(2.9)	(1.2)	-	(10.3)
Balance as at 31 December 2022	13.1	5.1	6.5	0.2	24.9
Depreciation and impairment					
Balance as at 1 January 2022	11.9	4.9	2.4	-	19.2
Disposals	(5.8)	(2.9)	(0.6)	-	(9.3)
Depreciation	2.0	1.0	1.1	-	4.1
Balance as at 31 December 2022	8.1	3.0	2.9	-	14.0
Carrying amount as at 31 December 2022	**5.0**	**2.1**	**3.6**	**0.2**	**10.9**
Carrying amount as at 31 December 2021	5.4	1.8	3.3	1.3	11.8

13 Leases

The Group has leases for office property, IT equipment and motor vehicles.

Except for short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 12).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Details of these provisions are included in Note 20. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position for the year ended 31 December 2023:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with termination options not yet lapsed
Property leases	20	0-12 years	5 years	-	-	10
Office equipment leases	2	1 year	1 year	1	1	-
Motor car leases	5	1-4 years	2 years	-	3	-

The office equipment lease extension options do not have material impact on the lease liabilities recognised.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position for the year ended 31 December 2022:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with termination options not yet lapsed
Property leases	23	0-13 years	4 years	-	-	10
Office equipment leases	2	2 years	2 years	1	1	-
Motor car leases	7	0-2 years	1 year	-	3	-

Right-of-use assets

Net Book Value	Property £m	Office equipment £m	Motor cars £m	Total £m
Balance as at 1 January 2023	34.8	0.2	0.1	35.1
Additions	1.6	-	0.1	1.7
Depreciation for the year	(10.7)	(0.2)	(0.1)	(11.0)
Balance as at 31 December 2023	25.7	-	0.1	25.8

Net Book Value	Property £m	Office equipment £m	Motor cars £m	Total £m
Balance as at 1 January 2022	41.3	0.5	0.1	41.9
Additions	5.1	-	0.1	5.2
Depreciation for the year	(11.6)	(0.3)	(0.1)	(12.0)
Balance as at 31 December 2022	34.8	0.2	0.1	35.1

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2023 £m	2022 £m
Current	8.0	10.1
Non-current	19.5	24.9
	27.5	35.0

	Property £m	Office equipment £m	Motor cars £m	Total £m
Balance as at 1 January 2023	34.7	0.2	0.1	35.0
Created during the year	2.6	-	-	2.6
Amounts paid	(10.5)	(0.2)	-	(10.7)
Lease finance costs	0.6	-	-	0.6
Balance as at 31 December 2023	27.4	-	0.1	27.5

	Property £m	Office equipment £m	Motor cars £m	Total £m
Balance as at 1 January 2022	41.1	0.5	0.1	41.7
Created during the year	4.9	-	0.1	5.0
Amounts paid	(11.9)	(0.3)	(0.1)	(12.3)
Lease finance costs	0.6	-	-	0.6
Balance as at 31 December 2022	**34.7**	**0.2**	**0.1**	**35.0**
Balance as at 31 December 2021	41.1	0.5	0.1	41.7

The maturity profile of the Group's lease liabilities is as follows:

	2023 £m	2022 £m
Not later than one year	8.5	10.6
In more than one year but less than two years	4.3	8.0
In more than two years but less than three years	3.3	3.8
In more than three years but less than four years	2.7	2.8
In more than four years but less than five years	2.3	2.2
In more than five years	8.4	9.6
	29.5	37.0
Effect of discounting (finance charge)	(2.0)	(2.0)
Lease liability	**27.5**	**35.0**

Total cash outflow for leases for the year ended 31 December 2023 was £10.7m (2022: £12.3m).

The Group has elected not to recognise a lease liability for short-term leases and leases of low value assets. The expense recognised in the income statement for such leases amounted to £3.0m in 2023 (2022: £2.4m).

14 Right-of-use assets held as investment property

Investment properties are those subleased to third parties on operating leases.

	2023 £m	2022 £m
Gross carrying value		
Balance as at 1 January	2.0	2.0
Additions	1.1	-
Extinguished leases	(2.0)	-
Balance as at 31 December	1.1	2.0
Depreciation and impairment		
Balance as at 1 January	1.7	1.0
Depreciation	0.4	0.7
Eliminated on extinguished leases	(2.0)	-
Balance as at 31 December	0.1	1.7
Carrying amount as at 31 December	**1.0**	**0.3**

Rental income from subleasing of £0.4m (2022: £0.7m) is shown within other operating income and direct operating expenses of £0.5m (2022: £1.4m) are reported within operating expenses.

The inherent risks associated with rights the Group retains in underlying assets are not considered to be significant, and they are further reduced by appropriate mitigations incorporated into sub-lease agreements.

The lease contracts are all non-cancellable for 5.5 years from the commencement of the lease. The average lease term remaining as at the year-end was 5.0 years (2022: 0.5 years).

Future undiscounted minimum lease rentals are as follows:

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	After 5 years £m
As at 31 December 2023	0.2	0.3	0.3	0.3	0.2	-
As at 31 December 2022	0.3	-	-	-	-	-

15 Group interests

Interest in subsidiaries

Set out below are details of the wholly owned trading subsidiaries held directly by the Group. All subsidiary undertakings are 100% owned by the Group, apart from, Grant Thornton KSA Holdco No.1 Limited and Grant Thornton Advisory Professional LLC which are 83% and 62% owned respectively. The non-controlling interests share of equity is £0.4m as at the year end (2022: £nil).

Grant Thornton KSA Holdco No.1 Limited, registered with the number 13861859, has adopted the exemption from audit under section 479A of the Companies Act 2006 for the financial year ended 31 December 2023. This exemption from audit guarantee has been provided by the LLP.

Name of the subsidiary	Country of incorporation & principal place of business	Principal activity
Grant Thornton Acquisitions No. 2 Limited[1]	England	Intermediate holding company
Grant Thornton Agile Talent Solutions Limited	England	Provision of contractors to the Group
Grant Thornton ARF Limited[1]	England	Intermediate holding company
Grant Thornton Business Services	England	Provision of personnel to the Group and intermediate holding company
Grant Thornton KSA Holdco No.1 Limited	England	Intermediate holding company
Grant Thornton Limited	England	Intermediate holding company
Grant Thornton Services LLP	England	Provision of personnel to the Group
Fulwood Insurances Limited[1]	Guernsey	Insurance services to the Group
Grant Thornton (British Virgin Islands) Limited	British Virgin Islands	Insolvency and restructuring services
GT (BVI) Corporate Director No. 1 Ltd	British Virgin Islands	Insolvency and restructuring services
GT (BVI) Corporate Director No. 2 Ltd	British Virgin Islands	Insolvency and restructuring services
Grant Thornton Specialist Services (Cayman) Limited	Cayman Islands	Insolvency and restructuring services
GTSS Corporate Director No. 1 Ltd	Cayman Islands	Insolvency and restructuring services
GTSS Corporate Director No. 2 Ltd	Cayman Islands	Insolvency and restructuring services
GTSS Corporate Director No. 3 Ltd	Cayman Islands	Insolvency and restructuring services
Grant Thornton Advisory Professional LLC	Saudi Arabia	Advisory services

As at 31 December 2023, 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:

Dormant or non-trading subsidiaries	
Grant Thornton Advisory Limited	Grant Thornton Trust Company Limited
Grant Thornton Contracts LLP[1]	GTN1 Limited
Grant Thornton Employee Benefits Consultancy LLP[1]	GTN2 Limited
Grant Thornton Nominees[2]	GTPN1 Limited
Grant Thornton Pension Trustees Limited	GTPN2 Limited
Grant Thornton Property Nominees[2]	

1) directly owned by Grant Thornton UK LLP. 2) unlimited liability nominee companies in which Grant Thornton UK LLP has a 100% interest.

The registered office of the above subsidiaries is 30 Finsbury Square, London, EC2A 1AG, other than the following entities which are not incorporated in England:

- Fulwood Insurances Limited – PO Box 33, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 4AT.
- Grant Thornton (British Virgin Islands) Limited – Intertrust Fiduciary Services BVI Limited, Ritter House, Wickhams Cay II, P.O. Box 4041, Road Town, Tortola, British Virgin Islands VG1110.
- GT (BVI) Corporate Director No. 1 and No.2 Limited – Intertrust Fiduciary Services BVI Limited, Ritter House, Wickhams Cay II, P.O. Box 4041, Road Town, Tortola, British Virgin Islands VG1110.
- Grant Thornton Specialist Services (Cayman) Limited – HSM Corporate services Ltd, PO Box 31726, 68 Fort Street, George Town, Grand Cayman KY1 1207.
- GTSS Corporate Director No. 1, No. 2 and No. 3 – HSM Corporate services Ltd, PO Box 31726, 68 Fort Street, George Town, Grand Cayman KY1 1207.
- Grant Thornton Advisory Limited – 110 Queen Street, Glasgow, Scotland, G1 3BX.
- Grant Thornton Advisory Professional LLC – Al Mousa Commercial Complex, 7th Floor, Tower 4, Al Olaya Street, Riyadh, Saudi Arabia.

The Group also has investments in joint ventures and associates as disclosed in Note 16.

16 Investments accounted for using the equity method

Associates

The Group has a 33% (2022: 49%) shareholding of Grant Thornton Advisory (Cyprus) Limited, an intermediate holding company registered in Cyprus. Grant Thornton Specialist Services (Cyprus) Limited was renamed Grant Thornton Advisory (Cyprus) Limited. The registered office is 41-49 Agiou Nicolaou Street, Nimeli Court, Block C, 2408, Engomi, P.O.Box 23907, 1687 Nicosia, Cyprus. This associate is not material to the Group.

Joint ventures

Investment in Grant Thornton Singapore HoldCo Limited

The Group has one joint venture, being 50% of all voting shares of Grant Thornton Singapore HoldCo Limited, registered in the British Virgin Islands. Grant Thornton Singapore HoldCo Limited's registered office is Ritter House, Wickhams Cay II, Road Town, Tortola, VG110, British Virgin Islands.

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

	Investment in joint ventures £m	Investment in associates £m	Total equity accounted investments £m
Carrying amount of equity accounted investments as at 1 January 2023	2.7	0.1	2.8
Share of other comprehensive expense – translating foreign operations	(0.3)	-	(0.3)
Exchange adjustments	(0.3)	-	(0.3)
Carrying amount of equity accounted investments as at 31 December 2023	2.1	0.1	2.2

	Investment in joint ventures £m	Investment in associates £m	Total equity accounted investments £m
Carrying amount of equity accounted investments as at 1 January 2022	1.9	0.1	2.0
Additional equity investments made	0.2	-	0.2
Share of profit from equity accounted investments	0.1	-	0.1
Share of other comprehensive income – translating foreign operations	0.4	-	0.4
Exchange adjustments	0.1	-	0.1
Carrying amount of equity accounted investments as at 31 December 2022	2.7	0.1	2.8

There were no dividends received from joint ventures or associates in the current or prior year.

Grant Thornton Singapore HoldCo Limited is a private company, there are no quoted market prices available for its shares.

Summarised financial information for Grant Thornton Singapore HoldCo Limited is set out below:

	2023 £m	2022 £m
Non-current assets	6.5	3.3
Current assets (a)	9.1	8.2
Total assets	15.6	11.5
Non-current liabilities (b)	(6.8)	(1.9)
Current liabilities (c)	(3.6)	(3.1)
Total liabilities	(10.4)	(5.0)
Net assets	**5.2**	**6.5**
(a) Includes cash and cash equivalents	0.5	0.6
(b) Includes non-current financial liabilities (excluding trade and other payables and provisions)	(6.8)	(0.2)
(c) Includes current liabilities (excluding trade and other payables and provisions)	(0.6)	(1.5)
Trading:		
Revenue	18.5	14.8
(Loss)/profit for the year	(0.1)	0.2
Other comprehensive (expense)/income for the year	(0.7)	1.0
Depreciation	(1.0)	(1.1)
Tax	-	-

Review of the carrying value:

	2023 £m	2022 £'m
Net assets	5.2	6.5
Non-controlling interest	(1.0)	(1.0)
	4.2	5.5
Ownership	50%	50%
Carrying value	2.1	2.7

17 Trade and other receivables

Trade and other receivables consist of the following:

	2023 £m	2022 £m
Due within one year:		
Trade receivables, gross	100.6	92.0
Allowance for credit losses on trade receivables	(1.8)	(2.6)
Trade receivables, net	98.8	89.4
Contract assets, gross	123.6	112.7
Allowance for credit losses on contract assets	(0.1)	(0.1)
Contract assets, net	123.5	112.6
Amounts due from members	14.8	13.0
Other receivables	11.0	4.7
Financial assets	248.1	219.7
Prepayments	22.2	21.4
Non-financial assets	22.2	21.4
Trade and other receivables due within one year	**270.3**	**241.1**
Due after more than one year:		
Financial assets – other receivables	1.8	2.7
Non-financial assets – prepayments	8.3	9.5
Trade and other receivables due after more than one year	**10.1**	**12.2**
Total trade and other receivables	**280.4**	**253.3**

Allowances for credit losses relating to amounts due from members are immaterial.

18 Cash and cash equivalents

Fair values of cash and cash equivalents approximate to carrying value owing to the short maturity of the instruments. Other currencies include Cayman Island Dollar, Euro and Saudi Riyal.

	2023 £m	2022 £m
Cash at bank and in hand:		
- GBP	7.3	3.5
- USD	4.2	3.0
- Other currencies	1.5	0.3
Cash equivalents	7.0	15.8
Total Cash and cash equivalents	**20.0**	**22.6**

19 Financial assets and liabilities

19.1 Financial assets at year end

Note 1.14 provides a description of each category of financial assets and the related accounting policies. The carrying amounts of trade and other receivables and cash and cash equivalents is considered a reasonable approximation of fair value.

31 December 2023	Fair value through profit or loss £m	Amortised cost £m	Total £m
Non-current assets:			
Other long-term financial assets	6.7	-	6.7
Trade and other receivables	1.8	-	1.8
Total non-current assets	8.5	-	8.5
Current assets:			
Trade and other receivables	6.7	241.4	248.1
Restricted fixed-term call deposits	-	18.2	18.2
Other short-term financial assets	5.2	-	5.2
Cash and cash equivalents	-	20.0	20.0
Total current assets	11.9	279.6	291.5
Total assets	**20.4**	**279.6**	**300.0**

31 December 2022	Fair value through profit or loss £m	Amortised cost £m	Total £m
Non-current assets:			
Other long-term financial assets	4.1	-	4.1
Trade and other receivables	2.7	-	2.7
Total non-current assets	6.8	-	6.8
Current assets:			
Trade and other receivables	10.7	209.0	219.7
Restricted fixed-term call deposits	-	8.9	8.9
Cash and cash equivalents	-	22.6	22.6
Total current assets	10.7	240.5	251.2
Total assets	**17.5**	240.5	**258.0**

Level 1 financial assets at FVTPL are:

	2023 £m	2022 £m
Bonds and fixed income	3.0	-
Equities	1.8	-
Alternative investments	0.4	-
Level 1 financial assets at FVTPL	5.2	-

Level 3 financial assets at FVTPL have increased as follows:

	Long-term financial assets £m	Trade and other receivables £m	Level 3 Financial assets £m
Financial assets at FVTPL as at 31 December 2022	4.1	13.4	17.5
Amount recognised in profit or loss – operating expenses	-	-	-
Amount recognised in profit or loss – revenue	-	(0.3)	(0.3)
Other movements	2.6	(4.6)	(2.0)
Financial assets at FVTPL as at 31 December 2023	6.7	8.5	15.2

	Long-term financial assets £m	Trade and other receivables £m	Level 3 Financial assets £m
Financial assets at FVTPL as at 31 December 2021	2.2	13.9	16.1
Amount recognised in profit or loss – operating expenses	-	0.3	0.3
Amount recognised in profit or loss – revenue	-	(3.6)	(3.6)
Other movements	1.9	2.8	4.7
Financial assets at FVTPL as at 31 December 2022	4.1	13.4	17.5

The total amount included in profit or loss for unrealised losses on Level 3 instruments is £nil (2022: £nil).

The valuation techniques for the Level 3 instruments are as follows:

Trade and other receivables

The trade and other receivables financial assets consist of £1.6m (2022: £2.5m) in respect of fully and compulsory convertible debentures. £0.8m (2022: £0.8m) is included within other receivables due within one year and £0.8m (2022: £1.7m) is included in amounts due after more than one year. Trade and other receivables also consist of £5.2m (2022: £7.7m) in respect of litigation and insolvency funding. Litigation and insolvency funding is where the Group provides the finances to proceed with asset recovery work.

For the litigation funding, the Group's Strategic Leadership Team and Risk and Audit Committee are responsible for the oversight of policies and procedures with regards to the fair value measurement and the senior professionals in this area of the business in conjunction with the finance function conduct the fair value measurement at each reporting date. The movements in the values of assets and liabilities are required to be re-assessed as per the Group's accounting policies. The fair value for funding balances is determined using an income approach applying a probability-weighted average of future cash flows. The quantum of change depends on the potential future stages of asset recovery progression. The consequent effect when an adjustment is made is that the fair value of an asset with few remaining stages is adjusted closer to its predicted final outcome than one with many remaining stages. The Group's fair value estimation is its best determination of the current fair value of litigation funding. This estimate is subjective being based on an evaluation on how single events have changed the possible outcomes of the asset recovery progression and their relative probabilities and hence the extent to which the fair value has altered. The fair value falls within a wide range of reasonably possible estimates. There is no useful alternative valuation that would better quantify the market risk inherent in the litigation funding portfolio.

The significant unobservable inputs are the outcomes of future litigation. At 31 December 2023, should the value of litigation funding have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the balance would have increased and decreased respectively by £0.5m (2022: £0.8m).

Investment in asset recovery funding

The long-term financial assets balance includes an investment in Asset Recovery Fund L.P and Asset Recovery Fund II L.P of £5.4m (2022: £4.0m). The fair value is determined based on future cash flow modelling that takes into account the investee's expected future performance. The significant unobservable inputs are the future performance of the entities. At 31 December 2023, should the value of the investment in Asset Recovery Fund L.P. and Asset Recovery Fund II L.P have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the balance would have increased and decreased respectively by £0.5m (2022: £0.4m).

19.2 Financial liabilities at the year end

Borrowing costs are expensed as incurred. The below amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date for liabilities held at amortised cost.

	2023 £m	2022 £m
Non-current financial liabilities		
Lease liabilities	21.0	26.4
Loans and other debts due to members after one year	5.8	6.3
Total non-current financial liabilities	26.8	32.7
Current financial liabilities		
Loans and other debts due to members within one year	88.7	78.4
Current borrowings	38.0	23.0
Lease liabilities	8.5	10.6
Trade payables	5.3	6.5
Accruals	41.5	41.0
Other payables	4.8	3.0
Amounts due to former members	3.8	0.2
Total current financial liabilities	190.6	162.7
Total financial liabilities	217.4	195.4

19.3 Financial instruments risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial risk management is overseen by the Finance Partner and coordinated by its finance team. The position is reviewed by the Treasury Committee on a quarterly basis, with issues reported by exception, in line with policy, to the Strategic Leadership Team. Financial risk management focuses on actively securing the Group's short to medium-term cash flows by minimising the risks described below as well as long-term financial management which is the responsibility of the Strategic Leadership Team with oversight from the Partnership Governance Board.

The main types of risks are market risk, credit risk and liquidity risk. The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options, nor does it enter into derivatives. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk, which result from both its operating and investing activities.

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 (GBP) and as such currency risk does not exist on these transactions. Exposures to currency exchange rates arise from the Group's overseas sales, purchases and investments, which are primarily denominated in US dollars (USD), and Euros (EUR), transactions in other currencies are not material to the Group.

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 flow 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 translated into Pounds Sterling at the closing rate:

	Short-term exposure EUR £m	Short-term exposure USD £m	Long-term exposure USD £m
31 December 2023			
Financial assets - other long-term financial assets	-	-	5.4
Financial assets - trade and other receivables	0.4	2.8	1.1
Financial assets - cash and cash equivalents	0.2	4.2	-
Financial liabilities – trade and other payables	(0.4)	(1.4)	-
Total exposure – 31 December 2023	**0.2**	**5.6**	**6.5**
31 December 2022			
Financial assets - other long-term financial assets	-	-	4.0
Financial assets - trade and other receivables	0.3	3.8	1.6
Financial assets - cash and cash equivalents	0.2	3.0	-
Financial liabilities – trade and other payables	(0.8)	(0.6)	-
Total exposure – 31 December 2022	**(0.3)**	**6.2**	**5.6**

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

Exposures to foreign currency 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.

As the majority of the Group's transactions are denominated in Pounds Sterling (GBP) a reasonably possible change in exchange rates of +/-5% would not have a material impact on the pre-tax profits of the Group.

Interest rate sensitivity

The Group's policy is to minimise cash flow interest rate risk and volatility on long-term financing. As at 31 December 2023, the Group is exposed to changes in market interest rates through bank borrowings on its revolving credit facilities (1.4% over SONIA for both 2022 and 2023); and members' capital (5% over Bank of England Base Rate for both 2022 and 2023).

A movement of 100 basis points in the interest rates on borrowings would not have a material impact on the pre-tax profits of the Group.

Credit risk

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 clients, and cash deposits. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December 2023. The Group is not exposed to any significant credit risk from exposure to any single counterparty or any group of counterparties having similar characteristics.

Receivables credit risk is managed on a Group basis through the Group's credit risk management policies and procedures. The Group continuously monitors the credit quality of clients and other key counterparties, identified either individually or collectively, and incorporates this information into its credit risk controls. Trade receivables consist of a large number of clients in various industries and geographical areas, which reduces any potential risk concentrations.

The credit risk in respect of cash and deposits held with financial institutions are managed via diversification of bank deposits which are only held with reputable financial institutions with high quality external credit ratings.

In addition, the Group does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables; and
- contract assets.

While cash and cash equivalents, the restricted fixed term call deposits and amounts due from members are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables and separately, the contract assets have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for revenue over a historical period as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the client's ability to settle the amount outstanding.

Management has identified gross domestic product (GDP) to be the most relevant factor and accordingly adjusts historical loss rates for expected changes in this factor. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

On the above basis the expected credit loss for trade receivables and contract assets as at 31 December 2023 were determined as follows:

	Expected credit loss rate 2023	2023 £m	Expected credit loss rate 2022	2022 £m
Current	0.06%	61.4	0.12%	52.9
More than 30 days	0.16%	20.0	0.31%	20.0
More than 60 days	0.51%	6.2	1.01%	6.7
More than 90 days	13.78%	13.0	19.16%	12.4
Trade receivables		100.6		92.0
Contract assets	0.06%	123.6	0.12%	112.7
Total trade receivables and contract assets		224.2		204.7
Expected credit losses for trade receivables and contract assets		(1.9)		(2.7)
Trade receivables and contract assets		**222.3**		**202.0**

The expected credit losses have decreased year on year due to a fall in the historical average credit loss rate, specifically for amounts due more than 90 days. The closing balance of the trade receivables loss allowance as at 31 December 2023 reconciles with the trade receivables loss allowance opening balance as follows:

	2023 £m	2022 £m
Balance as at 31 December	2.7	2.4
Net (decrease)/increase in allowance	(0.6)	1.1
Amounts written off	(0.2)	(0.8)
Balance as at 31 December	**1.9**	**2.7**

Amounts are written off when all reasonable attempts to recover monies have been exhausted and there is negligible likelihood of a recovery.

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 risk by undertaking reviews of short, medium and long-term financing requirements, utilising a diverse maturity profile within our borrowing facilities, maintaining minimum levels of facility and covenant headroom as well as continually monitoring working capital usage. A significant part of the Group's funding is from members' capital, supplemented with a revolving credit facility of £105.0m in place through to August 2027, and an overdraft facility of £15.0m. Members' capital is only repayable following retirement. Net cash requirements are compared to available borrowing facilities to determine headroom or any projected shortfalls. This analysis shows that available borrowing facilities provide appropriate liquidity risk mitigation.

The Group's objective is to maintain headroom to meet its liquidity requirements for 30-day periods at a minimum. This objective was comfortably met for the reporting periods. Funding for long-term liquidity needs is therefore secured by an adequate amount of committed credit facilities and could be further increased by 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 trade receivables and cash and cash equivalents as detailed in Notes 17 and 18. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

The Group's capital management objectives are:

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

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

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

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

	2023 £m	2022 £m
Cash and cash equivalents	20.0	22.6
Bank borrowings	(38.0)	(23.0)
Net debt (excluding lease liabilities)	(18.0)	(0.4)
Members' total interests	124.2	104.1
Pension deficit	40.3	42.0
Total members' interests (pension deficit added back)	164.5	146.1
Percentage of net debt to members' interests (pension deficit added back)	(11%)	0%

The Group has complied with the covenant obligations in the revolving credit facility agreement during the year and after the year end.

As at 31 December 2023, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2023	Not later than three months £m	Between three to six months £m	Between six months and one year £m	Later than one year and not later than five years £m	Later than five years £m	Total £m
Bank borrowings	38.0	-	-	-	-	38.0
Lease obligations	2.3	2.3	3.9	12.6	8.4	29.5
Trade payables	5.3	-	-	-	-	5.3
Accruals	20.9	20.6	-	-	-	41.5
Other payables	4.8	-	-	-	-	4.8
Amounts due to former members	1.1	2.7	-	-	-	3.8
Loans and other debts due to members	60.2	28.5	-	5.8	-	94.5
Total	132.6	54.1	3.9	18.4	8.4	217.4

This compares to the maturity of the Group's financial liabilities in the previous year as follows:

31 December 2022	Not later than three months £m	Between three to six months £m	Between six months and one year £m	Later than one year and not later than five years £m	Later than five years £m	Total £m
Bank borrowings	23.0	-	-	-	-	23.0
Lease obligations	2.8	2.7	5.1	16.8	9.6	37.0
Trade payables	6.5	-	-	-	-	6.5
Accruals	19.4	21.6	-	-	-	41.0
Other payables	3.0	-	-	-	-	3.0
Amounts due to former members	0.1	0.1	-	-	-	0.2
Loans and other debts due to members	59.7	18.7	-	6.3	-	84.7
Total	114.5	43.1	5.1	23.1	9.6	195.4

The amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

20 Provisions

	Claims provision £m	Property provision £m	Provision for foreseeable losses on revenue contracts £m	Retirement annuities to former members £m	Total £m
Balance as at 1 January 2023	16.9	8.6	1.3	10.4	37.2
Changes to annuity obligations	-	-	-	(0.3)	(0.3)
Amortisation of discount	-	0.4	-	0.5	0.9
Settlements during the year	(0.8)	(0.3)	-	(1.7)	(2.8)
Change in assumptions and experience gains	-	-	-	0.1	0.1
Reversal of provision	(1.2)	(0.1)	(0.3)	-	(1.6)
Provided during the year	0.8	0.8	-	-	1.6
Balance as at 31 December 2023	15.7	9.4	1.0	9.0	35.1

Provisions are presented in the statement of financial position as follows:

	2023 £m	2022 £m
Current	1.4	1.6
Non-current	33.7	35.6
	35.1	37.2

Claim provisions

The Group maintains professional indemnity insurance and premiums are expensed as they fall due. Reimbursements are recognised when it is virtually certain that reimbursement will be received. Where a potential outflow of resources becomes probable and can be reliably estimated it is included within the claims provision. The inherently subjective nature of the issues involved means the timing of the utilisation of those provisions is difficult to predict. Details of all known claims and regulatory matters for which a provision has been recognised as well as the basis on which such provisions are measured have not been disclosed as to do so would, in management's opinion, be potentially seriously prejudicial to the interests of both the Group and the LLP.

Property provisions

Property provisions relate to dilapidations and dismantling costs for leased properties. These are added to the right-of-use asset and depreciated over the remained of the life of the lease but are explicitly excluded from the measurement of lease liabilities. Utilisation of these provisions are incurred in conjunction with the profile of the leases to which they relate. The longest property provision will unwind over the next 13 years. Management use past experience, market trend data and property size to determine an appropriate provision. Further details of profile of lease terms for right-of-use assets are disclosed in Note 13.

Provision for foreseeable losses on revenue contracts

When it is probable that total contract costs, being an estimate of all directly attributable costs, will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Retirement benefits of former members and partners of the predecessor firm

The Group has a contractual obligation to make payments to certain former 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'.

The obligation for all annuities remains with the Group and the financial statements include obligations for retirement annuities payable in the future to retired members. The obligation has been discounted to its net present value and are unfunded and paid out of Group and LLP profits.

The obligation for annuities to former members include elements that are dependent on the life expectancy of the former members. Mortality rates were assumed to follow the 100% SAPS S3 (2022: 100% SAPS S3) mortality base table, incorporating CMI_2022 (2022: CMI_2021) projections with a long-term improvement of 1.25% (2022: 1.25%) per annum for past and future years. The annuity provision has been actuarially calculated using a discount rate of 4.20% (2022: 4.75%) based on Government bonds and estimates of the expected payment period covered by the annuities. The inflation rate of 3.20% (2022 3.00%) is based on current actuarial benchmarks and management's historical experience.

Changes in estimates and assumptions in respect of obligations, together with the unwinding of the discount, are recognised in the income statement.

As a result of the effective date of IFRS 17 '*Insurance Contracts*' coming into effect for the year ended 31 December 2023, a review of the application of this standard has been performed and confirmed that Group and LLP balances are not in the scope of this standard.

The sensitivity analysis based on a change in one assumption while all other assumptions are kept the same for the discount rate and inflation rate does not have a significant effect on the annuities provision.

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

	2023 £m	2022 £m
In less than one year	1.4	1.6
After one and within five years	3.7	4.2
After five years and within ten years	2.4	2.8
After ten and within twenty-five years	1.5	1.8
Balance as at 31 December	9.0	10.4

21 Trade and other payables

Trade and other payables consist of the following:

	2023 £m	2022 £m
Due within one year:		
Contract liabilities	30.9	31.2
Trade payables	5.3	6.5
Social security and other taxes	18.8	18.3
Other payables	4.8	3.0
Accruals	41.5	41.0
Deferred income	1.0	1.5
Amounts due to former members	3.8	0.2
Current tax liabilities	-	0.2
Total trade and other payables	106.1	101.9

Included in accruals are amounts relating to potential bonuses for our people.

22 Changes in liabilities arising from financing activities

		As at 31 December 2022 £m	Net cash repaid in financing activities £m	Net cash proceeds from financing activities £m	Other non-cash £m	Re-allocation £m	As at 31 December 2023 £m
Borrowings	Current	23.0	(23.0)	38.0	-	-	38.0
Lease liabilities	Current	10.1	(10.7)	-	-	8.6	8.0
	Non-current	24.9	-	-	3.2	(8.6)	19.5
		58.0	(33.7)	38.0	3.2	-	65.5
Members' interests		71.7	(108.2)	6.2	119.4	(9.4)	79.7
Former members		0.2	(5.8)	-	-	9.4	3.8
		129.9	(147.7)	44.2	122.6	-	149.0

For lease liabilities, non-cash movements relate to new leases created in the year and the unwinding of discount. For Members' interests, non-cash movements relate to members' remuneration charged as an expense in the year, the allocation of prior period profits and movements on members car capital accounts.

		As at 31 December 2021 £m	Net cash repaid in financing activities £m	Net cash proceeds from financing activities £m	Other non-cash £m	Re-allocation £m	As at 31 December 2022 £m
Borrowings	Current	20.0	(20.0)	23.0	-	-	23.0
Lease liabilities	Current	11.5	(12.3)	-	-	10.9	10.1
	Non-current	30.3	-	-	5.5	(10.9)	24.9
		61.8	(32.3)	23.0	5.5	-	58.0
Members' interests		65.2	(120.4)	13.5	120.5	(7.1)	71.7
Former members		2.0	(8.9)	-	-	7.1	0.2
		129.0	(161.6)	36.5	126.0	-	129.9

23 Related party transactions

Refer to Note 35 for disclosures for the LLP's transactions with its subsidiaries.

Transactions with joint ventures and associates

	Services provided to related entities £m	Services provided by related entities £m	Amounts due from related entities £m	Amounts due to related entities £m
Year ended 31 December 2023				
Grant Thornton Singapore Private Limited	0.1	0.8	1.1	(0.2)
Grant Thornton Specialist Services (Cyprus) Limited	0.1	-	-	-

	Services provided to related entities £m	Services provided by related entities £m	Amounts due from related entities £m	Amounts due to related entities £m
Year ended 31 December 2022				
Grant Thornton Singapore Private Limited	0.1	0.2	-	-

Transactions with joint ventures and associates includes the provision of services and interest on loans in respect of the principal activities of the Group.

24 Post-reporting date events, contingent assets, and liabilities

No adjusting or significant non-adjusting events have occurred between the 31 December 2023 and the date of authorisation of these financial statements.

24.1 Other financial commitment

The Group has a further financial commitment of USD1.5m (2022: USD1.6m) to fulfil its commitment of USD6.5m into Asset Recovery Fund L.P. and a further USD8.1m (2022: USD10.0m) to fulfil its commitment of USD10.0m into Asset Recovery Fund II L.P., both Cayman Islands registered entities, which are not recognised as a liability. These are loan commitments that are scoped out of IFRS 9, the impairment of which is considered immaterial. This commitment relates to certain live claims and the expectation is that no further amounts are to be paid until the second quarter of 2024 in respect of these claims.

24.2 Contingent assets

Further compensation on the disposal of Grant Thornton House is expected and is considered to be a contingent asset as at 31 December 2023. The timing and magnitude of this compensation is the subject to ongoing negotiations with High Speed Two (HS2) Limited. No separate disclosure is made of the detail of this claim as to do so could seriously prejudice the position of the Group.

24.3 Contingent liabilities

The firm is involved in claims and regulatory proceedings as part of the ordinary course of business. Where costs are likely to be incurred in defending and concluding such matters and they can be reliably estimated, they are provided for in the financial statements. No separate disclosure is made of the detail of such claims and proceedings as to do so could seriously prejudice the position of the Group.

Parent entity statement of financial position

as at 31 December

	Note	2023 £m	2022 £m
Fixed assets			
Goodwill	26	11.5	11.5
Other intangible assets	27	4.1	5.7
Tangible assets	28	10.1	10.8
Right-of-use asset	13	25.8	35.1
Right-of-use asset held as investment property	14	1.0	0.3
Investments in subsidiaries and associates	29	9.9	9.8
Other long-term financial assets		1.3	-
		63.7	73.2
Current assets			
Debtors due: amounts falling due within one year	30	273.8	240.4
Debtors due: amounts falling due after more than one year	30	10.1	12.2
Cash at bank and in hand		5.4	2.8
		289.3	255.4
Creditors: amounts falling due within one year	31	(157.3)	(139.5)
Provisions for liabilities	33	(1.4)	(1.6)
Net current assets		130.6	114.3
Total assets less current liabilities		194.3	187.5
Creditors: amounts falling due after more than one year	31	(19.5)	(24.9)
Provisions for liabilities	33	(25.6)	(27.5)
Net assets excluding amounts due to members		**149.2**	**135.1**

Parent entity statement of financial position (continued)

as at 31 December

	Note	2023 £m	2022 £m
Loans and other debts due to members after more than one year	34	5.8	6.3
Members' capital classified as a liability	34	51.3	50.4
Loans and other debts due to members within one year	34	37.4	28.0
Members' other interests – profit for the year		98.9	76.7
Members' other interests – other reserves classified as equity		(44.2)	(26.3)
Total equity and amounts due to members		**149.2**	**135.1**

In accordance with the exemptions permitted by section 408 of the Companies Act 2006 as applicable by LLPs, the statement of comprehensive income of the LLP has not been presented. Profit for the year available for discretionary division among members totalled £98.9m (2022: £76.7m).

The financial statements of Grant Thornton UK LLP (Registered no: OC307742) on pages 62 to 72 were approved by the Designated Members, signed on their behalf and authorised for issue on 27 March 2024 by:

Malcolm Gomersall
Chief Executive Officer

Darren Bear
Chief Operating Officer

Parent entity statement of changes in equity

as at 31 December

	Other reserves and total equity £m
Balance as at 1 January 2023	50.4
Allocated profits in respect of the prior year	(94.9)
Movements in respect of former partners	0.3
Transactions with members	(44.2)
Profit for the financial year before members' remuneration charged as an expense	121.6
Members' remuneration charged as an expense	(22.7)
Total comprehensive income for the year	98.9
Balance as at 31 December 2023	**54.7**

	Other reserves and total equity £m
Balance as at 1 January 2022	75.9
Allocated profits in respect of the prior year	(102.7)
Movements in respect of former partners	0.4
Transactions with members	(102.3)
Profit for the financial year before members' remuneration charged as an expense	92.6
Members' remuneration charged as an expense	(15.8)
Total comprehensive income for the year	76.8
Balance as at 31 December 2022	**50.4**

Notes to the parent entity financial statements

25 Basis of preparation – Parent entity

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 in Notes 1 and 2 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 £nil (2022: £0.1m), due to the consideration that the goodwill has an indefinite useful economic life.

Basis of accounting

Grant Thornton UK LLP (the "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" and the requirements of the Companies Act 2006 as applicable by LLPs.

The financial statements have been prepared under the historic cost convention, except as otherwise described in the accounting policies.

Investments in subsidiaries and associates

Investments in subsidiaries are measured at cost less impairment. Investments in associates are accounted for using the equity method, in line with the Group's accounting policy.

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;
- Disclosure of key management personnel compensation;
- Presentation of comparative reconciliations for intangible and tangible fixed assets;
- Disclosure requirements relating to Goodwill impairment testing;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 '*Revenue from Contracts with Customers*';
- The requirements of paragraphs 10(d), 10(f), 16, 38(a) to (d), 40 (a) to (d), 111 and 134-136 of IAS 1 '*Presentation of Financial Statements*'; and
- IFRS 7 '*Financial Instruments: Disclosures*' requirements.

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 statement in these financial statements.

Employee numbers

The LLP had no employees during the year (2022: None) and as a result has no employment costs to be disclosed.

26 Goodwill

The gross carrying amount was £11.5m as at 31 December 2023 (2022: £11.5m). No goodwill has been impaired in the year (2022: £0.5m).

27 Other intangible assets

	Software £m	Assets under construction £m	Total £m
Gross carrying amount			
Balance as at 1 January 2023	18.4	0.1	18.5
Additions	-	-	-
Transfers	0.1	(0.1)	-
Balance as at 31 December 2023	18.5	-	18.5
Amortisation			
Balance as at 1 January 2023	12.8	-	12.8
Charge for the year	1.6	-	1.6
Balance as at 31 December 2023	14.4	-	14.4
Carrying amount as at 31 December 2023	**4.1**	-	**4.1**
Carrying amount as at 31 December 2022	5.6	0.1	5.7

28 Tangible assets

	Leasehold property improvements £m	Furniture and equipment £m	Office equipment £m	Motor cars £m	Assets under construction £m	Total £m
Gross carrying amount						
Balance as at 1 January 2023	12.7	4.2	0.7	6.5	0.2	24.3
Additions	-	-	-	1.8	1.0	2.8
Transfers	0.7	0.3	-	-	(1.0)	-
Disposals	(1.7)	(0.7)	(0.1)	(1.4)	-	(3.9)
Balance as at 31 December 2023	11.7	3.8	0.6	6.9	0.2	23.2
Depreciation and impairment						
Balance as at 1 January 2023	7.6	2.9	0.1	2.9	-	13.5
Disposals	(1.7)	(0.7)	(0.1)	(1.1)	-	(3.6)
Depreciation	1.3	0.5	0.2	1.2	-	3.2
Balance as at 31 December 2023	7.2	2.7	0.2	3.0	-	13.1
Carrying amount as at 31 December 2023	**4.5**	**1.1**	**0.4**	**3.9**	**0.2**	**10.1**
Carrying amount as at 31 December 2022	5.1	1.3	0.6	3.6	0.2	10.8

29 Investments in subsidiaries and associates

The movement in investments in subsidiaries and associates is as follows:

	Cost and net book value £m
Carrying amount as at 1 January 2023	9.8
Share of profit from equity accounted investments	0.1
Carrying amount as at 31 December 2023	**9.9**

A list of investments held by the LLP is set out in Note 15 and Note 16 of the consolidated financial statements.

30 Debtors

	2023 £m	2022 £m
Due within one year		
Trade debtors	98.0	88.6
Contract assets	115.2	104.0
Amounts owed by group undertakings	14.0	8.7
Other debtors	10.1	4.1
Amounts due from members	14.8	13.0
Fully and compulsory convertible debentures	0.8	0.8
Prepayments	20.9	21.2
	273.8	240.4
Due after more than one year		
Other debtors	1.0	1.0
Fully and compulsory convertible debentures	0.8	1.7
Prepayments	8.3	9.5
	10.1	12.2

Allowances for credit losses relating to amounts owed by group undertakings are immaterial.

31 Creditors

	2023 £m	2022 £m
Due within one year		
Bank loans	38.0	23.0
Contract liabilities	30.4	30.7
Trade creditors	5.4	6.4
Amounts owed to group undertakings	49.8	47.5
Taxation and social security	8.3	8.6
Lease liabilities	8.0	10.1
Other creditors	0.6	0.4
Amounts due to former members	3.8	0.2
Accruals	12.0	11.1
Deferred income	1.0	1.5
	157.3	139.5
Due after more than one year		
Lease liabilities	19.5	24.9
	19.5	24.9

32 Leases

The carrying amount of right-of-use assets, right-of-use assets held as investment properties and lease liabilities and the related movements during the year are substantially the same as those disclosed for the Group. Details of the Group's leasing arrangements, including the maturity analysis of lease liabilities, are also substantially the same. Details can be found in Notes 13 and 14.

33 Provisions for liabilities

	Claims provision £m	Property provision £m	Provision for foreseeable losses on revenue contracts £m	Former members' annuities £m	Total £m
Balance as at 1 January 2023	8.8	8.6	1.3	10.4	29.1
Changes to annuity obligations	-	-	-	(0.3)	(0.3)
Amortisation of discount	-	0.4	-	0.5	0.9
Settlement during the year	(0.4)	(0.3)	-	(1.7)	(2.4)
Change in assumptions and experience gains	-	-	-	0.1	0.1
Reversal of provision	(1.6)	(0.1)	(0.3)	-	(2.0)
Provided during the year	0.8	0.8	-	-	1.6
Balance as at 31 December 2023	**7.6**	**9.4**	**1.0**	**9.0**	**27.0**

	2023 £m	2022 £m
Current	1.4	1.6
Non-current	25.6	27.5
Balance as at 31 December	**27.0**	**29.1**

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

	2023 £m	2022 £m
In less than one year	1.4	1.6
After one and within five years	3.7	4.2
After five and within ten years	2.4	2.8
After ten and within twenty-five years	1.5	1.8
Balance as at 31 December	**9.0**	**10.4**

Details of the provisions are included in the Group financial statements as detailed in Note 20.

34 Members' interests

	Members' other interests – Other reserves £m	Loans and other debts due to/(from) members £m	Total members interests £m
Balance as at 1 January 2023	50.4	71.7	122.1
Members' remuneration charged as an expense	-	22.7	22.7
Profit for the financial year available for discretionary division among members	98.9	-	98.9
Members' interests after profit for year	149.3	94.4	243.7
Allocated profits in respect of the prior year	(94.9)	94.9	-
Movements in respect of former partners	0.3	(9.4)	(9.1)
Members' capital introduced	-	6.2	6.2
Drawings and other distributions	-	(108.2)	(108.2)
Non-cash movements	-	1.8	1.8
Balance as at 31 December 2023	**54.7**	**79.7**	**134.4**

	Members' other interests – Other reserves £m	Loans and other debts due to/(from) members £m	Total members interests £m
Balance as at 1 January 2022	76.0	65.2	141.2
Members' remuneration charged as an expense	-	15.8	15.8
Profit for the financial year available for discretionary division among members	76.7	-	76.7
Members' interests after profit for year	152.7	81.0	233.7
Allocated profits in respect of the prior year	(102.7)	102.7	-
Movements in respect of former partners	0.4	(7.1)	(6.7)
Members' capital introduced	-	13.5	13.5
Drawings and other distributions	-	(120.4)	(120.4)
Non-cash movements	-	2.0	2.0
Balance as at 31 December 2022	50.4	71.7	122.1

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

	2023 £m	2022 £m
Loans and other debts due to members in more than one year	5.8	6.3
Members' capital classified as a liability	51.3	50.4
Amounts due to members – profits	37.4	28.0
Loans and other debts due to members	94.5	84.7
Amounts due from members included in trade and other receivables	(14.8)	(13.0)
	79.7	71.7

35 Related party disclosures

Refer to Note 23 in Group accounts for disclosures with joint ventures and associates.

Transactions with subsidiaries

	Services provided to group entities £m	Services provided by group entities £m	Amounts due from group entities £m	Amounts due to group entities £m
Year ended 31 December 2023				
Grant Thornton Services LLP [1]	-	66.7	5.5	-
Grant Thornton Business Services [1]	-	353.1	-	(45.0)
Grant Thornton Agile Talent Solutions Limited [1]	-	31.1	-	(3.1)
Grant Thornton Acquisitions No.2 Limited – Income Received	21.0	-	1.0	-
Grant Thornton ARF Limited - Interest received	0.3	-	5.9	-
Grant Thornton KSA Holdco No.1 Limited	-	-	1.0	-
Grant Thornton Advisory Professional LLC [2]	-	-1.0	-	-
Grant Thornton (British Virgin Islands) Limited [2]	-	-	0.1	-
Grant Thornton Specialist Services (Cayman) Limited [2]	-	-	0.5	-
Fulwood Insurances Limited - Provision of insurance services	-	5.3	-	(1.7)

1) Includes provision of staff and interest on loans

2) Includes provision of services in respect of the principal activities of the Group and LLP.

	Services provided to group entities £m	Services provided by group entities £m	Amounts due from group entities £m	Amounts due to group entities £m
Year ended 31 December 2022				
Grant Thornton Services LLP [1]	-	75.5	3.0	-
Grant Thornton Business Services [1]	-	316.7	-	(42.4)
Grant Thornton Agile Talent Solutions Limited [1]	-	31.2	-	(3.7)
Grant Thornton Acquisitions No.2 Limited – Income Received	17.7	-	0.9	-
Grant Thornton ARF Limited - Interest received	0.1	-	4.2	-
Grant Thornton (British Virgin Islands) Limited [2]	-	-	0.4	-
Grant Thornton Specialist Services (Cayman) Limited [2]	0.2	-	0.2	-
Fulwood Insurances Limited - Provision of insurance services	-	5.1	-	(1.3)

Energy and carbon report

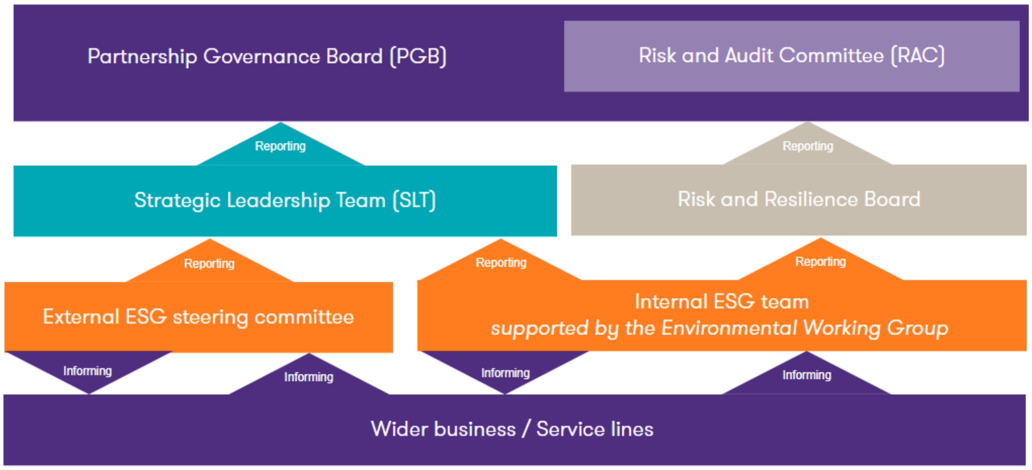
The Energy and carbon report for Grant Thornton UK LLP covers the year ended 31 December 2023. This report focuses on Grant Thornton UK LLP's operations and subsidiaries within the UK.

We have made significant progress during the year in embedding the consideration of climate-related risks and opportunities within our operations. In accordance with The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022, this is the first year that we have disclosed climate-related financial disclosures based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Governance and Risk Management

The governance of climate-related risks and opportunities is embedded within the firm's existing leadership and governance structure. A summary is set out below, and more detail can be found in our separately published Transparency Report which is available on the Grant Thornton website.

Structural overview of Grant Thornton UK's climate-related governance



Risk identification, strategy setting & monitoring

The CEO has overall accountability for the firm's climate strategy and climate-related risks and opportunities. The Strategic Leadership Team then has responsibility for climate-related targets, assessing and managing risks (and opportunities), and monitoring progress. The Internal ESG team provides the Strategic Leadership Team with updates and information to support this responsibility. This includes but is not limited to annual horizon scanning, updates on upcoming regulatory developments, and information related to the needs of our clients and people.

At least annually, the Strategic Leadership Team reviews the firm's Whole Firm Risks – the most significant risks that could impact our firm - of which climate risk is one. Ongoing oversight of the whole firm risk profile is conducted by the Risk and Resilience Board, which consists of a subset of the Strategic Leadership Team, the Finance Partner, General Counsel, Chief Information Officer and is chaired by the Head of Risk and Resilience. The Risk and Resilience Board reports regularly to the Risk and Audit Committee (a sub-committee of the Partnership Governance Board) and at least annually to the Partnership Governance Board.

All the governance groups mentioned above receive training to ensure that they are well placed to understand climate-related matters.

Risk management

The Risk and Resilience Board ensures that management participates in identifying, assessing and managing climate-related risks and opportunities across all parts of the business. These risks are then actively managed by different teams within the business depending on the expertise required, and aligned through the Environmental Working Group, chaired by the Head of ESG. This team meet at least four times per annum to review their plans and monitor progress which is then reported back to the Strategic Leadership Team and Risk and Audit Committee.

ESG service proposition

In addition to our own climate-related risks and opportunities, we also provide assurance and advisory services in relation to our client's ESG positions. This is included here for completeness and our commercial strategy and approach is developed by our External ESG Steering Committee, chaired by a member of the Strategic Leadership Team.

Climate-related risks and opportunities

The firm's climate-related strategy involves transitioning to a low carbon economy throughout our value chain. We are focused on reducing all three GHG emissions scopes by reducing our energy usage, reducing and making better choices related to business travel, and engaging with our suppliers to support and encourage them to set and achieve science-based reduction targets. We have robust methodologies to aid decision making and an ISO10041 certified Environmental Management System.

The time horizons identified in relation to our risks and opportunities are the period during which the impacts are likely to be first felt by our firm; these impacts will continue, and build, over time and into the long-term period.

- short-term – zero to three years; our business planning period;
- medium-term – four to ten years; and
- long-term – more than ten years.

As part of developing our climate strategy, we consulted with internal stakeholders and subject matter experts to carry out a qualitative review to examine potential impact, probability, financial significance and mitigating activities. The Internal ESG team used our existing risk taxonomy, extending it to include longer-term effects and to categorize the risks and opportunities that emerged from this consultation. We then selected two distinct climate horizons for detailed scenario analysis considering both physical and transition risks with more detail set out below in the 'Resilience of our business model and strategy' section.

Where we refer to climate change materiality, we mean where it has the potential to significantly impede the firm's ability to meet its objectives and deliver its strategy.

Our evaluation and analysis has verified that we are unlikely to face a significant effect on our business from the immediate consequences of climate change over the defined short and medium-term time periods. The long-term impact of climate change on businesses and society is where we have estimated that we have a greater chance of being materially impacted. In recognition of the potentially material long term climate risks and opportunities, we will continue to monitor and adapt to climate change impacts and work towards our carbon reduction targets, set out below.

The principal climate-related risks and opportunities facing our firm are:

Risk	Mitigations
Transition risks	
Our ability to attract and retain talent is negatively impacted by the firm's actual, or perceived, lack of action on climate risks (short-term) Failure to make meaningful progress on our climate strategy could result in higher attrition and difficulty attracting talent in our competitive market, negatively impacting our financial performance.	We have a comprehensive and ongoing communication and engagement strategy with our people in relation to ESG including climate and carbon literacy training available to all our people, as well as various opportunities for our people to be consulted on and involved in the ESG strategy and its execution.
Brand and reputational damage due to lack of progress on climate strategy (medium-term) Clients may choose not to work with us if they believe we are not adequately addressing climate change within our business operations, or reporting to the standard that they expect, which could result in lost revenues and reputational damage.	We have set short and long-term net zero targets validated by the Science Based Targets initiative (SBTi) and a carbon reduction plan to meet those targets. We intend to evolve our carbon reduction plan in line with the Transition Plan Taskforce Framework. Our ESG steering committee has a number of subject matter experts and has supported the development of our client offering around climate.

Risk	Mitigations
Physical risks	
Negative impact on our key suppliers and our operations due to extreme weather events and changing climate conditions (medium-term) Extremely elevated temperatures may cause overheating or damage in data centres, causing disruption in access to critical systems or files. Our office locations could be damaged due to extreme weather events impacting our ability to operate. Operating costs may increase due to increased heating and cooling requirements. In the longer term, offices may need to be relocated due to flooding etc. This could result in negative impacts on our reputation and brand if we are unable to deliver work, leading to loss of revenues, as well as impact our ability to attract and retain talent.	We have implemented a high-resilience, high availability network with two discrete data centres, multiple internet gateways and diverse routing circuits. Contracts for third party services are reviewed to ensure that our suppliers can demonstrate a focus on resilience. Our members and employees can work from any of the firm's 21 UK offices or from home. In the event of a 1.5°C global temperature rise or higher, some of our offices may be at elevated risk of flooding. We will continue to monitor the flood risk profile of all our office locations and will make strategic decisions as necessary. We also conduct regular operational resilience exercises to ensure that we can continue to deliver regardless of disruption and have business continuity plans in place for all our key operations and locations.
Severe weather and climate change significantly disrupts business travel negatively impacting our teams in non-UK locations (short-term) International colleagues may be unable to work due to severe weather resulting in the inability to deliver work or significant delays which ultimately impact revenue.	We maximise agile working opportunities wherever possible for employees and we avoid unnecessary travel and transport. If our international colleagues are unable to deliver work due to weather-based disruption, we reshore this work to ensure client requirements are met on time and to the agreed specification. Business resilience is considered in headcount planning in all parts of the business but with additional focus for teams that rely on overseas resource.

Opportunity	Enablers
Transition opportunity	
The development of new products and services to support clients as they transition towards a low-carbon economy, and the potential for these products and services to open access to new markets (short-term) There is a clear opportunity for ESG services including carbon reduction, reporting and assurance services which is likely to grow with new legislation such as the standards issued by the International Sustainability Standards Board (ISSB). Capitalising on this opportunity could generate an increase in revenue from ESG services and enhance the firm's reputation.	We have established a multi-disciplinary ESG Centre of Excellence to develop and deliver our ESG propositions.

Resilience of our business model and strategy

We have assessed the resilience of our business model and strategy by considering two climate-related scenarios in the short, medium and long term which are based on the Representative Concentration Pathways (RCPs) set out by the Intergovernmental Panel on Climate Change (IPCC). The two scenarios chosen, aim to assess the impact of two starkly different possible futures on both transition and physical risks and opportunities, with Scenario 1 focusing on transition impacts, and Scenario 2 on physical impacts.

Scenario 1 – Net Zero 2050 (Network for Greening the Financial System (NGFS))

An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050. In this scenario, some jurisdictions such as the US, Europe and Japan reach net zero for all greenhouse gases by this point. An orderly transition between now and 2050 is assumed.

Scenario 2 – RCP 8.5 (IPCC "High emissions baseline")

A minimal mitigation scenario resulting in global warming of up to 4°C. This scenario assumes high population growth and slow technological progress.

The section below shows the qualitative impact of key climate-related issues on the firm in these two scenarios, underpinned by the assumption that no action is taken by us to mitigate risks or realise opportunities. We assumed that climate considerations had a substantial impact on our attractiveness to both clients and people alongside price and quality. Finally, we assumed that legislation affecting large corporates and LLPs impacted the mid-market either through direct legislation, or supply chain demands. We expect to evolve our approach over time and intend to supply more quantitative analysis in future reports.

Scenario 1 – Transition risks and opportunities based on 1.5°C warming

An analysis of the firm's strategy and business model under the first scenario focused on transition risks, which could result from a global shift towards a net zero economy. The primary issue in this scenario is assumed to be the risk of lost revenue and increased costs as a result of our clients or people deeming us to be taking insufficient action to reach net zero.

This scenario also provides some opportunity through the development of new products and services to support clients in their low-carbon economy transition.

Scenario 2 – Physical risks and opportunities based on 4°C warming

We are a people-based business and may experience physical and acute impacts to a lesser extent than more carbon-intensive industries. However, our UK offices and the international firms that we work closely with may be exposed to physical risks under this scenario as follows:

- Infrastructure - Under the 4°C warming scenario some of our smaller office locations would be at higher risk of flooding, however while it may cause some cost increase it would cause minimal disruption to the delivery of our services due to availability of alternative working locations. In addition, our infrastructure and key suppliers ability to operate could also be impacted (e.g. the overheating of data centres). This could cause significant disruption to our business but is mitigated through the diversification of suppliers and our operational resilience planning.
- International member firms – we work closely with some Grant Thornton member firms who could be at an increased risk of extreme weather events including flooding and extreme heat. This could affect the availability and wellbeing of colleagues in international firms which impacts our ability to deliver work and revenue could decrease as a result. This risk can be mitigated through the member firms own climate risk mitigation as well as by effective resource planning.

This scenario provides a similar service offering opportunity as in the previous scenario.

Assessment findings

The outcome of assessing these two scenarios has informed both our strategy, our targets and our operational plans going forward. A strategy of sustainable growth is embedded in our business and this includes our approach to climate risk however we acknowledge there will be challenges with executing our plans and transitioning to a low carbon economy especially when working to indirectly influence third parties such as landlords and suppliers. We will continue to build and evolve our plans and policies over the coming years as we proceed towards our 2045 net zero commitment.

Targets and metrics

We have committed to reaching net zero (reducing our scope 1, 2 and 3 emissions by at least 90%) by 2045 in accordance with the SBTi 1.5°C pathway, and this is supported by the following near-term targets:

- We will reduce our Scope 1 and 2 emissions by 70% by 2030 (against a 2019 baseline);

- We will reduce scope 3 emissions from business travel and commuting emissions by 50% by 2030 (against a 2019 baseline);
- By 2027, 55% of our suppliers by emissions will have science -based targets.

These targets were validated by the SBTi in 2023 and meeting them will enable us to contribute to societal and business effort to reduce climate risk. To meet our targets and transition to a low carbon economy we will focus on the following actions across Scope 1, 2 and 3.

Scope 1 and 2:

- Reducing our property footprint and moving to more sustainable properties;
- Continuing to procure renewable energy and completing the switch of the final 5% to renewable sources; and
- Reducing energy consumption in offices.

Scope 3:

- Reducing Scope 3 emissions from commuting and business travel by continuing to encourage hybrid working, providing emissions information at point of booking for business travel, updating our travel policy for emissions considerations, and continuing our carbon literacy engagement and training plan with all our people.

These targets will be reported to the Strategic Leadership Team and the Partner Governance Board on a regular basis as set out in the governance section above.

Progress towards targets

The following environmental management measures and projects have been completed or started this year:

- We have outlined how we should consider the environment in all our property moves and operations (including consideration of waste, water and energy) in our new sustainable property guidelines. These will be used to set targets around future property moves.
- As part of ESOS phase 3 reporting we surveyed our offices and identified opportunities for energy savings, the implementation of these will be considered in 2024.
- We have built consideration of the environment into our procurement policy and third-party code of conduct. We started working with our suppliers to gather data from them on their environmental agenda. Where they have not started on their carbon reduction journey, we will ask that they set science-based targets for emissions reductions.
- We have launched a firmwide emissions dashboard to give our people sight of our emissions and what they can do to make a difference alongside an enhanced environmental engagement and training plan for all our people.

GHG emissions reporting methodology

We follow the principles of the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard to the extent it is needed to fulfil SECR (Streamlined Energy and Carbon Reporting) requirements and align with our SBTi inventory. We use conversion factors issued annually by the UK government to calculate Scope 1, 2 and 3 emissions. Our policy is to use an operational control boundary. We have excluded non-UK based subsidiaries on materiality grounds, aligned with our SBTi inventory. We review the methodology for calculating emissions for any changes in best practice and will restate comparatives if such changes alter our data by more than 5%.

For Scope 1 and 2 energy usage, 19% of data is estimated (2022: 24%). The revenue used to calculate intensity ratio is the Group's arising from UK only entities. We use both a monetary and employee-based intensity ratio as we are a people based organisation. The intensity ratio calculated uses full-time equivalent (FTE) employees rather than average number of employees.

Emissions

Our emissions have increased this year due to:

- More of our people working from the office which has increased our gas and electricity usage in London in particular
- a higher UK government emissions factor for location-based electricity due to an increase in natural gas use in electricity generation and a decrease in renewable generation
- Business travel across all modes of transport increased each quarter throughout the year as our people have increasingly travelled more.

Energy source	Type	31 December 2023 (kWh)	31 December 2022 (kWh)
Energy consumption	Natural gas and biogas	2,765,905	2,702,367
	Transport fuel[1]	1,770,687	1,662,841
	Other energy sources [2]	220,005	250,841
	Purchased electricity	5,119,416	5,048,420
Total energy usage		9.876,013	9,664,469

[1] transport fuel kWh includes energy from both owned/leased vehicles in Scope 1 and business travel in Scope 3.
[2] other energy sources consist of heating oil from one site

Emissions source	Type	31 December 2023 (tCO_2e)	31 December 2022 (tCO_2e)
Scope 1	Natural gas and biogas	506	494
	Owned/leased vehicles	41	38
	Other fuels	37	41
	Refrigerant [3]	71	141
Total – Scope 1		655	714
Scope 2 (location based)	Electricity	1,060	976
	District heating	12	14
Scope 2 (market based) [4]	Electricity	85	173
	District heating	24	29
Total – Scope 2 (location-based)		1,072	990
Scope 3	Fuel and energy related activities [5]	483	469
	Rail Travel [6]	328	238
	Air travel [6]	3,860	2,167
	Road travel [6]	549	505
Total – Scope 3 direct [5]		5,220	3,379
Scope 3 extended [7]	Purchased goods and services (PG&S) [8]	39,054	33,537
	Upstream transportation and distribution [9]	129	160
	Commuting [10]	2,376	2,034
Total Scope 3		46,779	39,110
Total – Scopes 1, 2 & 3 (location-based)		48,506	40,814
Intensity ratio on Scopes 1, 2 & 3 excluding extended Scope 3		6,947	5,083
Intensity ratio (location-based)	tCO_2e per Employee (FTE)	1.26	0.95
	tCO_2e per £m of turnover	10.25	7.99

[3] Current and comparative data for fugitive emissions added to Scope 1. Refrigerant gas is based on the UK government emission factor with missing data estimated using an average annual leakage rate.
[4] 100% renewable electricity has been accounted for as zero emissions as per guidance in the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Renewable supplies are confirmed with appropriate documentation. On managed sites where the fuel mix is unconfirmed, we use the most recently available residual fuel mix for the UK as per the Association of Issuing Bodies (AIB) database.
[5] All fuels included in Scope 1 and 2 have additional Scope 3 well-to-tank and transmission and distribution emissions, these have been accounted for in fuel and energy related activities.
[6] Business travel data is converted to kWh and tCO_2e using UK government conversion factors. When fuel type is not known we use the conversion factor for 'average car unknown fuel'. For taxi and underground spend data a conversion for GBP to km is used.

[7] Current and comparative data for purchased goods and services, upstream transportation & distribution and commuting added to Scope 3..
[8] A spend-based method was used to calculate the majority of Purchased goods and services emissions using GHG Quantis conversion factors. The top 80% of suppliers by spend were analysed to determine the industry conversion factors to use. The remaining 20% was converted using an intensity figure deduced from the top 80% of spend.
[9] Emissions from paid-for courier services are accounted for in upstream transport and distribution.
[10] Commuting emissions have been arrived from a combination of internal data before applying the UK government conversion factors for each transport type. Emissions from employees working from home have not been included.

As we develop our qualitative understanding of climate-related risks and opportunities we will reflect on additional targets and metrics which may be appropriate to monitor progress against these.

The Energy and carbon report was authorised for issue and signed on behalf of the members of Grant Thornton UK LLP (a complete list of the members can be found on the Companies House register) on 27 March 2024:

Malcolm Gomersall	Darren Bear
Chief Executive Officer	Chief Operating Officer

Grant Thornton

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