

Transparency Report

Grant Thornton UK LLP year ended
31 December 2023

April 2024

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Chief Executive Officer (CEO)

2023 has been an excellent year from a quality perspective which demonstrates the impact of the investment we have made over the past five years. We are not complacent and will continue to invest in quality while pursuing growth, ensuring that we meet our objectives, the expectations of our people, wider stakeholders and the public interest.

This is my first transparency report as Chief Executive Officer having been elected by my fellow partners on 19 January 2024. It is an honour to be appointed and to take the firm forward following the significant changes and successes which Dave Dunckley led over the past five years, during which time I was COO.



Malcolm Gomersall
CEO

Quality

Over the last five years we have undertaken fundamental change in our audit practice to address concerns over the quality of some of our past audits. We are delighted that in 2023 we have market leading quality with all our external reviews resulting in ratings of “Good or limited improvements required”. This is a milestone achievement for the firm and the profession. We are not complacent and remain committed to continued investment and improvement in the quality of our audits.

Inclusion and Diversity

We believe strongly that we need to have a diverse and inclusive team in the firm. Our approach is to be one of “the best firms at valuing diversity through everyday inclusion”. We continue to focus on achieving our targets across five diversity strands (gender, ethnicity and cultural heritage, social mobility, LGBTQIA+ and disability, medical conditions and mental health).

Digital

We continue to invest in digital tools and technologies and see this as a significant opportunity for all our people. Our new Head of Digital, Alan Dale, is working to ensure we bring the best technology to the firm to support our clients and people. We have outlined our approach and some of our developments in the section “[Digital Audit Team](#)”.

Governance

On 10 January 2024 David Dunckley announced his retirement as Chief Executive Officer (CEO) of the firm. Following a partner election I was appointed CEO. I would like to formally thank Dave for his contributions as CEO over the past five years. The firm’s strategy will continue with a commitment to our ongoing purpose of “Doing what’s right, ahead of what’s easy”. As a result of the change in CEO there have been some changes in our leadership structures which are detailed in the section on “[Leadership and Governance](#).”

Growth

Over the last five years our audit practice has grown by 54% from £125m (12m to 31 December 2018 – pro rated) to £192.5m (12m to 31 December 2023). This has been achieved whilst fundamentally improving the quality of our audits. Our approach to delivering this growth has included focusing on those clients who value the audit, investing in our people, digital tools and embedding a culture of quality. We have ambitious growth plans focused on delivering high quality audits to clients we choose to work with. Our growth plans are key to allowing us to continue to invest in quality, our people, our digital capabilities and our I&D

A handwritten signature in dark ink that reads "Malcolm Gomersall". The signature is written in a cursive style with a prominent initial 'M'.

strategy.

Malcolm Gomersall
Chief Executive Officer

Head of Audit

2023 has been an excellent year for the audit practice. Our commitment to quality in a sustainable growing audit practice remains.

We are delighted to be able to report that all our external file reviews carried out by our regulators in 2023 were rated “Good or limited improvements required” which is profession leading. In respect of the FRC public file reviews this is the second year all of our reviewed files were rated as “Good or limited improvements required”. We are clearly immensely proud of this result and it demonstrates the investment and effort put in across the last few years to focus on quality not just with our Public Interest Entity (PIE) clients but across our entire client base. We are not complacent and know that we need to continue to invest in our audit practice so that we can continue to evolve and grow whilst maintaining our focus on delivering high quality audits.



Fiona Baldwin
Head of Audit during 2023

Culture

Having the right culture remains critical for our strategy and particularly in delivering quality audits. We engage regularly with the audit practice to understand their views and perspectives on our culture. Our ongoing culture programme continues to work with the practice to maintain and enhance our quality culture, in 2023 this has included:

- further focus on “speaking up” with the practice to ensure people are comfortable and actually do speak up when necessary
- improving real time support and guidance to those teams who have audits with potential unusual or fraudulent activities
- ongoing training including training around challenging conversations and professional scepticism.

THE MISSION OF THE AUDIT PRACTICE INCLUDES:

“Achieve sustainable audit quality comparable to the best of our peers, creating trust and integrity in the audit market.”

THE BUSINESS PURPOSE OF THE AUDIT PRACTICE REMAINS TO:

“Create a sustainable talent model comprising specialist auditors with future fit skills delivering gross margin in line with the firm’s business plan.”

The last few years

Our journey in recent years has involved significant investment across a number of areas including:

- deselection of clients so that we are only working with those who meet our expectations on quality
- creation of a culture of quality, where consultation and speaking up is a day-to-day activity
- restructuring of certain teams so that they are focused on specific sectors
- investment in our people with the development of comprehensive training programs for all
- development and acquisition of a range of digital tools to improve the quality of our audit assurance
- continuing work to address the concerns of the FRC on old enforcement findings
- development of our overseas teams with Grant Thornton colleagues in India and the Philippines.

Going forward

We are now progressing well against our 2025 strategy. This focusses on creating an inclusive environment to grow and deliver high quality audits by:

- creating an environment which allows us to consistently excel in our chosen markets, which means we will make intentional choices where we will seek to lead and where we will be a challenger
- deliver exceptional results in four key areas:
 - Quality
 - I&D
 - ESG
 - People experience
- invest in talent, technology and infrastructure, continually which allows us to re-invest in the very best people, technology and infrastructure to create a culture of continuous improvement supporting us to excel our chosen markets.



How we deliver audit

Our restructured practice is now key to ensuring that we have the right people and skills in the right place and that we deliver the right experience to our audits.

Our audit sectors:

- Commercial audit, split into:
 - listed entities and public interest
 - Private capital - including entities funded by private equity capital
 - Entrepreneurial services
- Financial services including pensions
- Public sector.

Our colleagues in India and the Philippines are embedded into our teams to delivery day to day audit work in a market leading “fully blended model” as well as them focusing on certain key audit activities.

Digital

During the year we implemented the new GTIL audit software “Leap” we believe strongly that this is helping us to enhance quality, give our people a better working environment and improving delivery. All our audits from 31 December 2023 year ends onwards now use Leap. Our Digital Audit Team continue to develop tools to support audit teams both internally and with third party providers. During 2023 this has included the continued development and use of data analytics and the launch of GT Assist, our transformative platform that will both help our internal operations become more efficient and help us to anticipate and fulfil audit needs.

Governance

Following the election of Malcolm Gomersall as CEO my role has changed to the firm wide role of Head of People and Brand. Wendy Russell has been appointed Head of Audit and we will complete a fulsome and effective transition so she can continue to deliver on the 2025 strategy, supporting the continued growth in high quality audit practice working with organisations that value high quality audits.

Fiona Baldwin

Head of Audit during 2023

Independent chair of the Audit Quality Board (AQB)



As the new chair of the AQB it is my role to advise the Strategic Leadership Team (SLT) on maintaining and improving the firm's levels of audit quality and to support the firm's commitment of the public interest nature of audit.

This is my first report as chair of the AQB having taken over from Philip Johnson on 1 February 2024. I am grateful for the opportunity to work with the firm to support the continued audit quality journey. I would like to thank Philip for his work over the last four years which have seen significant change in the quality of auditing delivered by the firm.

It remains clear to me that the firm continues to improve its overall performance with a clear focus on delivering high quality work across all audits. This is most clearly demonstrated by the fact all of our external file reviews this year were rated as "good or with limited improvements required." The firm is focused on continuing to maintain its quality through continued development and the audit strategy, set out by Fiona Baldwin, demonstrates the continued focus on those areas that impact this most significantly:

- embedding a culture of challenge
- attracting and maintaining a flexible, inclusive and diverse employee base which has the right talent and potential
- developing our use of digital tools
- structuring teams to ensure we consistently deliver the highest quality audits.

I met with Fiona Baldwin as Head of Audit along with other senior individuals in the firm's leadership team throughout the year. I am looking forward to working with Wendy Russell as she moves into the role as Head of Audit. The AQB meets 12 times a year and receives regular updates on key projects impacting quality, this includes regular reporting on Audit Quality Indicators (AQIs), actions from internal and external regulatory reviews and other ongoing quality matters.



Faried Chopdat

Independent chair of the AQB

Independent non-executive chair of the Partnership Governance Board (PGB) and the Public Interest Committee (PIC)

Independent Non-Executive (INE) chair of the Partnership Governance Board (PGB) and the Public Interest Committee (PIC). My third annual report comes at the end of another strong year for audit quality.

I chair two key groups in the firm, the PGB and the PIC. The PGB is the primary governance group of the firm. I and my two fellow INEs we sit as non-voting members. In this role we can oversee and challenge key decisions whilst maintaining independence from the firm's leadership. We have a fundamental responsibility to stakeholders both within the firm and externally, including supporting the public interest aspects of audit.

The work of the PGB includes meetings without the SLT being present to allow for an open and thorough debate about all matters relating to the firm including SLT activities, key risks and events.

The PIC meets three times a year and includes all the INEs, with one elected PGB member and the CEO also present at each meeting. Faried Chopdat (and previously Philip Johnson) as the independent chair of the AQB, are invited to attend. Areas of focus at the PIC during the year have included:

- receiving updates from the Head of Audit, chair of the AQB and Ethics Partner at each meeting
- consideration of people and culture matters including meeting with the firm's CLEAR representatives (see "[People and Culture](#)")
- reviewing complaints, whistleblowing issues and other legal matters
- considering the firms response to ISQM 1 (through its QMA program)
- our response to the various areas of the revised Audit Firm Governance Code (AFGC).

Audit Firm Governance Code

The new Audit Firm Governance Code provides a framework for governance against which audit firms, particularly those auditing Public Interest Entities (PIEs) can be assessed. The principal objectives of the code are:

- to promote audit quality
- to ensure firms take account of the public interest in their decision-making, particularly in audit
- to safeguard the sustainability and resilience of audit practices and of firms as a whole.

The PGB and its subcommittees supports these obligations through regular meaningful monitoring and constructive challenge to the firm's leadership across a range of matters. The CEO and relevant members of the SLT present to the PGB on key developments within the firm, including operational, legal, financial and structural matters. In 2023 we have remained active in bringing our expertise to the firm and discharging our responsibilities. We have detailed how we comply with the AFGC in [Appendix A](#).



Imogen Joss
Independent Non-Executive
chair of the PGB and PIC

Promoting audit quality

As members of the PGB, we receive regular updates on both the audit practice and the firm as a whole. This includes matters relating to quality. Over the course of the year, we receive, scrutinise and constructively challenge the leadership's strategic plans and activities, both holistically and at a service line level. Quality is a fundamental part of this conversation. There are several specific ways we are particularly focused on audit quality:

- Philip Johnson (now Faried Chopdat) as chair of the AQB and Fiona Baldwin as Head of Audit attended each PIC meeting to provide a comprehensive update on audit which enabled us to discuss and challenge relevant matters
- Deena Mattar, as chair of the Risk and Audit Committee (RAC) receives updates on the firm's internal controls review, updates from the Head of Audit and Ethics Partner as well as the Transparency Report
- receiving updates from the team monitoring and testing the firm's QMA
- Paula Dillon focuses on people matters across the firm with particular focus on the Audit service line as well as chairing the firm's Remuneration and Profit Sharing Committee
- the PIC meet with the Head of People and Brand to consider how quality is embedded into the firm's culture, performance management and reward policies
- independence is a key element of audit quality and as such the Ethics Partner provides an update on key matters and developments at each PIC meeting
- we annually review the results of the Root Cause Analysis (RCA) work undertaken by the audit RCA team.

Public interest approach

During the year we have developed our statement on public interest as recommended by the Audit Firm Governance Code. As INEs we consider the Public Interest as key to our role. The firm's purpose "Doing what's right, ahead of what's easy" is important in delivering audit work in the Public Interest. Whilst Public Interest does not have a specific definition, and is a fundamental abstract concept, we concur with the FRC's view that the "Public Interest" is about¹:

- putting the common good and wellbeing of society above the interests of an individual or a small group of individuals
- in the context of audit, the consistent performance of high-quality audits is in the public interest because they promote the efficient functioning of capital markets in the UK, lowering the cost of capital
- reliable corporate reporting allows market discipline. More broadly it underpins public trust and confidence in the market economy whether or not audit firms are operating in a manner which supports the consistent performance of high-quality audits is therefore a matter of public interest.

Safeguarding the sustainability of the audit practice and the firm as a whole

PGB meetings consider a range of matters that could influence the firm's ongoing stability. This includes consideration of financial results and key matters which have, or could have, a significant financial impact on the business or its reputation. The INEs are also involved in the consideration of the firm's risks and risk processes as well as the results of internal audits. We continued to have a strong dialogue with members of the SLT, including regular calls I have with the CEO. Deena Mattar as chair of the RAC has strong oversight of the firm's approach to risk management, principal risks and risk appetite.

Further details can be found in the [Leadership and governance](#) section.

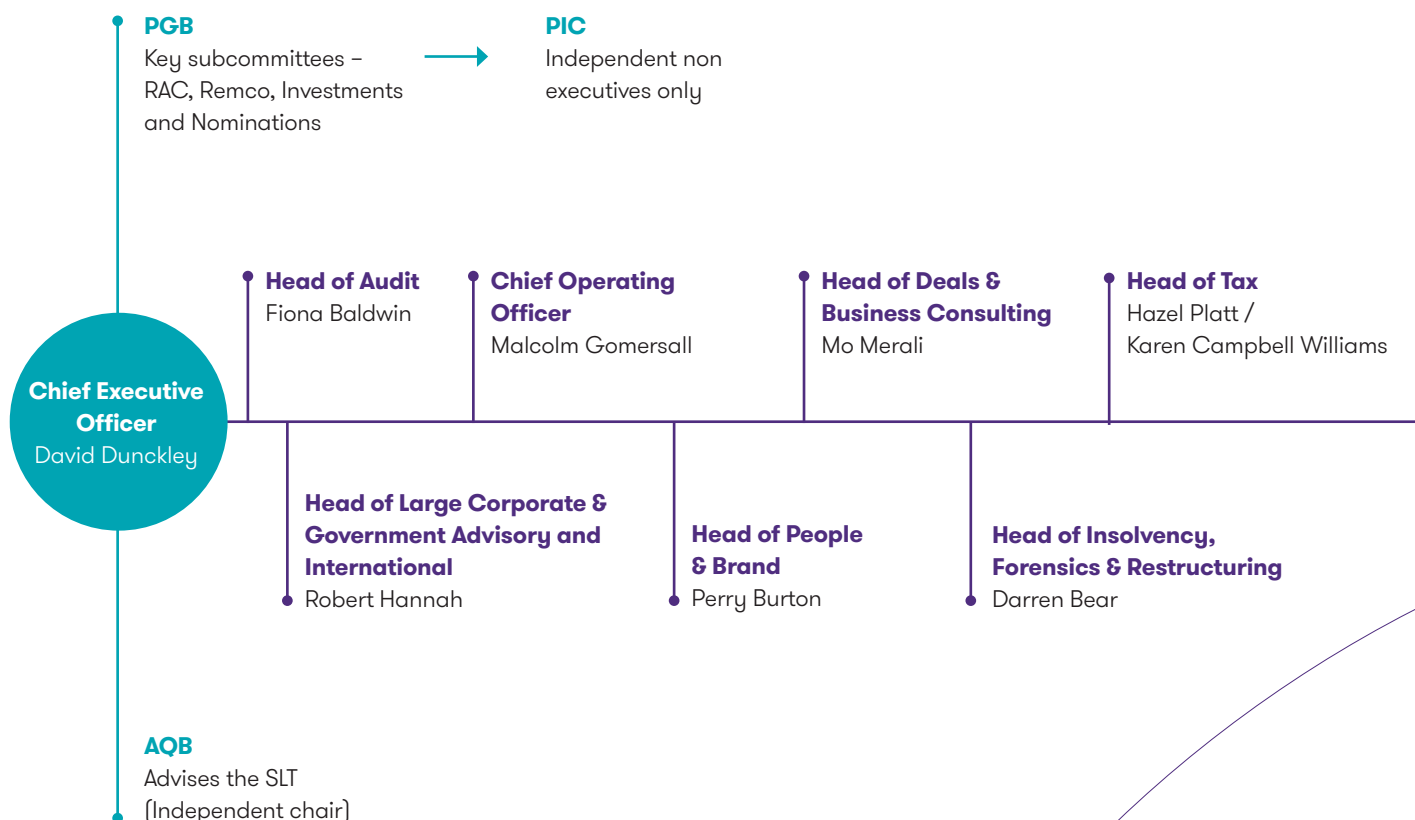
¹ FRC Audit Firm Governance Code 2022

Leadership and governance



The firm is owned by its partners² and during the year had two principal leadership and governance groups, the SLT and the PGB. In addition, the AQB focuses on audit quality. Each group works together to provide us with a best practice governance structure. We remain committed to and comply with the provisions of the AFGC. The full Terms of Reference for each group can be found on our website on the Leadership and governance page.

During the year up to 31 December 2023 our governance structure was as follows:



2. Not all partners are members of Grant Thornton UK LLP. The term partner is also used to refer to some of our most senior employees.

Appointment of new Chief Executive Officer

On 10 January 2024 David Dunkley announced his retirement as CEO. Malcolm Gomersall (COO) was elected as his replacement. Following his appointment, several changes were made to the Strategic Leadership Team. The revised governance structure consists of three areas of firm-wide leadership as follows:

Strategic Leadership Team

The SLT is chaired by the CEO and has ultimate responsibility for delivering the firm’s strategy and growth plan, with support from everyone across the firm. Service Line Leadership roles have been condensed into three roles: Head of Audit, Head of Tax and Head of Advisory. The Advisory structure below this level will evolve.

Two new roles have been introduced to the SLT to support fulfilling our strategic priorities: a Head of Industries with a deliberate focus on our chosen markets and leveraging investments across our business to unlock growth; and a Head of Partner Development & Engagement, to work with the partnership on performance, progression and succession. The firm’s Head of Quality & Risk and General Counsel, Ian Cokayne, will continue to directly report into the CEO.

Operations Board

The Operations Board is chaired by the Chief Operating Officer (COO) and is responsible for enabling our service lines and Central Client Services to work together as one firm, optimising synergies and removing duplication as we work to deliver on our growth plan.

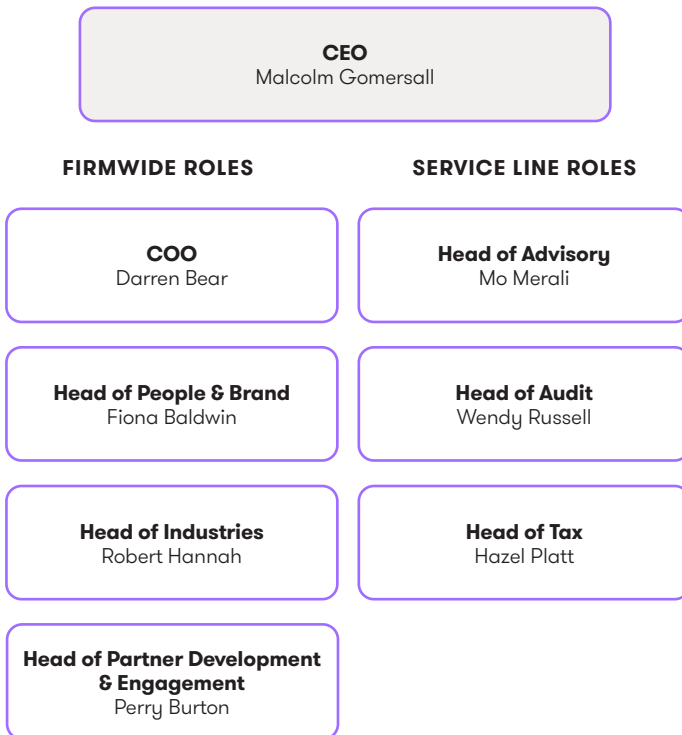
The Operations Board includes the Heads of Service Lines, Head of Industries and Head of People & Brand. They are joined by Ruth Topham, Finance Partner and Head of CCS Operations; Giles Mullins, Head of Advisory Operations; Nick Watson, Head of Audit Operations; Pete Dawson, Head of Tax Operations; and Alan Dale, Head of Digital, which he will do alongside his role as Head of Business Consulting for a transitional period.

Service Line Leadership Teams

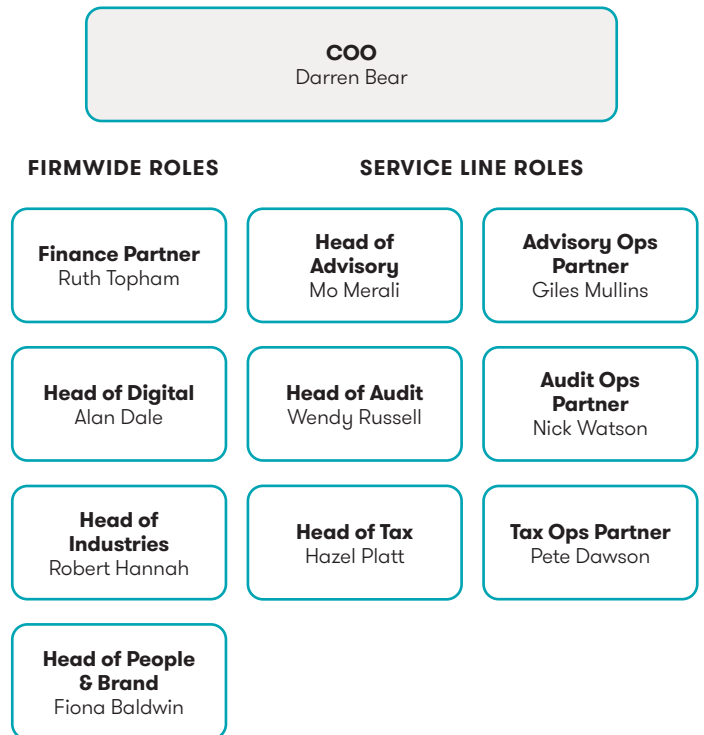
Service Line Leadership Teams are responsible for implementing firmwide strategy and delivering service line growth plans and budgets.

Details of the governance structures, including the rights and obligations of partners, are set out in our Membership Agreement, which was last updated in 2023.

STRATEGIC LEADERSHIP TEAM



OPERATIONS BOARD



“I am delighted to be appointed Head of Audit and am looking forward to working with the audit practice and firm more widely to continue to deliver high quality audits. I have spent almost 25 years working in Audit, starting at a Big 4 firm and moving to Grant Thornton as a Partner in 2018. Our strategy will remain focussed around our key pillars of Quality, People and Growth and I am excited by the opportunities that continue to present themselves as we move into 2024.”

Wendy Russell, Head of Audit

SLT

During the year the SLT was chaired by David Dunckley, who was our CEO throughout 2023. The CEO is nominated by the PGB for a four-year period with a maximum tenure of two four-year periods. The appointment is subject to an all-partner vote.

The CEO has executive authority for the management of the business whilst being bound by our Statement of Principles. The statement was developed by the PGB and is approved every three years by the partnership, the last approval being in December 2022.

The SLT is appointed by the CEO and is responsible for:

- ensuring the firm operates within our Statement of Principles
- assessing and controlling risk, including protecting the goodwill and reputation of the firm
- developing and implementing our strategy
- ensuring we comply with all relevant regulatory and legal requirements
- ensuring we are a profitable and sustainable firm
- putting quality at the heart of everything we do
- fostering an inclusive culture underpinned by our CLEARR values
- ensuring we participate in the wider economic environment as a responsible employer and contributor to growth.

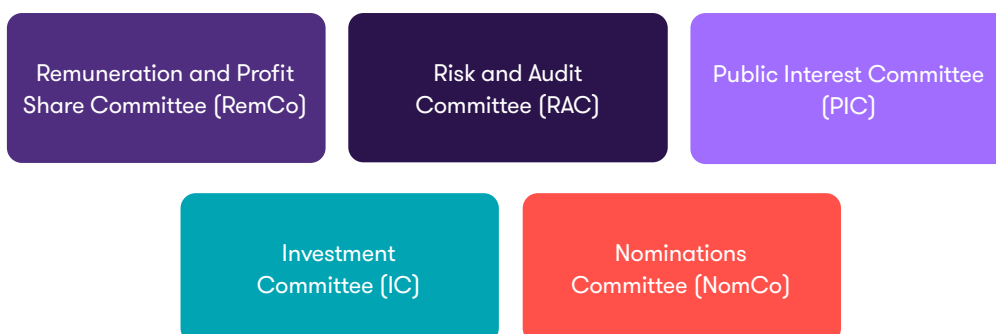
PGB

The PGB is the highest governance body of the firm and is responsible for the protection of members' interests and oversight of the SLT. Its role is to oversee the stewardship, accountability and leadership of the firm and to provide counsel on its strategic direction. In carrying out this role the PGB seeks to balance the interests of its various stakeholders to ensure the firm has a successful and sustainable future. Its main duties include:

- developing the firm's Statement of Principles
- ensuring the firm has an appropriate strategy that is consistent with the public interest
- to oversee good financial and cultural governance (including setting the tone from the top on culture and ethics)
- overseeing profit-sharing
- approving the firm's leadership structure
- ensuring the firm has the best possible executive leadership.

The PGB consists of partners of the firm, the firm's INE, and up to three ex-officio non-voting members. Membership for elected partners is determined by an all-partner vote. The Chair of the PGB may in their absolute discretion also co-opt up to two partners to be appointed as members of the PGB. Members are appointed as elected partners or as co-opted partners for three years and no individual may serve for more than two consecutive three-year terms. Individuals who have been elected for two consecutive terms of three years or less are eligible for election after a break of three years. The PGB is chaired by Imogen Joss, one of our INEs. The PGB provides challenge to the SLT and ensures through its activities and our internal policies and processes that no individual has excessive decision-making powers.

There are several subcommittees of the PGB that support its work and allows the INEs and members of the PGB to discharge their responsibilities:



Risk and Audit Committee

The principal role of the RAC is to ensure our quality and risk management framework is in place and operating and to oversee our financial reporting and external audit process. Its specific duties include:

- reviewing and challenging, where necessary, the actions and judgements of management in relation to the annual financial statements
- ensuring management has adequately considered the key risks to the business and has developed appropriate alternative strategies
- monitoring and reviewing the effectiveness of our internal audit function in the context of our overall risk management system
- considering reports from the Head of Audit and our Ethics Partner in respect of quality and reputational matters
- monitoring our relationship with the external auditors.

The RAC consists of elected members of the PGB, the CEO (or nominee) and Deena Mattar as the INE and chair. The RAC meets at least five times a year and the chair reports at each PGB meeting on the RAC's activities.

These activities include:

- reviewing updates from our internal audit team
- providing input to our enterprise risk management processes. This includes the annual review of systemic risks and their mitigation plans
- receiving reports to support their review of the effectiveness of internal controls including ISQM 1.

Remuneration and Profit Share Committee

The RemCo reviews the remuneration of the leadership team, partner profit-share process, associated diversity indicators and partner exit. The committee meets at least four times a year and consists of all INE members of the PGB and at least two elected members of the PGB. It is chaired by Paula Dillon, an INE. During 2023 the committee met three times as the final meeting of the year had to be deferred to January 2024.

Its specific duties include:

- reviewing the profit share process, to witness the output of that process, and to consider outliers
- to consider if the partner exit process is fair and reasonable
- to monitor gender gap and other diversity indicators in the partner group
- SLT remuneration
- to hear appeals not already resolved by the CEO appeals process.

Investment Committee

The primary purpose of the IC is to consider specific circumstances relating to capital and investment expenditure disposals and property matters over £2.5m. The committee agrees with the SLT what constitutes capital and investment. The committee generally meets monthly and has a minimum of the three partner PGB members and/or INEs together with the CEO.

Public Interest Committee

The committee, chaired by the chair of the PGB, comprises the INEs with the CEO, the Ethics Partner and Head of Audit in attendance at meetings. The chair of the AQB is also invited to attend and provide an update on its activities and an elected member of the PGB as observer. The primary purpose of the committee is to enhance stakeholder confidence in the public interest aspects of our activities. As such, the committee oversees our policies and procedures promoting audit quality, ensuring the protection of our reputation and reducing the risk of firm failure. The committee, through its work is responsible for monitoring the firm's compliance with the AFGC. The PIC is also responsible for engaging with our leadership groups, in dialogue with our regulators. The committee:

- at each meeting, receives an update from the audit practice and AQB chair, the Ethics Partner and on whistleblowing and complaints
- at least annually, receives an update on quality matters, a report from the Head of People & Brand and a report from the MLRO
- considers our compliance with the AFGC.

Nominations Committee

The Nominations Committee is primarily responsible for the recruitment, induction and performance evaluation of our INEs. They are also involved in facilitating and reviewing the process to appoint partner members onto the PGB. The committee meets as required and consists of at least four members of the PGB including at least one INE.

Audit Quality Board

The AQB provides independent oversight on all matters of audit quality with the objective of making the production of high-quality audit work sustainable. The board generally meets monthly and during the year was independently chaired by Philip Johnson. In addition to Philip the board members are Faried Chopdat, Head of Audit and Head of National Assurance Services (NAS). There are also four observers from the practice. Both Philip and Faried are independent members of the AQB. On 31 January 2024 Philip Johnson stood down from the AQB at the end of his four-year term and was replaced by Faried Chopdat.

The board has a number of key functions including:

- ensuring the firm's leadership maintains and appropriate "tone at the top" in respect of audit quality and that we have an appropriate strategy for ensuring audit quality
- ensuring adequate investment and resources to deliver quality and the audit strategy
- ensuring audit partner performance is primarily assessed based on quality and that partner remuneration and bonus systems are aligned with quality and the necessary positive leadership messages. This includes ensuring those who are responsible for the highest profile and highest risk engagements are compensated at levels that recognise this contribution
- that the audit practice has access to appropriate specialists
- ensuring we maintain appropriate independence monitoring
- that we anticipate and react to market and regulatory developments appropriately.

INEs

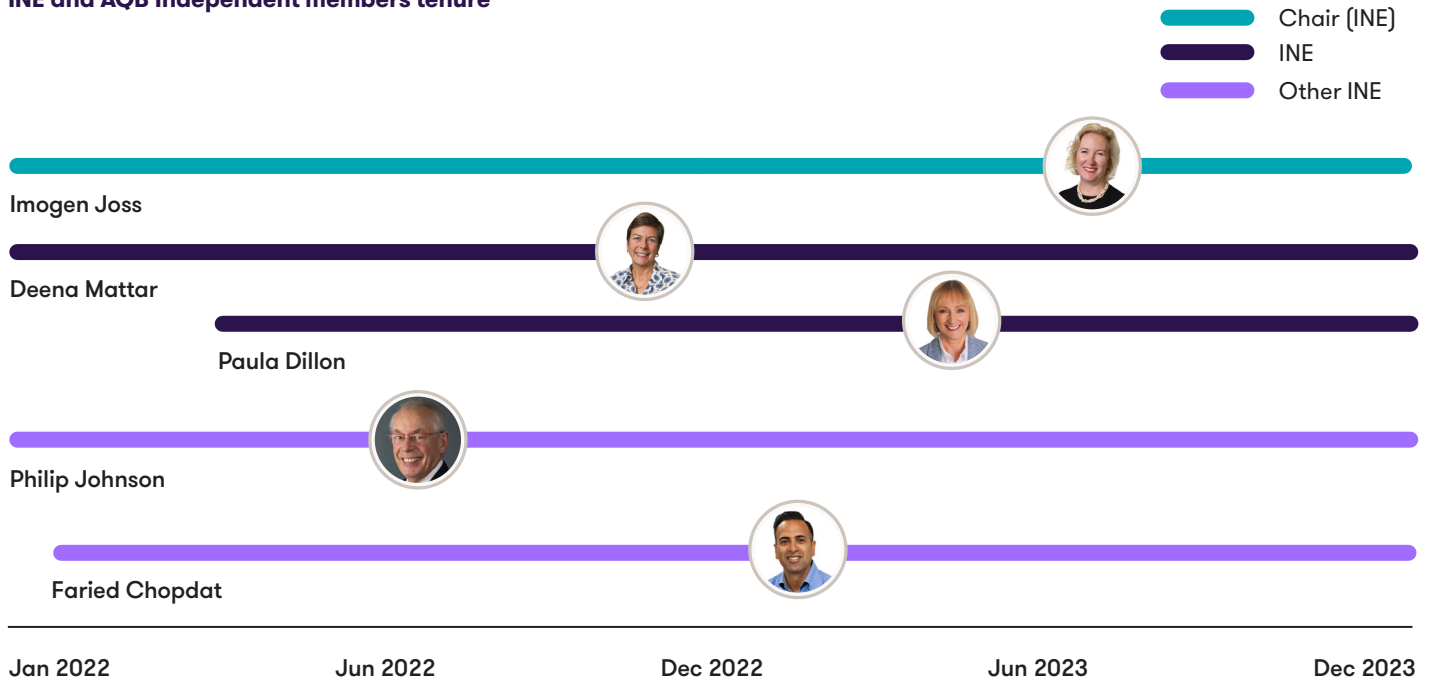
As part of our commitment to operate under best practice guidance and the AFGC we have appointed three INEs. As a matter of policy, all of our key governance groups are chaired by INEs including the PGB, RAC and Remco. We believe that this level of independence from the leadership of the firm best serves the public interest by helping to ensure audit quality. Where required, we have a detailed and comprehensive identification and selection process for the appointment of INEs. No INEs were appointed or ceased appointment in the year.

We position our INEs to be non-voting members of the PGB as this group is our main governance group. This allows our INEs to bring their experience to bear at this key oversight group. Our INEs primary remit is restricted to our public interest responsibilities, approach to quality (particularly, but not exclusively, in audit) and our reputation and risk management. This includes oversight of our policies and processes to:

- promote audit quality
- ensure firms take account of the public interest in their decision-making, particularly in audit
- safeguard the sustainability and resilience of audit practices and of firms as a whole.

Our INEs are also invited to key partner meetings and have regular meetings with the CEO, members of the SLT, our staff via the Employee Insights Group and our regulators. Appointments are for an initial term of three years and our INEs spend a minimum of 30 (50 days for PGB chair) days per annum on matters relating to the role. They can be re-appointed by the PGB members for additional terms up to a maximum of nine years subject to an all-partner vote for the PGB chair.

INEs
INE and AQB Independent members tenure



Our INEs have a right of access to relevant information and people, to the extent permitted by law or regulation, and a right to report a fundamental disagreement with leadership or the wider partnership to our regulators. Where any disagreement cannot be resolved and the INE resigns, we are required to report this resignation publicly. If there had been such a disagreement, this fact would be disclosed within this Transparency Report. No such disagreement has occurred to date.

All our non-executives are subject to our independence requirements; for more information see the [Ethics section](#). Further details of the appointment, role and responsibilities of our INEs can be found on our website: [Appointment, role, and responsibilities of Independent non-executives](#).

Membership of governance groups, attendance at meetings and further information

Details of the members of our governance groups, meeting attendance and length of service can be found in [Appendix D](#). Biographies of the members of our governance groups can be found in [Appendix E](#).

The terms of reference for our governance groups can be found on our website at [Grant Thornton | Leadership and governance](#).

Further information on the remuneration of audit partners and directors is included in [Appendix H](#).

GTIL

The firm is part of the Grant Thornton International global network, we meet the obligations of our membership of the network as well as considering the risks and benefits of our membership. More details can be found in [Appendix G](#).

Complaints and claims

We take all feedback, complaints and allegations seriously. If a client is not satisfied with any aspect of our work, they can discuss this with the engagement leader, head of the relevant service line, or our legal department. We provide training and guidance to our people in relation to our “Speak-up” culture including the use of our Speak up champions. We have internal processes to address both informal and formal matters and complaints. Our confidential whistleblowing phone-line is available to all, including employees, clients and the public. Our internal legal team have access to the RAC, PIC and CEO whenever required and report matters regularly to the SLT in respect of ongoing and potential complaints, claims and regulatory action.



Speak up

We are focused on creating an environment where people feel comfortable to raise issues or concerns to colleagues, despite the level of seniority, without fear of judgement. Speaking up, therefore, comes hand in hand with psychological safety and this is critical when it comes to producing quality work.

Listen up

We are focused on ensuring that people are listened to when raising such concerns and these are taken seriously.

Follow up

It's not enough just to listen. We need to follow up on what action has been taken. If no action has been taken, we should follow up as to why. This goes both ways, so if you have not heard back following speaking up, seek the follow-up yourself.

Investor and external dialogue

People within Grant Thornton, including where appropriate our INEs, actively engage with regulators, standard setters and investor groups to help shape and influence the drive for better reporting and regulatory change where it is necessary. Several of our partners and people participate in various boards, committees, working groups and forums across a diverse range of bodies and subjects relating to our profession and the wider market. They provide comments and feedback on our views of planned developments and issues.

We participate in events and consultations organised by the FRC, the Institute of Chartered Accountants in England and Wales (ICAEW), the Policy and Reputation Group (PRG), the International Forum of Independent Audit Regulators (IFIAR) and the International Auditing and Assurance Standards Board (IAASB). We hold regular meetings with our regulators. Our Transparency Report is available for all to read via our website. We also provide it to the Audit Committee chairs for our PIE, listed and Major Audit clients. Whilst we continue to seek to engage with the wider investor committee, getting engagement is challenging as noted by the FRC “evidence suggests limited appetite, in particular among investors, for engagement on governance matters with Firms or their INEs.”³



3. FRC consultation on Proposed Revisions to the Audit Firm Governance Code August 2021 – page 11

People and culture

Our people are key to all we do. We put people first in a culture that is collaborative, inclusive and agile. Our People Deal brings to life what we offer our employees and what we look for and expect from them. It underpins how people experience their career at Grant Thornton.



Our people are our business

As a professional services organisation our people are our key asset and strength. We have seen a number of positive developments in working with our people during the year, including:

- further development of “How we work” our framework that ensures people have the support and tools to do the right thing when making choices about how, where or when to work and where
- embedding flexibility including allowing individuals when to use their public holiday allowance supporting those who do not find the traditional days right for them
- development of our “Employee Insights Group” this is a group of 30 individuals across the firm at various grades who provide feedback to the SLT on what is going on “on the ground”. This group also acts as a sounding board for various matters.

We have a range of mechanisms to engage with our people:

- Individual people managers
- Regular “GT Live” calls
- Training and development sessions
- Regular message cascades
- Access to guidance and practical support
- Employee surveys
- Sharing from specialist interest groups

Culture

Our CLEARR values express the behaviours we expect from everyone in the firm. Our competencies describe in more detail how our values apply to what we do. Each person is expected to take responsibility for their performance, development and career.

From senior leadership downwards we promote to all our people the expected behaviours and reasons for these actions especially in respect of:

- delivering high quality and compliant audits
- managing risk in our client base
- the importance of audit and working in the public interest especially for our listed and public sector audits
- maintaining professional judgement and values.

We monitor our culture through conversations with teams, employee surveys, file reviews and root cause reviews and the OME, reporting on various matters is presented to the INEs.

Our engagement with our people supports us to ensure our decision take their interests into account.

Speak Up

We continue to develop our Speak-Up culture to ensure that our people are aware of how to Speak Up and gain support when they raise concerns about internal or client matters. This includes training and guidance which is provided to all our people including examples of speaking up seen across the practice. This is where individuals within the team have spoken up about a concern/issue and this has been listened to and followed up, resulting in significant changes to the work to be done and as a result, an increase in the quality of work produced. We provide support to individuals and teams who raise concerns, this is delivered through a variety of means but can include support from our risk and legal teams.

Inclusion & Diversity

Building an inclusive culture, where we value difference and respect our colleagues, is the right thing to do, helps our people to perform at their best and grow to their full potential. Diversity of thought, background and experience is vital to us. It brings better decision-making, improves the quality of our delivery and helps us to meet the needs of our clients.

Our Inclusion Advisory Board (IAB) consists of 12 of our people. The IAB provides robust, structured support and challenge to the SLT to help ensure that the decisions they make are informed by a diverse range of views. Each of the strands of work are led by a partner.

We believe in 'Everyday Inclusion' and creating an inclusive environment to grow is central to our strategy. We want to promote and embed positive equality, equity, diversity and inclusive practices where belonging is prioritised and every person feels valued: it aligns with our purpose of "doing what is right ahead of what's easy". By 2025, we want to be the best firm at valuing diversity through everyday inclusion.



Our approach to I&D focuses on five strands:

We believe in the importance of authentic networks to promote belonging and share similar lived experiences. Our people have set up, in collaboration with the Head of Inclusion and Diversity; a number of networks to encourage positive interaction, provide a safe space for people to share their lived experiences while educating and raising awareness and to work together to enable better awareness and inclusive practices.

Recruitment

Having the right people with the right skills is fundamental for consistently achieving our CLEAR values and audit quality. We utilise a blend of competency, strength, and skills assessment tools, which cover all entrants from trainee to partner. All our people are subject to detailed vetting and, where applicable, are required to confirm their independence and "fit and proper" status on joining. From a quality perspective, in our audit practice all experienced hires at assistant manager and above are required to sit a technical assessment prior to joining us.

We have continued to recruit throughout the year at all levels, including experienced auditors. We are increasingly focused on digital skills, including our digital qualification in conjunction with BPP University. We have seen positive results in recruitment around I&D, with our new hires continuing to be more diverse year on year. This helps to contribute to the wider shift we are working towards across the firm as a whole.

Promotion, development, and remuneration

Everyone has a people manager to support them in developing their skills, confidence and experience to progress with us. We have clear learning pathways that detail the skills required at each grade and the development available to support individual progression.

We have clear promotion processes, which for manager, senior manager and director promotes, in audit, includes a financial reporting assessment and quality interview prior to promotion. Individuals, including partners, in the audit service line receive quality gradings, which in the case of partners, is used positively or negatively to influence their profit share. We continue to provide a flexible benefits package that is regularly benchmarked against the market. During the year we have continued to promote individuals within Audit, across all grades based on their capabilities and business requirements. We have also recruited across the market experienced hires, graduates and school leavers.

Learning

Our Business School is focused on developing our people to be well-rounded professionals. We are committed to creating environments where our business and people can flourish and to do this, we pay particular attention to our professional development. This includes, for most of our people, the need to undertake appropriate Continuing Professional Development (CPD). To support this, all those working in audit have access to a wide range of learning and development opportunities to build their technical capability, leadership skills and commercial acumen.

Our people's development is supported through virtual face to face sessions, e-learning, webcasts, guidance, classroom content, coaching and on the job learning. Within audit we continue to invest in our training programmes throughout the year with several both mandatory and recommended training modules.

During the year, the average number of training hours for partners and qualified people was 99 (2022 - 107).

Audit Training

Training for our qualified people in 2023 included:



Mandatory training

- Annual three-day audit simulation
- Monthly digital awareness calls
- Monthly technical update calls
- Firmwide compliance training including financial crime, sanction, IS Security
- Quarterly ethical training
- Annual sector specific training



Areas of focus

- Revenue – audit & financial reporting
- Impact of Climate considerations on audit risk
- Financial statements – review process, front end and disclosure requirements
- Controls work including ITGC
- Digital Skills
- Fraud and Compliance with wider duties
- Ethics

We have also included “softer” skills training including

- Coaching and Feedback
- Project Management
- Professional Judgement & Professional scepticism
- Speaking Up & Difficult Conversations



Testing

- Financial reporting multiple choice assessment
- Core technical training workshops include assessments
- Firm wide compliance training include multiple choice assessments



Training for our trainees includes

- Professional qualifications
- Firmwide compliance training including financial crime, sanction, IS Security
- Monthly technical update calls
- Monthly digital awareness calls
- Associate learning pathway both technical and behavioural training

People metrics

We carry out several surveys of our people during the year which provides a key opportunity for us to understand our people's experiences, especially in relation to wellbeing. We use the results to help shape actions and activities. Our annual survey includes several quality related questions including three which are asked by all audit firms applying the AFGC (as marked by an *). The responses are in respect of people in our audit practice who agree, or strongly agree, with the following statement.

	2023	2022	2021
I am encouraged and supported by my team to deliver high-quality work*	90%	93%	93%
I have sufficient time and resources to deliver high quality*	61%	53%	46%
The training and development I receive from the firm has prepared me to do high quality work*	69%	79%	74%
Producing quality work is a top priority in our firm	94%	97%	94%
I feel able to challenge or speak up when something doesn't feel right in my work	83%	89%	76%

Risk management, quality and internal control

Risk management

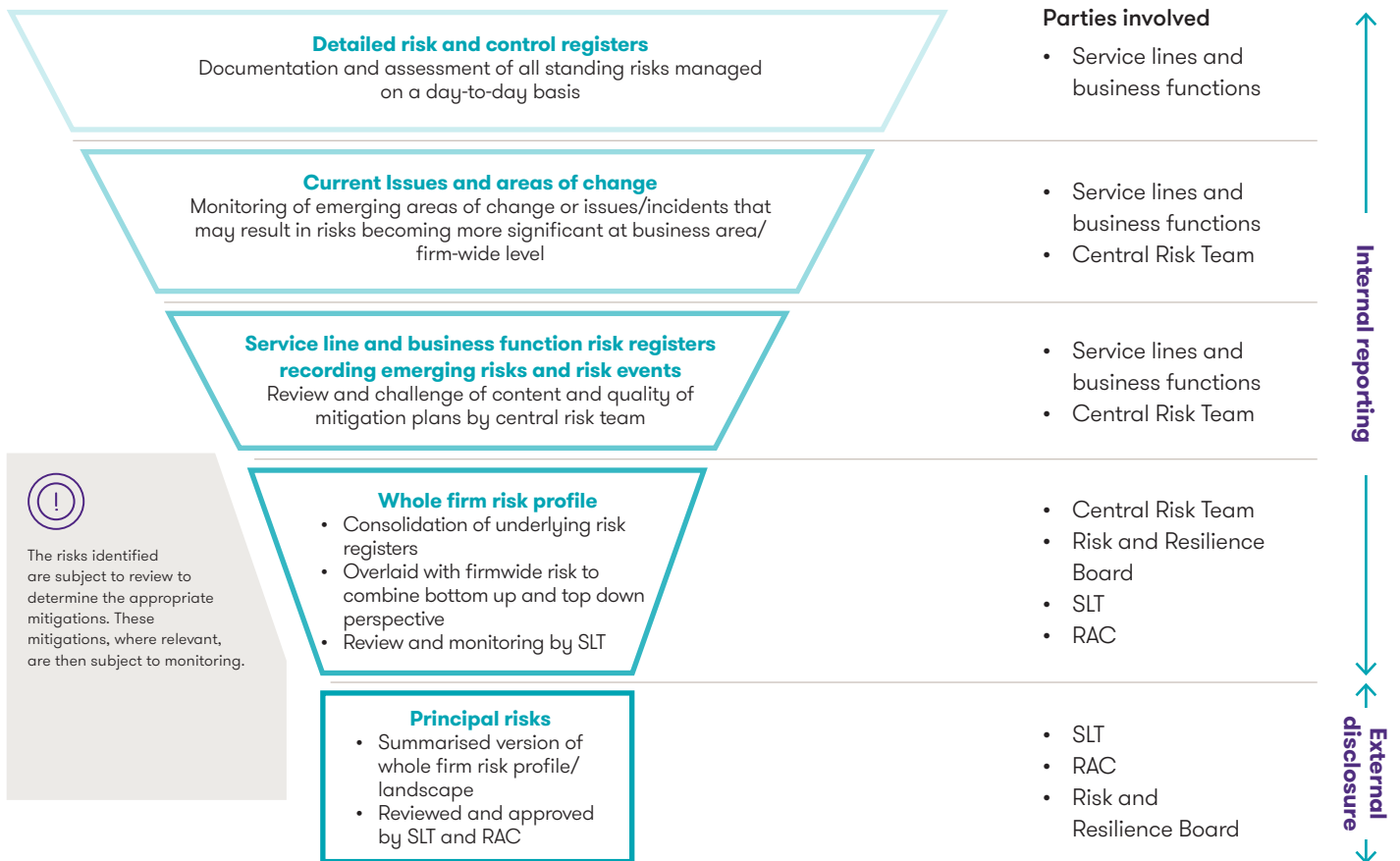
Each service line and central function is responsible for the ongoing identification, remediation and monitoring of their risks which cover the whole range of risks impacting the firm including regulatory and legal matters. Risks are reported in a consistent manner against set criteria considering the likelihood of occurrence and potential impact on the business. These risks are categorised in accordance with our risk taxonomy which establishes six primary risk levels reflecting our operating model. The Risk and Resilience board is positioned between our Central Risk Team and the SLT and meets quarterly. The board's purpose is to support the SLT in relation to enterprise risk management and operational resilience. The membership includes three members of the SLT, our Finance Partner, Head of Information Security, Head of Risk and Resilience and the Operational Resilience Lead.

At the highest level, the purpose of this group is to support the SLT in meeting their responsibilities in relation to enterprise risk management and operational resilience including:

- considering our policies and strategy for both risk and resilience and providing strategic direction and overseeing the effective operation of these two frameworks
- reviewing, monitoring and moderating our whole firm risk profile, appetite and risk exposure.

Our Whole Firm Risks and Principal Risks ([Appendix C](#)) are reviewed and approved by the SLT and RAC.

Our approach to risk management



Quality

We're committed to delivering consistently high quality which is key to all that we do. Quality is impacted and influenced by many factors and it remains the key responsibility of everyone to deliver quality in everything they do.

Quality Components

Our quality components provide clarity to everyone based on our shared expectations around quality.



Culture

We create a culture where quality is embedded in everything people do



Reputation

We behave ethically and meet the expectations of our regulators and society



Leadership and governance

We ensure that we have appropriate accountable leadership and governance structures to support quality



Technology and data

We have a digital mindset. We manage our information and records to protect confidentiality, maintain their integrity, ensure accessibility and support work done



People

We recruit, develop and nurture people from all backgrounds. We ensure they have the skills, ability, confidence, and enthusiasm to deliver quality work across the business



Take on

We only accept and continue (onboarding) work with clients aligned to our purpose, where we can deliver quality and only once all legal, commercial and ethical requirements have been met



Risk assessment, mitigation and resilience

We manage risk and build our resilience to support the firm's strategy and deliver quality in all our work



Delivery

We provide clear and easy to understand policies and procedures to guide and support our people to deliver quality assignments. We challenge each other, prior to providing assignment delivery, to ensure our work meets our high-quality standards



Operating environment and new initiatives

We monitor our operating environment for changes impacting quality. We consider quality, risk and legal requirements for new initiatives, including digital solutions, services and market offerings



Monitoring, reporting and root cause analysis

We monitor processes and controls on an ongoing basis. Reporting and root cause analysis allow us to take appropriate actions to address issues and focus on continuous quality improvement

Quality Management Approach (QMA)

The QMA is our approach to quality management that ensures we deliver quality work and meet the requirements of various regulations including International Standard on Quality Management (UK) 1 (ISQM 1) as well as other audit related standards including the AFGC and Audit Regulations. The QMA was implemented and in operation from 15 December 2022, during the year we completed our first annual testing through our Quality Evaluation (QME) process.

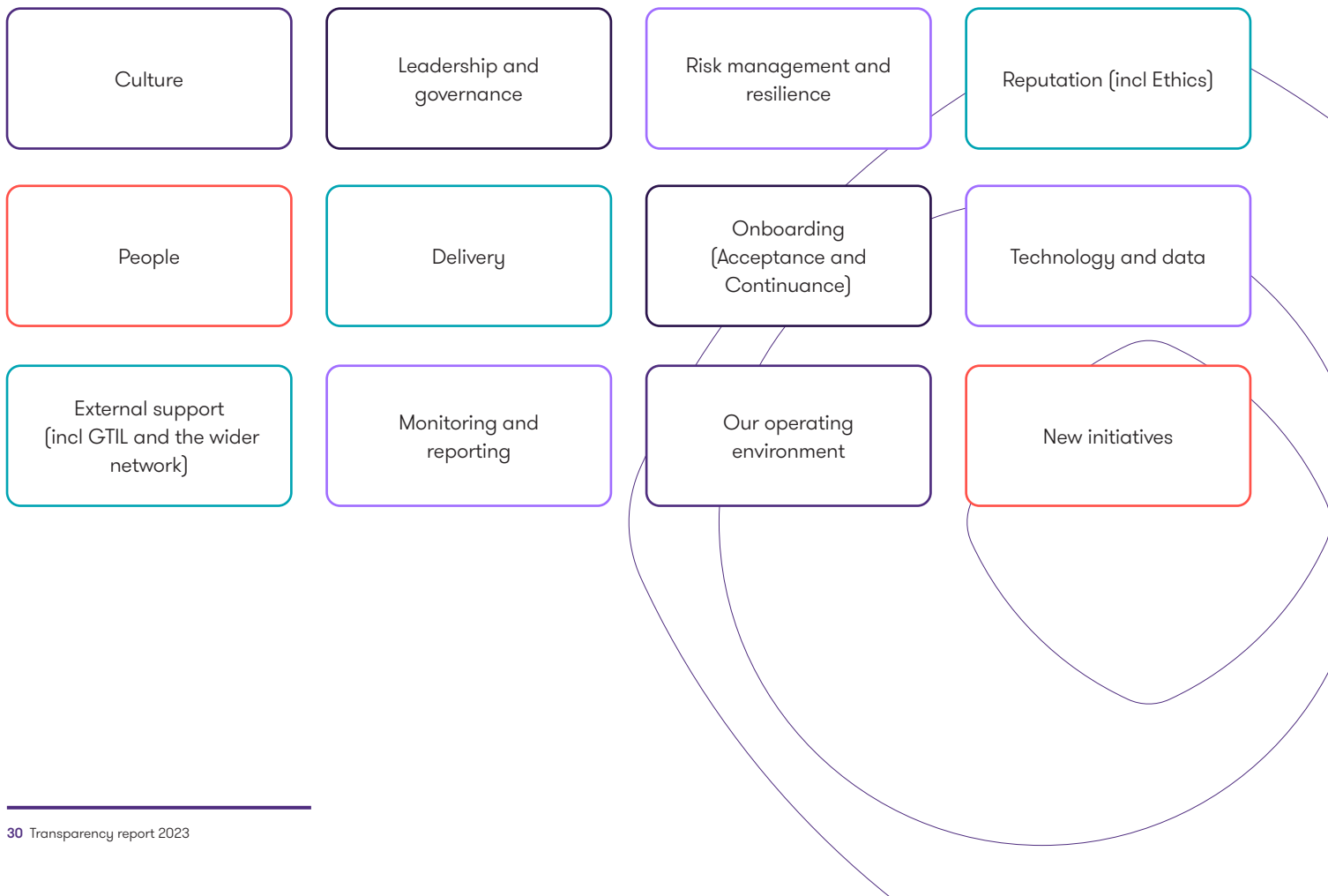
The objectives we have set for the QMA, are:

- to deliver a risk-based approach to continually improving quality
- for individuals to see quality is more than just basic “tick box” compliance. That quality is at the centre of everything we do and allows us to meet our stakeholder’s expectations
- to design, implement and operate a system of quality management that provides the firm with reasonable assurance that
 - the firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
 - engagement reports issued by the firm or engagement partners are appropriate in the circumstances
- to establish and maintain a robust monitoring, reporting, root cause and remediation programme
- to ensure the firm is resilient and can identify and respond to changes in the regulatory environment.

The implementation and monitoring of the QMA is led by a steering group which has been chaired by Fiona Baldwin as Head of Audit. Other members are:

- Chief Operating Officer – SLT member
- Head of People and Brand – SLT member
- Head of Quality and Reputation
- Ethics Partner
- Head of NAS
- Head of Audit risk
- Head of Risk & Resilience

The QMA based on a series of components that cover all the areas of the business that we believe impact quality.



Within each component we consider the following:

Objectives/requirements

- developed based on those required by standards as well as those we have identified ourselves
- approved by members of the steering group and other members of the SLT.

Risks

- are identified based on inherent risk and likelihood using the firm's risk model and taxonomy
- risks agreed with the business owners and approved by the steering group.

Responses to risks

- identified including our structures, policies, processes and controls
- considering our reliance on the GTIL network and third parties
- including the systems and system controls that we rely on.

National Assurance Services (NAS)

Within Audit, we have a range of quality processes that directly support our engagement teams which is supported by our NAS team. NAS is the centre of excellence for our specialists in audit and accounting. Providing support to the audit practice through the provision of training and guidance, a suite of working paper templates and audit software. We continue to adopt a culture of openness and encourage all members of the practice to consult with colleagues, NAS and other teams.

This sharing of knowledge and experience is key to the delivery of audit quality and is supported by specific requirements for teams to consult with NAS on key judgmental and complex issues. Our policies, processes and guidance support teams to ensure our audits, including group audits, comply with relevant requirements.

NAS is split into six areas to ensure we focus our skills appropriately:

- 1 Financial reporting – Gives support to teams on technical accounting and reporting matters including through the delivery of our “hot review” programme of the review of financial statements for certain active audits
- 2 Audit Professional Services (APS) – Provides the foundational technical auditing guidance, methodology and tools to enable audit teams to deliver high quality audits. The team's work includes providing timely technical support, guidance and training, developing and releasing new audit tools and methodologies as well as engaging with the global network on emerging audit issues
- 3 Quality Monitoring – Delivers the internal file review programme as well as undertaking thematic reviews and managing the GTIL review programme
- 4 Quality Support Team – The team undertakes reviews of our highest-risk engagements to provide support to the audit team and Engagement Quality Reviewer (EQR) during the audit
- 5 Audit Risk team – Provides risk management support to the practice. The team also manages the implementation and testing of the QMA
- 6 Root cause - Investigating the root cause of review findings, supporting the firm to develop better quality actions based on underlying causing of findings.

Data management

Our Data office supports the firm in the provision of robust Data insights for the governance and operation of the firm. They also provide our frameworks and practices for data governance, data architecture and business insight. Our reporting to regulators uses this data along with the input from relevant specialists including our NAS team to ensure that we provide complete and accurate information. We have clear processes for reporting to our audit regulators depending on the nature of the reporting.

Quality Management Evaluation (QME)

Our QME is the mechanism for our evaluation of our system of quality management (QMA) as required by paragraph 53 of ISQM 1. Our Chief Executive Officer is the individual assigned ultimate responsibility and accountability for the system of quality management.

The QME is an annual evaluation process which has four key phases. We performed our first QME during the year.



1 Update of the QMA

- update of objectives and requirements
- reassessment and identification of changes to risk and their ratings
- update of responses to risks
- firm risks are assessed to ensure, where appropriate, these are included in the QMA.

3 Evaluation of identified findings

- deficiencies are identified based on the definition in ISQM 1 paragraph 16
- findings are evaluated based on their severity and pervasiveness
- findings are given one of five ratings:

Not deficiencies

Strength – areas of excellence

Observation – Areas noted in the review that could be improved but do not reach the level of a deficiency

Deficiencies

Level 3 deficiency – A deficiency that is neither severe nor pervasive

Level 2 deficiency – A deficiency that is either severe or pervasive

Level 1 deficiency – A deficiency that is severe and pervasive

- where appropriate deficiencies are subject to root cause analysis
- all deficiencies are subject to action planning.

2 Testing of the QMA

- this is based on our audit methodology
- includes consideration of support from the wider network and other third parties
- each response to our risks was tested
- consideration was given to wider quality findings from internal and external reviews including regulatory reviews and internal control findings from the financial statements audit.
- testing was performed by a dedicated team lead by an experienced auditor
- self-certification was provided by key leaders within the QMA.

4 Reporting and opinion

- the results of the QME have been reported to:
 - i. QME Steering group
 - ii. David Dunckley /Malcolm Gomersall (CEO)
 - iii. the PIC
 - iv. the RAC
 - v. the AQB
 - vi. the Audit Leadership team.

AFGC internal control review

During the year we have enhanced our key internal control process. The firm has 42 Internal Control Areas and our detailed key internal controls are linked to these. We undertake testing across each of these controls, this was conducted by:

- QME team
- Service line teams
- Central risk team

Actions resulting from findings are monitored for completion, the review is undertaken on an annual basis. The results are reported to the relevant business leadership as well as the RAC. This testing is separate from the work performed by our internal audit team.

ISQM 1 Statement

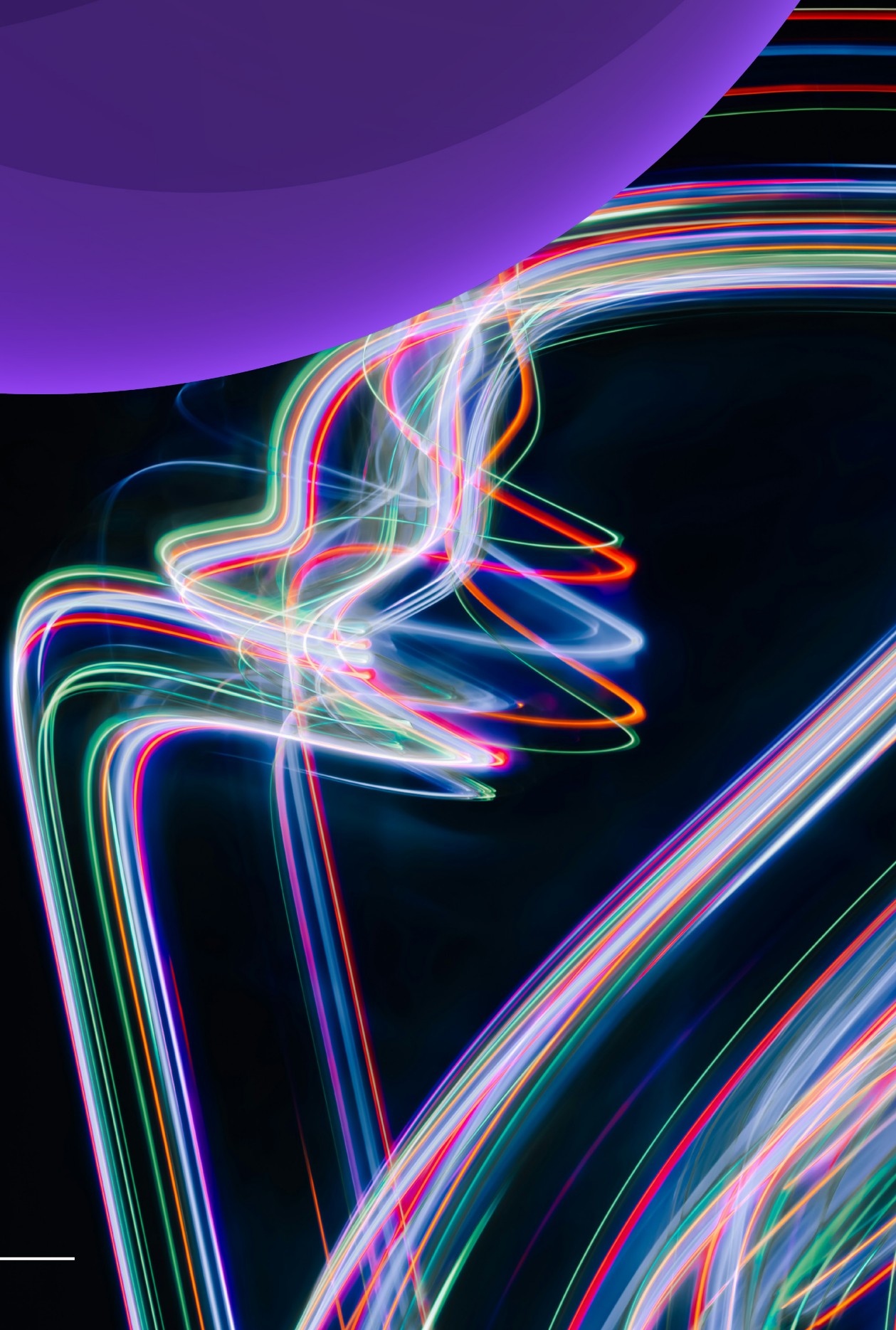
As required by ISQM 1, David Dunckley as the individual assigned ultimate responsibility and accountability for the system of quality management has evaluated our system "The QMA". The assessment has been completed as at 30 November 2023.

In early 2024 this assessment was extended to an evaluation as at 31 December 2023, this evaluation was performed by Malcolm Gomersall.

Based on these evaluations we can conclude that as at 30 November 2023 and 31 December 2023 the firm's system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved as required by the International Standard of Quality Management (UK) 1.



Digital Audit Team



Grant Thornton is enhancing the quality of its audits through its investment in Digital solutions. This starts with the application of our LEAP global audit methodology, delivered on our new Leap audit engagement tool introduced in the year which replaces our previous audit software, Voyager.

We complement Leap by procuring high-quality third-party automation and analytics solutions, working with organisations that share our goal to deliver better audits. Where any gaps remain, we build and deploy our own in-house solutions to offer auditors innovative alternatives to traditional manual processes.

We cut complexity by providing practical methodology guidance on using digital solutions, delivering high quality training and launching intuitive out of the box solutions. Where work is more specialised, our dedicated support desk works with and will join audit teams as a specialist and troubleshoot problems.

With dedicated Methodology, Support, Innovation and Implementation teams, the Digital Audit team and Operations support our teams to deliver high quality audits.

What we do:

Digital methodology

- methodology for new digital products
- practical application guidance
- collaboration with audit support

Digital support

- run the support desk
- join audit teams as a specialist
- pitch and proactive audit support

Digital innovation

- developing new ideas
- maintaining Audit Analytics Appstore
- roll out app improvements

Digital implementation

- communicate and roll out products
- project management of key developments
- train the practice



Our innovation approach

The pace of change of the technology landscape in which we operate is fast and our approach to the delivery of new solutions is agile to meet the changing demands. However, by focusing on audit quality at every stage of the development process, we implement robust solutions that can meet the needs of the practice and our clients:

- 1 **Ideation** – the best ideas often come from the team’s delivering audits and our internal network of auditors and Digital Champions initiate many of our most successful ideas. Every new idea undergoes an impact assessment at the outset to rate its impact on audit quality, and is further tested via our New Initiatives process with our Digital Hub and feasibility assessed by our IS team.
- 2 **Market assessment** – there is a growing market of technology businesses with innovative products that can benefit our profession – we assess each idea to decide if the appropriate approach is to buy from a third-party vendor or build in-house.
- 3 **Governance** – an idea can only go into development following approval from the Digital Governance group, a panel of audit partners led by our Head of Audit. Governance approval is sought at each major milestone to ensure that any solution developed meets the quality goals. Progress reports are delivered every two months to the firm’s Audit Quality Board.
- 4 **Development** – all solutions are developed using coding best practice under Grant Thornton’s Data Work Products Methodology. QMA documentation is produced as part of the development process to ensure focus is placed on quality throughout the build.
- 5 **Rollout** – once a solution is complete our dedicated Digital Implementation team will facilitate rollout through a standardised communication and training programme.
- 6 **Monitoring** – all solutions are internally reviewed to ensure quality control and to comply with the requirements of ISQM1. We prioritise continuous improvement by tracking usage, seeking feedback from the practice, going back into development to roll out improvements and where appropriate failing fast and retiring seldom used solutions.

Artificial intelligence (AI)

Grant Thornton continues to successfully utilise AI on audits through use of machine learning algorithms that both classify data and generate analytics insights. During 2023 we have built on these foundations by adding generative AI capability for our auditors. Our new generative AI tool, “GTAssist” is a transformative platform that will both help our internal operations become more efficient and help us to anticipate and fulfil audit needs. It sits alongside a portfolio of other AI related investments that enable innovation, ensuring we continuously stay ahead of the curve to safely, responsibly and securely deliver the best value and quality.

Other developments in 2023

- full and successful implementation of Grant Thornton’s new global audit software Leap
- we continue to expand the number of applications we use to support our audit teams in delivery of our audits, we currently have 39 applications (2022: 31)
- Enhancing “AAA” our dedicated AuditApp Store action engine for audit teams
- we have continued to enhance our cloud-based infrastructure.

Ethics, independence and compliance



We expect our people to behave in a way that is professional, honest and trustworthy, complying with all applicable ethical and professional standards and legal and regulatory requirements, both in the UK and overseas, “doing what’s right, ahead of what’s easy.”

Code of conduct

All our partners and people are required to comply with the fundamental principles for professional accountants. We do what is lawful, what is right and do not allow bias, self-interest or the undue influence of others to affect our professional judgement. These requirements are not new and are key to how our people work. We continue to focus on ensuring these principles are second nature. The principles form the background to our code of conduct which sets out the expectations of all our people and supports our wider purpose of “doing what’s right, ahead of what’s easy.”

Our CLEARR values (Collaboration, Leadership, Excellence, Agility, Responsibility and Respect) underpin our culture and how we do business – they are embedded throughout our firm and set the parameters of how we expect our people to behave with their colleagues, clients and the world at large.

While it cannot govern every possible situation the code is a key part of our wider stewardship, governance and risk management culture. The code is available to all on our [website](#).

Our Code of Conduct provides clarity on what’s expected of every single one of us as Grant Thornton people and as a firm based on:

- 1 We will each contribute towards creating a culture that is inclusive and sustainability-led; one where we treat each other with respect and trust and support each other to make the right choices.
- 2 We are driven by a total commitment to excellence and aim to deliver the highest quality of service to our clients, whilst meeting the expectations of our regulators and wider stakeholders.
- 3 We will always put the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour first.
- 4 We will share responsibility for protecting the firm’s reputation and put quality at the heart of everything we do. We will always strive to deliver work to the expected internal and external standards.

Our People have a commitment to one another to:



Policies, guidance and learning

We use our intranet to provide details of our policies, procedures and guidance as well as how to consult in relation to questions. This information covers all aspects of relevant regulatory requirements including those issued by the FRC, ICAEW, IESBA, SEC, CIOT, IPA, FCA and general legislation.

All our people are required to confirm their understanding and compliance with relevant ethical requirements and key policies on an annual basis. Regular training is given to refresh people of key topics and requirements for example, personal independence, provision of non-audit services, anti-money laundering and information protection.

All managers and above are required to maintain details of their investments and those of persons closely associated to them on our Global Independence System (GIS). This system also tracks the financial interests of the firm and its affiliates. Our new joiners are provided with access to and training relating to:

- our Code of Conduct
- detailed independence requirements, including expected behaviours and access to our policies and processes
- financial crime, data protection and information security.

Conflicts of interest and relationships

If a potential conflict is identified at any stage of our work with a client, we engage with all relevant parties to obtain informed consent and implement procedures to adequately safeguard confidential information. These procedures consider any actual or perceived conflicts. Where necessary the relevant head of service line, the Ethics Function, the Ethics Partner and other member firms are consulted. All GTIL member firms utilise international relationship checks to identify potential conflicts of interest or independence issues across the network.

If it is not possible to adequately safeguard against the actual or perceived conflict to an extent that an objective, reasonable and informed third party would query our approach, we will not undertake one or more of the services. The final decision as to which if any service is provided, is ours, but these decisions are made with the involvement of the entity(s) concerned.

Financial interests

The following are prohibited from having any direct or material indirect financial interest in an audited entity or the parent undertaking of any entity audited by Grant Thornton UK LLP, or in any publicly traded audited entity (or publicly traded parent of an audited entity) of a member firm of GTIL unless specific approval has been given where allowed under regulations:

- our partners
- our INEs and AQB non executive members
- other individuals who can bind the firm for example, employee Responsible Individuals (RIs) or local public audit Key Audit Partners (KAPs)
- covered persons as defined by the FRC. Broadly a person in a position to influence the conduct or outcome of an audit/other public interest assurance engagement, including certain persons with wider firm supervisory, management or other oversight responsibilities
- any persons closely associated with any of the above.

Partners and people may not have a material financial interest in any audited entity to which they personally provide professional services. Any financial interest outlined above, or deemed to create a conflict or independence threat, must be disposed of within ten working days.

Supplier and third party relationships

As our independence requirements extend to our suppliers and our other business relationships or third-party relationships, we carry out checks before we enter new supplier contracts and other relationships. This is to identify if we perform any audit, or other public interest assurance engagements with the supplier or other party. If relationships are identified, consideration is given to any potential threat to independence. Risk based financial crime risk and third-party code of conduct checks are also undertaken for our suppliers.

Gifts, hospitality and favours

Our people are not permitted to accept, or give audit clients, suppliers or third parties any gifts, favours or hospitality that might, or might be seen to, prejudice our integrity and objectivity in relation to our current or prospective clients.

Consideration is given not only to the monetary amounts but also non-monetary considerations for example, the nature, frequency, context and parties involved in this assessment. We have clear limits on what may be accepted or given as gifts, favours and hospitality – these are aligned to the requirements of the Ethical Standard. Above de minimis limits all gifts, favours or hospitality must be recorded in our systems and prior approval must be obtained from the Ethics Function and potentially the Financial Crime Team and SLT for certain activities.

Client and engagement take-on

Our Beyond Compliance process provides a framework, prior to our detailed Acceptance or Continuance process for any audit, to consider the identity and characteristics of the clients we act for and the services that we provide, to ensure that we can be confident that they support our reputation. The process is designed to go “Beyond Compliance” to ensure we make the right Acceptance and Continuance decisions. Initial questions are used to focus on the characteristics, behaviours and values of potential and existing clients and how they relate to the values we hold as a firm. It also considers the services we propose to provide to clients to ensure that they are appropriate, that the risks can be managed and we have the skills to deliver the engagement.

As part of our Take-On procedures we consider various matters including client identification, legal structures, ownership, anti-money laundering, current business relationships, sanctions, other conflicts of interest or matters that could impact on our independence for any audits and other public interest assurance engagements.

Where the responses are not straightforward or when certain criteria are met the process is reinforced by consultation with more senior individuals and for the most challenging matters, we hold a Central Take-On Panel (CTOP). This is comprised of our senior leadership, who work to assess such opportunities. Within Audit there is an additional bid/no bid process for those entities that are not subject to CTOP but meet specific criteria.



Family tree research and creation



Client verification and due diligence checks



UK and international relationship checks



Specific consultations on proposed engagements



Support for our CTOP and wider Beyond Compliance process

Audit specific matters

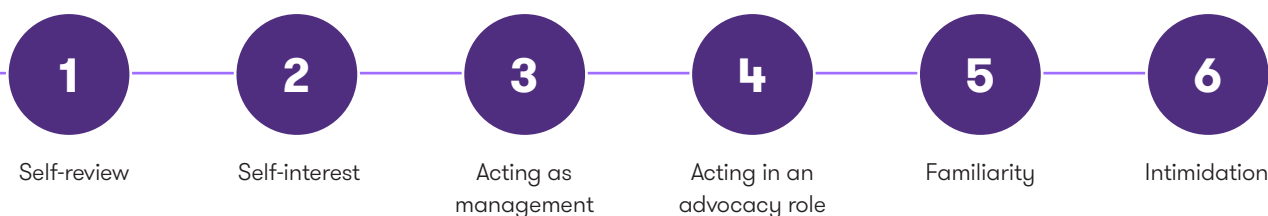
Non-audit services (including other assurance services)

Prior to accepting any non-audit service to any audit client, approval must be received from the relevant audit engagement leader. This approval is only given after consideration of the permissibility of any service, the possible threats to our independence and the adequacy of any planned safeguards. Consultation with the Ethics Function is required in situations where there is increased complexity as to the permissibility of a service or the proposed safeguards.

Where required, the circumstances are communicated to the audit client's audit committee or those charged with governance and in the case of PIEs, non-audit services are subject to audit committee approval prior to commencement of work.

Audit independence assessment

On each audit engagement, our teams make a full assessment of independence at the planning stage. This assessment is ongoing throughout the audit and considers both the firm and the audit team members independence. This assessment is made through consideration of the six key independence threats*:



Specifically, in relation to familiarity we have detailed rules relating to engagement leader and team rotation. These rules are based on the relevant requirements for the specific audit, which in most cases is the FRC's Ethical Standard. On occasion we are required to specifically comply with other requirements for example IESBA and the SEC.

Nature of entity	Role	Term (years)	Cooling off (years)
PIE/other listed entities	Audit RI or KAP	5	5
PIE/other listed entities	EQR	7	5
PIE/other listed entities	Key partners involved in the Engagement	7	2
PIE/other listed entities	Other partners and people in senior position	7*	Subject to assessment of the threats and safeguards to independence
Non listed	All roles	10	2

* Extensions subject to consultation with the Ethics Partner/Ethics Function and applicable safeguards.

On limited occasions we may utilise the exemptions within sections 3.14 and 3.15 of the FRC Ethical Standard. For our non-listed audits, an extension may be given for a limited period, to help maintain audit quality, after consultation and subject to appropriate safeguards.

From a firm's perspective we follow the relevant legislative requirements in respect of auditor rotation.

4. For definitions see Appendix K

Support to teams

We have several functions that support our teams to ensure we meet relevant quality requirements.

Take-On team

We have a centralised Take-On team to support our Acceptance and Continuance process. The team is responsible for undertaking key Take-On checks, on behalf of client facing teams. These occur at the time of acceptances and on an ongoing basis supporting the wider Beyond Compliance approach.

Financial crime team

We are committed to preventing financial crime and maintain a zero tolerance towards any conduct involving financial crime. We have implemented policies and procedures with the primary objective of preventing our services being used by those who wish to commit crime. Our Financial Crime Team is led by our Money Laundering Reporting Officer, Steven Wilson. The team supports us in number of ways including:

- the development of our policies and processes including engagement risk categorisation
- assessment and oversight of our financial crime risks
- guidance and support for challenging audit situations
- training and education
- acting as our suspicious activity reporting channel.

Regulation

The regulation team supports our compliance with the range of regulations that apply to us. These regulations cover both audit and non-audit services. The regulation team ensure that where necessary information and/or returns are required these are made.

The Ethics Function

The Ethics Function is fundamental in supporting the practice to meet the requirements of the various independence standards including the FRC's Ethical Standard. The Ethics Function continues to provide support in the application of both external and internal guidance as well as providing consultation support, training and, where relevant, approval across the range of independence matters.

Overall, these support functions work with other teams to further support our audit and client facing teams in respect of complaints, data protection, training, assessment and documentation of our independence and regulatory compliance.

INEs independence

We have considered the AFGC, the FRC's Ethical Standard, as well as what an objective, reasonable and informed third party would expect in establishing independence criteria for the appointment of our INEs. The PGB is a 'supervisory board' as envisaged by the FRC's Ethical Standard and, therefore, non executive members of the PGB and AQB are not partners or covered persons for the purposes of auditor independence. As a result, personal relationships and business or financial interests of the INEs do not bear directly on our independence as auditors.

However, we are mindful of the impact of public perception and so our INEs are not permitted in respect of any of the entities on our prohibited investments list to:

- be a director
- be a member of the audit committee
- hold a key management position
- hold a direct financial interest.

Prior to their appointment, INEs disclose any business interests they have and declare any conflicts that are apparent to them. We then assess the impact of these on our independence as auditors, as well as the INE's overall independence from the firm and its partners. On an ongoing basis, we require our INEs to disclose any potential conflicts as soon as they become apparent. This includes a quarterly confirmation process that they have no direct financial interests with any of our audits listed on our prohibited investments list. In addition, the INEs confirm their independence annually as part of our Annual Declaration process and any changes to their directorships and personal appointments are also confirmed.

Monitoring

We have a range of review and monitoring processes at the audit level and across the firm. We utilise a range of Audit Quality Indicators (both firm wide and engagement specific) as well as presenting profession wide indicators in this document. We are also subject to external monitoring primarily by the FRC and the ICAEW (QAD).

External monitoring

The FRC is the competent authority for the regulation and monitoring of audit firms in the UK. The FRC monitors the firm's audit quality directly in respect of our audits of PIEs. The ICAEW continues to have delegated authority from the FRC to inspect our quality in respect of other audits.

The FRC has continued to engage with us in a number of areas as part of their Audit Firm Monitoring and Supervision obligations including:

- engagement reviews undertaken by the Audit Quality Review (AQR) team
- review of firm-wide processes
- thematic reviews.

Our CEO, Head of Audit, Philip Johnson and Faried Chopdat as independent members of the AQB, and other members of the firm have met the FRC on several occasions during the year. In July 2023 the FRC announced that they would be moving the firm to Tier 2 for monitoring purposes, this would result in them "Perform less frequent inspections of PIE audits, moving to a three-year cycle of inspections and reporting on them within our Tier 2 and Tier 3 inspection and supervision report." We continue to work with the FRC and remain committed to maintaining a positive and regular dialogue with them.

The FRC also performs reviews in respect of certain public sector audits, for further details see "[Public sector audit – including local audit.](#)"

FRC Annual report – overall assessment for corporate audits

"We are pleased that the firm has maintained its focus on audit quality and for the second year in a row, 100% of the audits inspected were assessed as good or limited improvements required. These are very positive results and form part of a three year trend of improved inspection results compared to the 2019/20 and 2018/19 inspection cycles.

The firm's concerted effort and progress to improve audit quality continues to be very encouraging and we have seen improvements in the underlying culture, systems and processes that support audit quality. Never-the-less, to put these inspection results into perspective, there are likely to be other factors that have also contributed, such as our small sample size (to reflect the number of audits within the scope of the FRC) and the firm's approach of de-risking its audit portfolio.

The results from other measures of audit quality, covering a broader population and a larger sample of audits, were also positive. The results from the QAD, ... which is weighted toward higher risk and complex audits of non-PIE audits (within ICAEW scope), assessed 100% of the audits it graded as good or generally acceptable. QAD identified several good practices, including good use of the firm's data analytics tools in the audit of revenue. Over a similar period, the firm's internal quality monitoring process (covering both PIE and non-PIE audits) assessed 76% of audits as meeting its highest quality standard...

It is important that the firm maintains a strong focus on quality matters and, given such positive inspection results, guards against the risk of complacency. There is also a need for the firm to make achieving high quality easier for its auditors and this will require ongoing strategic focus and investment in systems and processes.

In response to this year's findings, we will take the following actions:

- *Perform less frequent inspections of PIE audits, moving to a three-year cycle of inspections and reporting on them within our Tier 2 and Tier 3 inspection and supervision report. This is primarily to reflect the size and risk of the firm's PIE portfolio compared to other large firms. Grant Thornton's improvements in audit quality have provided a base from which to grow its PIE portfolio*
- *Pay particular attention to the firm's internal quality monitoring process where, for every responsible individual, the firm reviews the quality of at least one completed audit each year. We have identified the frequency of this monitoring as good practice*
- *Monitor the implementation of the firm's new audit software and certain independence systems.*

Firm's response to the FRCs annual report

Since the start of our Audit Investment Plan in 2019, we have continued to focus on each of the entities we audit, people, culture in audit, technology, methodology and monitoring. We believe that this year's AQR results (particularly when taken in conjunction with the prior two years results) demonstrate that the actions we continue to focus on are sustainably improving audit quality to a high level. Our reviews this year spanned a broad range of audits, from some of our largest listed entities to large private entities and, as with last year, not all of the files reviewed had the additional processes and reviews that our most complex audits benefit from. Since the start of our AIP, we have had (and continue to have) a robust approach to quality across both our PIE and non-PIE engagements with our quality initiatives being applied across our population of audits. We believe that our most recent QAD results included in this report (which were based on work performed in 2020 and 2021) show this as all nine graded files were grade 2 or above.

We continue our focus on our priority areas to drive strong quality although we recognise (as we stated last year) that, as a people profession reliant on professional judgement, there will always be instances where isolated issues may drive quality points on individual files and there is no way to eradicate that completely either now or going forward.

We take both the AQR and QAD review processes seriously and find the learnings extremely helpful in our continuous improvement journey. Results of our root cause analysis programme (which comprises both cold reviews and warm reviews) provide us with valuable learnings which we then build into future training and cultural activities we undertake to avoid complacency and to continue learning as a practice.

Our single quality plan is in place and represents the development from our AIP and Strategic Improvement Plan. We continue to evolve this as the market changes and as findings arise from both our reviews and other areas of our audit practice. In addition, our systems and processes to adopt ISQM1 are well established and on track for the first testing of those by December 2023.

Our work on audit culture remains of prime importance to us, as a firm, and we see having a strong culture of challenge within our audit practice as being a key element of performing high quality work across all the entities we audit. We note that page 28 (sic) of this report highlights ethical conduct around misconduct, including exam cheating, at certain firms – we absolutely concur that this is a matter of high importance and are pleased that we have not identified any such instances at Grant Thornton in the period. We continue to monitor and challenge our teams on this, including requiring self-certifications in advance of each assessment that the individual has taken the test on their own and without using any unpermitted consultations or the use of factors such as AI to assist them.

Our Audit Quality Board continues to work very effectively, providing support and challenge on key decisions made by the audit practice and helping shape our strategy going forward. Our two audit non executives provide strong governance and challenge as part of this process which aids our focus on delivering high quality audits.

We are delighted with the results of both our external reviews contained in this report, and particularly that over the last three years, all but one of our files reviewed (94%) have been grade 2 or above and will keep a strong focus on all quality related matters to ensure we continue to learn and evolve accordingly and as the market continues to evolve. We will continue to be committed to and invest in delivering high quality audits and to continuing our measured approach to building our portfolio of public interest audits going forward and are delighted with our sustained strong quality review results over the last three years which sets us up optimally for the future.”

Grant Thornton Assessment and Review (GTAR)

The GTAR program is on a three-year cycle, there was no review in the year with the next review expected in 2024.

Other regulatory reviews

We are subject to review in respect of audit quality by several other regulatory bodies.

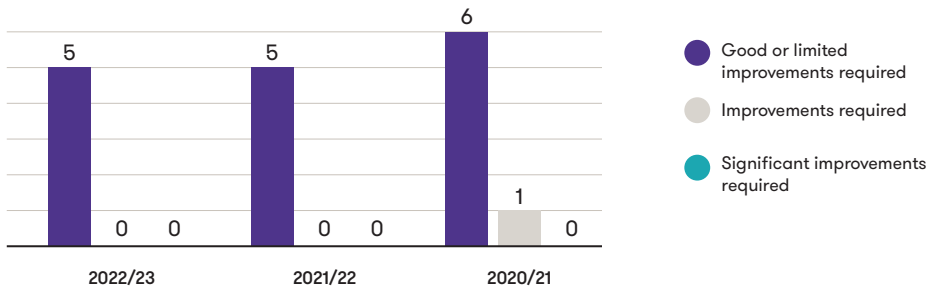
Body	Review in 2023
FRC (non-corporate reviews)	Public sector audits including value for money
QAD (ICAEW)	Corporate audits not in FRC scope

We are subject to review by CPAB, PCAO and Audit Scotland but no reviews have been conducted in the year.

Engagement reviews - external

FRC

The AQR reviewed five files (2022: five) as part of the review reported in July 2023, as the FRC have placed the firm in tier 2 and 3 there will be no separate report issued in 2024.

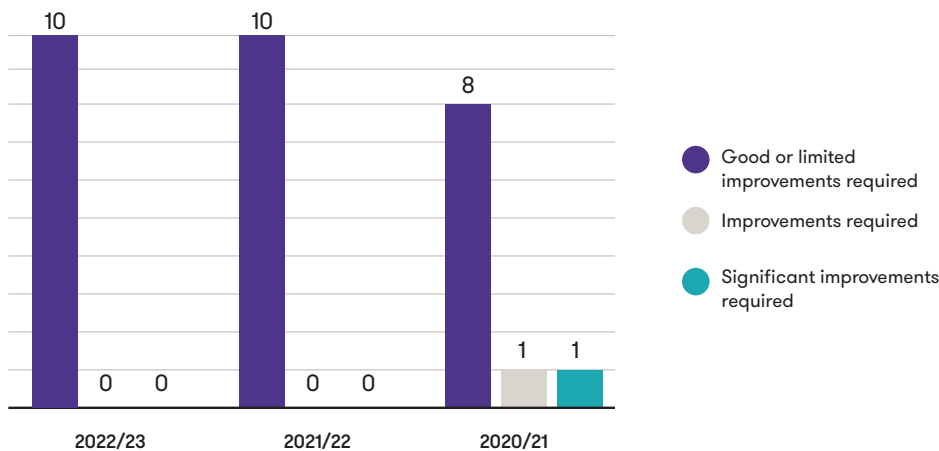


The Key Findings from the reviews were⁵:

Areas for improvement	Good practice identified
Follow up of matters raised by experts	Use of specialists
Evaluation of the expert's report	Challenge and professional scepticism
	Audit of revenue
	Group oversight

QAD

The QAD visited during the year. The results of previous visits are:



5. FRC audit quality inspection and supervision report - July 2023

Engagement reviews – internal

We undertake internal quality reviews for our signing engagement leaders (RIs, KAPs and others who act as public sector auditors). We have two types of review:

- 1 National Assurance Review (NAR) covers the whole audit from planning to completion. This includes a review of detailed audit work across a range of areas. Each engagement leader receives a NAR review at least once every three years, with new engagement leaders being reviewed normally within a year of appointment. Any engagement leader with files that do not meet the expected standard is subject to review in the subsequent year.
- 2 Pulse programme which focuses on two key risk areas of each audit. Any engagement leader who has not been subject to an external or NAR review receives a Pulse review.

Total engagement reviews (including public sector)

During the 2023 review cycle 113 (2022: 115) reviews have been conducted comprising both internal and external reviews.

Number of reviews	2023	2022	2021
External review	19	32	23
NAR	47	40	43
Pulse Review	47	43	37
GTAR	-	-	10
Total	113	115	113
Relevant engagement leaders reviewed (%)	100	100	99

Findings (percent)	Internal reviews			Total reviews		
	2023	2022	2021	2023	2022	2021
Good of Good limited improvements required	80	75	90	83	74	79
Improvements required	7	15	4	6	16	12
Significant improvement required	13	10	6	11	10	9

Firm-wide monitoring

External

The FRC in their annual report detail their firm wide work. The FRC review some areas on an annual basis and others on a three-year rotational basis. The focus for the year as reported in July 2023 was:

- audit quality focus and tone of the firm's senior management
- audit quality initiatives, including plans to improve audit quality
- root Cause Analysis
- complaints and allegations processes
- relevant ethical requirements – Implementation of the FRC's Revised ethical Standard (2019)
- partner and staff matters, including recruitment, appraisals, remuneration and promotion
- acceptance, continuance and resignation procedures.

During the year we have also received/responded to the FRC in relation to a number of non-engagement specific areas including:

ISQM 1 Implementation
Audit Sampling
Training and methodology
Hot reviews

When the FRC raise findings or recommendations these are assessed by senior individuals, including the Head of Audit, and actions plans developed as required. We have also responded in respect of the status of actions for areas subject to prior FRC sanction including ethics.

Internal

Monitoring activities are classified as hot and cold. Hot monitoring is for live, ongoing engagements/prospects whereas cold monitoring looks at a sample of completed engagements and events to evaluate whether firm policies and procedures were complied with. This monitoring was undertaken as part of the [QMA implementation](#).

Internal ethics and independence

We operate a number of specific monitoring activities in relation to compliance with the FRC Ethical Standard and other relevant independence regime. The key mechanisms are:

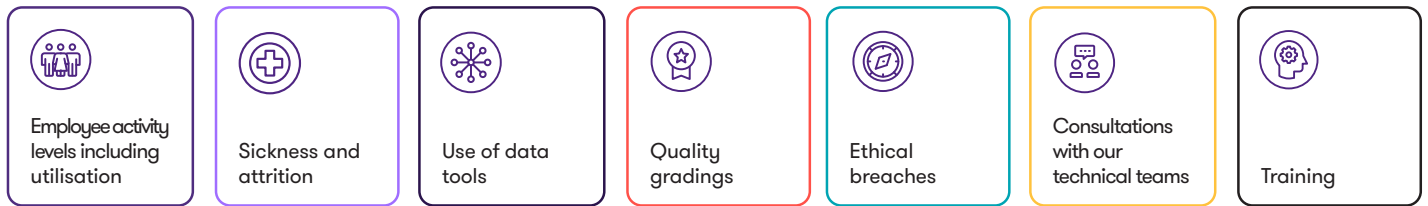
- individual NAR file reviews consider how the engagement team addressed ethical and independence matters
- the Annual Declaration process is a comprehensive declaration from all partners and people in respect of understanding and compliance with our policies and procedures in respect of ethics, independence, confidentiality, gifts and hospitality and other regulations
- sample testing of partners and people at manager grade and above to check the accuracy and completeness of disclosed financial investments
- consideration of ongoing consultations from engagement teams
- the pre-approval of non-audit services to audit clients
- ensuring that rotation requirements are met at the individual and firm level
- pre-approval of gifts, favours and hospitality above de-minimis limits and monitoring against expenses review of ethics and independence matters for higher risk audits at planning and completion.

Action plans

Action plans are developed for internal and external reviews. These actions are monitored and the status of actions reported to the AQB.

Audit Quality Indicators (AQIs)

As an audit service line we utilise a number of AQIs to support wider monitoring:



As a firm we utilise two AQI dashboards:

- 1 engagement leader dashboard – each audit engagement leader has their own dashboard with a range of AQIs to help them consider quality on their live audit engagements
- 2 firmwide AQI dashboard – Head of Audit has access to over 20 AQIs to assist with broader operational management. These AQIs are reported on a quarterly basis to the AQB.

We will be providing information to the FRC for their profession wide pilot on Firm Level AQIs these AQIs are detailed in [Appendix F](#).

The PRG identified a number of AQIs, in five areas, that the main audit firms publish in their transparency report on an annual basis. The table below identifies each AQI and where it can be found in this report:

AQI area	Location in report
Details of internal and external reviews	See above in this section
External investigations related to audit	Disciplinary and enforcement matters
Investments in audit	Training hours - People and Culture Wider investment in quality processes see risk management, quality and internal control
Investor liaison	Investor and external dialogue
Partner and staff surveys — Three questions based on: 1 firm's commitment to quality 2 sufficient time and resources to deliver quality 3 training and development.	People and Culture

Root Cause Analysis (RCA)

RCA is undertaken following the results of both internal and external quality reviews. Further RCA is also undertaken in respect of other areas where we have a concern over quality. At the end of reviews and annually themes are identified and actions developed to address those negatively impacting quality as well as to encourage wider uptake of areas of strength.

Our RCA approach is tailored to the subject being considered but includes a combination of:

- data gathering and analysis, with the use of external specialists where appropriate
- interviews with the team including the manager, engagement leader, EQCR and specialists where applicable
- group discussions and focus groups.

Number of reviews cover by RCA	2022/23	2021/22	2020/21
External file reviews	17	14	27
Internal file reviews	40	30	34

The results of the RCA are reported to the AQB and PIC. The key themes identified in the 2022/23 cycle were:



Root causes of negative quality findings

- Distractions diverting attention from other areas of the audit
- Training/guidance (particularly regarding revenue)
- Poor performance of team members
- Over reliance on prior audits

Root causes of good practice points

- Experience of the team being relevant for the audit
- Culture focused on quality and, learning from previous reviews
- Good understanding of the business
- Good Engagement leader involvement and timely review
- Consultation

Disciplinary and enforcement matters

FRC

There are no ongoing disciplinary investigations by the FRC into the firm's audits under the AEP or the Accountancy Scheme.

There has been one disciplinary matter in respect of audit work of ours, which the FRC has progressed.

We are continuing to comply with monitoring and reporting obligations imposed following concluded disciplinary investigations, which relate to audits of Sports Direct International Plc, Patisserie Holdings Plc and Interserve Plc. These obligations are due to conclude in 2024.

Our monitoring and reporting obligations imposed following disciplinary findings made in 2020 relating to ethical standards and requirements, concluded in 2023.

ICAEW

On 26 January 2023, the ICAEW imposed a severe reprimand in respect of three audits of ours dating from 2016 to 2018 of an entity whose name it did not publish and fined us £91,000.

On 27 February 2023, the ICAEW imposed a reprimand in respect of four audits of ours dating from 2016 to 2019 of an entity whose name it did not publish and fined us £143,350.

On 21 March 2023, the ICAEW imposed a reprimand in respect of one audit of ours in 2019 of an entity whose name it did not publish and fined us £194,600.

We have ongoing investigations by the ICAEW which we are working with it to resolve.

Public sector audit – including local audit

Our public sector practice provides statutory and other related audit services to a range of public sector clients including those subject to the Local Audit and Accountability Act 2014 (the Act). The Act requires the auditor of certain public bodies in England to appoint a registered “Local Auditor” as their statutory auditor.

Bodies to which the regulations apply include:

- councils
- health trusts (excluding foundation trusts)
- clinical commissioning groups
- Integrated care boards
- police and crime commissioners and chief constables
- fire and rescue services
- national parks
- certain pension funds.

Our work over the past year has been undertaken during a period of continued challenge in the public sector, with many NHS bodies and local authorities struggling to balance budgets and deliver desired levels of services within available resources.

During the year we have commenced work under the PSAA allocation of local government, police and fire bodies in England which represents about 36% of the audits allocated by the PSAA. Over the past year the local authority sector has seen continued delays in the sign off of audit opinions across all firms. We are working with clients and supporting the governments new measures revolving around these audits to address the backlog. We support the work of the government, NAO and FRC in seeking a rapid and practical solution to these issues. In 2023 we have signed 108 opinions in relation to Major Audits (2022: 45). See [Appendix K](#).

We are continuing to see significant changes in our NHS and Local government audits due to the financial position of these organisations. We also continue to see instances of more complex transactions resulting in changes to the accounting and auditing of these. We continue to see issues in respect of data quality and completeness. These impact our ability to complete our audits and the nature of opinions we are able to issue. We are working with the NAO, DLUHC and the FRC to promote better quality accounts preparation, and to make representations for other changes which we believe will help reduce the backlog of accounts sign offs.

As part of our wider responsibilities as local auditors under the National Audit Office Code of Audit Practice, we have issued the following reports in respect of our obligations over local authorities since 1 January 2021:

Year	Authority	Report
February 2024	Nottingham City Council	Statutory Recommendations
January 2024	Cannock Chase District Council	Statutory Recommendations
January 2024	Dudley Council	Statutory Recommendations
January 2024	Stafford Borough Council	Statutory Recommendations
September 2023	Birmingham City Council	Statutory Recommendations
February 2023	Slough Council	Statutory Recommendations
January 2023	Cheshire East Council	Public Interest report
November 2022	Bromsgrove District Council	Statutory Recommendations
November 2022	Redditch District Council	Statutory Recommendations
March 2022	Copeland Borough Council	Statutory Recommendations
January 2022	London Borough of Croydon	Public Interest Report
January 2022	Sandwell Borough Council	Statutory Recommendations
October 2021	Thanet District Council	Statutory Recommendations
May 2021	Slough Borough Council	Statutory Recommendations
February 2021	Copeland Borough Council	Statutory Recommendations

Registration

We are registered as a Local Auditor under the requirements of the Act through registration with the ICAEW. At 31 December 2023 we had 30 registered KAPs (2022: 26), the most of any audit firm. Our dedicated public sector audit practice is part of our audit service line.

Structure

The public sector practice follows the same policies, processes and methodologies as the wider audit practice with adaptation to meet the specific requirements of our public sector audit base. The team face many of the same challenges faced by our wider audit practice. The Head of Public Sector Assurance reports to the Head of Audit.

Internal control

Our local audit work is subject to our overall internal quality control system the QMA and has been subject to the review under the QME. There are additional areas of control that are focused on local audit. These include:

- a dedicated Public Sector technical team, which provides guidance and support to audit teams in respect of specific accounting, audit and financial reporting matters. This team works closely with our NAS teams to ensure consistency of approach
- specific sector files are developed to support the consistency of our quality
- the public sector nature of local audits is considered as part of our acceptance and continuance process
- we have specialist technical panels for specific matters which are unique to the public sector, for example, Value for Money.

Recruitment

The public sector practice uses the same recruitment processes as the wider audit practice but with a clear focus on the public sector nature of our work.

Development, appraisal and promotion

Individuals follow the same development, appraisal and promotion processes as those of the wider audit practice. This includes the use of the same competency framework and CPD requirements.

Learning

Given the specialist nature of public sector audit, we take very seriously the need to ensure all people working on local audits keep up to date technically and professionally. People working in the public sector team are subject to the same training requirements as people in the wider audit practice. However, to ensure all individuals maintain and develop their technical competence for public sector work, we provide additional training and support under our sector badging policy.

In 2023 for our qualified people this has included:

- ongoing training on a range of topics including the audit of estimates, property valuations, journals and sampling
- tailored training sessions on the practical implementation of ISA 315 in both local government and NHS audits
- a number of digital audit training sessions and workshops, supporting teams to utilise our growing suite of digital tools
- feedback from the results of internal and external inspections, highlighting learning and development needs;
- weekly updates or briefings for teams on 'hot' topics
- a session for EQRs on maximising the impact of EQCR work
- a briefing session for Engagement Leads on the new Local Government audit contract.

In total, training approximated to 10 (2022: 10) days per person. Our associates received their own tailored programme in line with our internal and professional requirements.

Quality monitoring

Our public sector audits are subject to both internal and external monitoring. The internal monitoring is detailed in the "Monitoring" section of this report. We are also subject to potential external review from several regulatory bodies during the year we have been subject to inspections from FRC and QAD.

During the year, the four (2022: 12) files have been subject to external inspections:

Type of audit	2023	2022	2021
NHS Foundation Trusts	-	2	4
Major Audits - NHS	2	1	2
Major Audits - Local Government	1	6	7
Non Major local audit	1	3	3

We also undertook a number of internal reviews as part of the NAR programme. In 2022 we undertook nine (2022: three) and seven pulse reviews (2022: five). As a result of these reviews, we identified some key areas which we have focused on in our training, including the valuation of property plant and equipment, our approach to fraud risk assessment and journals testing, and the way in which we pinpoint our significant risk assessments.

The Local Auditors (Transparency) Regulations 2020

Below is outlined our response to the disclosure requirements of the Local Auditors (Transparency) Instrument 2015. As our public sector practice is integrated with our wider audit practice most of our responses cross reference to the wider Transparency Report.

Provision of the Local Audit Regulations Review	How Grant Thornton UK LLP complies
a A description of the legal structure, governance and ownership of the transparency reporting local auditor	See " Appendix G - Legal structure including GTIL "
b Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network	See " Appendix G - Legal structure including GTIL "
c A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work	See above and section " Risk management, quality and internal control "
d A description of the transparency reporting local auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted	Our public sector practice is subject to the same ethics and independence rules as all other areas of audit practice. This includes firm-wide requirements where applicable. See section " Ethics, Independence and Compliance "
e Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained	Our engagements leaders for this work are all KAPs under the legislation. They and our people are appropriately trained and competent in the roles. See above and in section " People and Culture "
f A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Companies Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place	As set out above the last external reviews were undertaken by the FRC and QAD during the year
g A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list	See " Appendix J - Major Local Audits "
h A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level	See section on " learning " above
i Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor's local audit work	Turnover from local audit work in the 12 months to 31 December 2023 was £34.6 million, (2022: £31.8 million). This represents 14.5% (2022: 14.5%) of the firm's total audit revenue and 5.0% (2022: 4.9%) of firm's total revenue, respectively. These amounts are included in the revenue disclosed in Appendix G
j Information about the basis for the remuneration of partners	See " Appendix H - Financial information and partner details "

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Appendix A

Audit firm governance code and EU regulations

AFGC

We have set out below how we have complied with the AFGC – April 2022 issued by the FRC. We have adopted this revised code from 1 January 2023 and we consider the firm to be compliant with the provisions of the new code.

Provision of the code	How we comply
A Leadership	
1 A firm should establish a Board or equivalent governance structure to oversee the activities of Management.	The PBG acts as our primary governance group see Leadership and governance .
2 At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm.	None of the partners on the PGB have significant management responsibilities.
3 The chair of the Board should not also chair parts of the Management structure or be the managing partner.	Imogen Joss chairs the PGB and is one of the firm's INEs.
4 A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures.	Terms of reference are present for the PGB and sub committees. These are available on our website Leadership and governance Grant Thornton
5 A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management.	<p>The partner members of the PGB and SLT are subject to the firm's membership agreement in respect of remuneration and progression.</p> <p>This is reviewed by the remuneration committee in relation to</p> <ul style="list-style-type: none">• profit share process• the remuneration framework for the CEO and SLT• partner exits <p>The Remuneration and performance evaluation for our INEs is considered by the Nominations committee.</p> <p>Details can be found in the terms of reference of each committee which are on our website:</p> <ul style="list-style-type: none">• Remuneration [grantthornton.co.uk]• Nominations Committee [grantthornton.co.uk]
6 The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election.	<p>All individuals, including non-executive members, of our governance groups are subject to annual performance evaluation.</p> <p>Members of the PGB serve for an initial three-year period with a maximum term of continuous appointment of elected members (six years) and INEs (nine years).</p> <p>Details can be found in the terms of reference which are on our website Terms of Reference [grantthornton.co.uk].</p>

Provision of the code

How we comply

7	There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. A firm should consider having a regular externally-facilitated board evaluation at least every three years.	An annual review is undertaken with an externally facilitated review undertaken at least every four years. The last externally facilitated review was in 2022.
8	Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.	Those charged with governance, including our non-executive members have access to the same information as management.
9	A firm should disclose in its annual transparency report: a the names and job titles of all members of the firm's governance structures and its Management b a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details c a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code's purpose. If elements of the Management and/or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code's purpose achieved in the UK d an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice.	See Leadership and Governance especially subsection PGB and PIC Appendix D – attendance at meetings and length of service Appendix E – Biographies and changes.
B	People, Values and Behaviour	
10	A firm's Board and Management should establish the firm's purpose and values and satisfy themselves that its purpose, values and culture are aligned. If a firm's purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK.	The firm's purpose is "Doing what's right, ahead of what's easy" the board and management set our purpose, values and culture in consultation, where appropriate, with our people. Our purpose is set within the firm with reference to the overall approach and strategy of GTIL. During the year, our then Chief Executive Officer David Dunckley was a member of the GTIL Board of Governors. The firm also has representation on each of the Board of Governors standing committees. This allows the firm to ensure appropriate influence at a GTIL level.
11	A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it.	Our Code of Conduct can be found on our website Code of conduct Grant Thornton All our people have to comply with this code. We also publish on our websites our codes/statements in respect of: • "Anti-bribery and corruption" Anti-bribery and corruption statement (grantthornton.co.uk) • "Third party code of conduct" Third-Party Code of Conduct (grantthornton.co.uk) • "Modern slavery" Modern slavery statement (grantthornton.co.uk) • "Carbon reduction" Carbon Reduction Plan (grantthornton.co.uk) • Approach to tax Our approach to tax Grant Thornton.
12	A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.	See People and Culture especially subsection Culture.
13	A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.	See People and Culture especially subsection Speak Up.
14	A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports.	See Appendix B - Key Performance Indicators.
15	A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate cultures underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action.	See People and Culture especially subsection Culture.

Provision of the code

How we comply

16	A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.	See People and Culture especially subsections culture and Speak up.
17	INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.	Our INEs and non-executive members of the AQB are involved in people matters as part of their role on the PGB, PIC and AQB, including receiving reports from the Head of People and Culture. Paula Dillon specifically focuses on people matters and is our INE with responsibility for people matters.
18	INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.	Our INEs and non-executive members of the AQB receive data and access to people in the firm to allow them to understand values and communicate their role.
19	<p>A firm should disclose in its annual transparency report a description of how:</p> <ul style="list-style-type: none"> a it engages with its people and how the interests of its people have been taken into account in decision-making b opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code. 	<ul style="list-style-type: none"> a see People and Culture especially subsection Our people are our business b see Risk management, quality and internal control especially subsection Risk Management.
C	Operations and Resilience	
20	A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly.	The firm works with the FRC on a regular basis and will continue to work with any successor body.
21	A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems.	The firm has regular engagement with the FRC, ICAEW team and other regulators as required. There is a formal action management process for all audit related regulatory reviews.
22	A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information.	See Risk management, quality and internal control especially subsection Data office.
23	A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.	See Leadership and Governance and Leadership and governance Grant Thornton on our website. All activities are at UK level.
24	A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.	See Risk management, quality and internal control Our Key internal controls review is undertaken in conjunction with our QME which meets the requirements of ISQM 1.
25	A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.	See " Appendix C - Firm's principal risks ".
26	A firm should publicly report how it has applied the Principles of this Code, and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code.	We consider that we are compliant with the principles of the AFGC. This is explained in this appendix and throughout this report.
27	A firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701.	This is included in our financial statements which can be found on our website Annual reports Grant Thornton

Provision of the code

How we comply

<p>28 The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report:</p> <ul style="list-style-type: none"> a a commentary on its performance, position and prospects b how it has worked to meet the legal and regulatory framework within which it operates c a description of the work of the firm’s audit committee and how it has discharged its duties d confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review e a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary f an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated g a description of how it interacts with the firm’s global network, and the benefits and risks of these arrangements, with reference to the purpose of this Code. This should include an assessment of any risks to the resilience of the UK firm arising from the network and any action taken to mitigate those risks. 	<ul style="list-style-type: none"> a see “CEO” and “Head of Audit Commentaries” plus developments in each major section b see “Risk management, quality and internal control” including subsection “Quality Management Approach (QMA)” c see “Leadership and Governance” especially Subsection “RAC” d see “Risk management, quality and internal control” especially “AFGC internal control review” e see “Risk management, quality and internal control” especially “Quality Management Approach (QMA)” f see “Appendix C - Firm’s principal risks” g see “Appendix G - Legal structure including Grant Thornton International Limited (GTIL)”.
<p>D INEs and ANEs</p>	
<p>29 INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company’s finance function or at an audit firm.</p>	<p>We have three INEs. Our PIC oversees public interest matters. The INEs are the only members of this committee.</p>
<p>30 INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.</p>	<p>Our INEs meet.</p>
<p>31 INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm’s activities and how it is taken into account; and risks to the operational and financial resilience of the firm.</p>	<p>See statement by our “INE Chair of the Partnership Governance board (PGB) and the public interest committee” and</p> <p>See “Leadership and Governance” – sub sections “PIC and INE”</p>
<p>32 A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs’ (and ANEs’) time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.</p>	<p>See “Leadership and Governance” – sub section “Remco”</p>
<p>33 A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.</p>	<p>Our INEs directly and through engagement with the SLT have access to information relating to the activities of GTIL. This includes access to the GTIL INEs</p>
<p>34 INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.</p>	<p>The ethics partner attends the PIC on a regular basis</p>
<p>35 INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.</p>	<p>“Leadership and Governance” sub section “Investor and external dialogue”</p>
<p>36 Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.</p>	<p>Each of our INEs and independent members of the AQB has a contract for services.</p>

Provision of the code

How we comply

37	The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.	Sufficient resources, including access to independent legal advice, is available to our INEs and independent members of the AQB.
38	The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and /or ANEs) and members of the firm's Management and/or governance structures.	These are in place and disclosed within the INE terms of reference on our website. Appointment, role, and responsibilities of Independent non-executives (INEs) (grantthornton.co.uk)
39	An INE (and / or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances: <ul style="list-style-type: none">• the INE or ANE believes the firm is acting contrary to the public interest• the INE or ANE believes the firm is endangering the objectives of this Code• the INE or ANE initiates the procedure for fundamental disagreements.	Our INEs and independent members of the AQB are aware and committed to this requirement of the code
40	A firm should disclose in its annual transparency report: <ul style="list-style-type: none">a information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it hasb its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities.	<ul style="list-style-type: none">a See "Leadership and Governance" sub section "INEs"b See "Ethics, independence and compliance" subsection "INEs independence". <p>There have been no changes to non executive appointments in the year. Philip Johnson stood down as chair of the AQB on 31 January 2024.</p>

E Operational Separation

This is not applicable to the firm as we are not required and have not applied Operational Separation however, we would note the following that we comply with the requirements of provisions 41 - 43

EU Regulations

We set out below how we comply with Article 13 of the EU Regulations 537/2014 which is enshrined into UK Law.

Summarised requirement	How we comply
<p>A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm.</p>	<p>This transparency report, along with our prior reports are available on our website under About us/Annual reports</p>
<p>Statutory auditors and audit firms shall communicate to the competent authorities that the transparency report has been published on the website of the statutory auditor or the audit firm or, as appropriate, that it has been updated.</p>	<p>The FRC and ICAEW are informed of the publication of this Transparency Report</p>
<p>The annual transparency report shall include at least the following:</p>	
<p>a a description of the legal structure and ownership of the audit firm</p>	<p>See “Leadership and Governance”</p>
<p>b where the statutory auditor or the audit firm is a member of a network:</p> <ul style="list-style-type: none"> i a description of the network and the legal and structural arrangements in the network ii the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network iii the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business iv the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements. 	<p>See “Appendix G – Legal structure including GTIL”</p>
<p>c a description of the governance structure of the audit firm</p>	<p>See “Leadership and Governance”</p>
<p>d a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning</p>	<p>This is discussed throughout this report but specifically in sections</p> <ul style="list-style-type: none"> • “Leadership and Governance” • “Risk management, Quality and Internal control” • “Ethics, Independence and compliance” • “People and Culture” • “Monitoring”
<p>e an indication of when the last quality assurance review referred to in Article 26 was carried out (External review)</p>	<p>See “Monitoring”</p>
<p>f a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year</p>	<p>See “Appendix I – UK Public Interest Entities”</p>
<p>g a statement concerning the statutory auditor’s or the audit firm’s independence practices which also confirms that an internal review of independence compliance has been conducted</p>	<p>See “Monitoring” sub sections “Firm-wide monitoring”, “Ethics, Independence and compliance”</p>
<p>h a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC</p>	<p>All of our qualified people are required to take part in appropriate continuing professional education. This includes compliance from 1 November 2023 with the revised ICAEW CPD requirements.</p>
<p>i information concerning the basis for the partners’ remuneration in audit firms</p>	<p>See “People and Culture”</p>
<p>j a description of the statutory auditor’s or the audit firm’s policy concerning the rotation of key audit partners and staff in accordance with Article 17(7)</p>	<p>See “Appendix H – Financial information and partner details”</p>
<p>k where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories:</p> <ul style="list-style-type: none"> i revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity ii revenues from the statutory audit of annual and consolidated financial statements of other entities iii revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm iv revenues from non-audit services to other entities. 	<p>See “Ethics, Independence and compliance” sub section “Audit specific matters”</p>
<p>l The transparency report shall be signed by the statutory auditor or the audit firm</p>	<p>The report is signed by Malcolm Gomersall on behalf of Grant Thornton UK LLP</p>

Appendix B

Governance Key Performance Indicators (KPIs)

Our governance KPIs have updated to reflect the requirements of the revised AFGC. Operational Separation is not relevant to the firm as we are not required and have not applied with the detailed principles.

Area of the AFGC	KPI	Response											
Leadership	Terms of reference are present for each key governance body and available on our website. These include details of the scope/matters reserved for the body and membership	These are available on our website Leadership and governance Grant Thornton											
	Terms of reference are reviewed at least every year for the AQB, PIC and key PGB sub committees	This has been completed, these are available on our website Leadership and governance Grant Thornton											
	Independent members chair all key governance groups		<table border="1"> <thead> <tr> <th>Group</th> <th>Chair</th> </tr> </thead> <tbody> <tr> <td>PGB</td> <td>Imogen Joss</td> </tr> <tr> <td>PIC</td> <td>Imogen Joss</td> </tr> <tr> <td>RAC</td> <td>Deena Mattar</td> </tr> <tr> <td>RemCo</td> <td>Paula Dillon</td> </tr> </tbody> </table>	Group	Chair	PGB	Imogen Joss	PIC	Imogen Joss	RAC	Deena Mattar	RemCo	Paula Dillon
		Group	Chair										
		PGB	Imogen Joss										
		PIC	Imogen Joss										
		RAC	Deena Mattar										
	RemCo	Paula Dillon											
		The SLT and IC were chaired by the David Dunkley (as CEO) and Philip Secrett respectively these are not governance groups											
The minimum average attendance target for each group is 80% on a rolling 12-month basis		Attendance											
		SLT 97%											
		PGB 95%											
		PIC 100%											
		AQB 91%											
		RAC 100%											
		RemCo 100%											
		Investment Committee 85%											
	There were no Nomination committee meetings in the year.												
Members of our governance groups are subject to a formal annual appraisal	This has been completed												
A formal external evaluation of the effectiveness of the PGB is undertaken at least every three years	This last was completed in June 2022												

Area of the AFGC	KPI	Response
People, Values and Behaviour	The Code of Conduct is available on our website and our people are required to apply it*	This is available on our website Leadership and governance Grant Thornton
	The firm has a Speak up policy including the availability of a confidential Whistleblowing line which is advertised and available to all*	This has been completed
	One INE is nominated to review people management policies and procedures. They should monitor these policies and procedures*	Paula Dillon has this role
Operations and resilience	Firm has a process to agree, monitor and report actions agreed with the audit regulator*	See " Monitoring " especially " Action Plans "
	The INEs (via the PIC) receives updates on complaints and whistle-blower matters during the year	See " Leadership and Governance " especially sub section " Public Interest Committee "
	The PIC reviews compliance with the AFGC	This has been completed
	At least annually the SLT and RAC review the effectiveness of our structure of internal control with INE involvement in this review	" Risk management, Quality and Internal control " especially sub section " AFGC internal control review "
	The SLT and RAC review the financial statements and this Transparency report	This has been completed
	At least annually a formal assessment of the firm's principal risks including those impacting its business model, future performance, solvency and liquidity is completed by the SLT*	See Appendix C – Firm's principal risks
INEs and ANEs	There should be at least three INEs who maintain their independence throughout their appointment	Our three INEs throughout the year were Imogen Joss, Deena Mattar and Paula Dillon
	The firm should have a nomination committee including INE involvement*	This is in place see " Leadership and Governance " especially sub section " Nominations Committee "
	The Ethics Partner should have direct access to the INEs*	The Ethics Partner attends each PIC meeting and has direct access to them at any time




* Represents a new KPIs in the year following the adoption of the revised Audit Firm Governance code.





Appendix C

Firm's principal risks

At the time of this transparency report the principal risks that the SLT consider could most significantly threaten the firm's ability to achieve its strategy, including those that would threaten its business model, future performance, solvency or liquidity and specifically impact the sustainability of the audit practice are as shown below.

The trend indicator depicts the trend of our residual risk rating internally over the course of 2023 and 2022.

 **Decreasing risk**
 **Increasing risk**
 **No change**
 **New risk**

Risk	Landscape	Trending	Mitigating activities
Attracting and retaining talent			
<p>Inability to attract and retain high quality talent, including partners, could impact our ability to respond to current and future client needs.</p> <p>Specifically:</p> <ul style="list-style-type: none"> our people do not feel connected with our purpose or culture failure to offer attractive and flexible working arrangements Inability to recruit high quality diverse people with the right skills a lack of career progression and personal development opportunities inadequate succession planning. 	<ul style="list-style-type: none"> steady slowdown in attrition over the course of the year has resulted in a reduction in risk exposure talent shortage in the UK market of qualified professionals further compounded by the unattractiveness of the profession evolving expectations of employees for example around ESG matters; increasing use of global delivery models and the need to manage culture differences changing client needs necessitating different talent skillsets continued adaptation to a hybrid working model. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> regular people engagement and leadership communications ensure our people remain connected pulse surveys to understand how our people are feeling how we work framework to support employees in adopting our hybrid working model effectively diversified central resourcing model including our agile talent solution and utilisation of global network resources technical, leadership and commercial learning programmes and a focus on coaching to support the career development of our partners and employees robust talent strategy systems and processes including succession planning annual horizon scan considers talent aspects regular benchmarking of reward and benefits compelling employer brand brings our purpose to life for our people and new hires and builds connection and belonging.
Changing environment and unplanned events			
<p>We do not identify and react appropriately or quickly enough in response to changing external conditions and the requirements of our clients.</p> <p>Specifically:</p> <ul style="list-style-type: none"> economic and geopolitical conditions, market factors, competitor activity or regulatory change we do not meet clients/future clients changing requirements – for example support with ESG or digital matters unplanned disruptive events which could pose a significant threat to the firm's business and its ability to operate. 	<ul style="list-style-type: none"> economic conditions remain challenging and despite a drop in inflation, high interest rates and low growth prospects continue to create uncertainty for business ongoing geopolitical tension and conflict causing cost of living challenges, labour shortages and supply chain disruption changing competitive landscape and disruption due to audit market reform, audit firm break ups and changing funding models increasing importance of ESG and digital impacts market need and demands. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> SMEs in our Public Services Consulting and Economic Consulting teams provide political and economic insights; competitor trend analysis firmwide dashboards enabling continuous monitoring of business and financial performance SLT focus on continually reviewing strategic options and opportunities and the best approach to providing sufficient flexibility for growth in response to challenging market conditions ongoing active engagement with key stakeholders (including regulators, industry groups and professional institutes) to identify and influence change and inform and monitor our response firmwide risk management framework of forward looking annual horizon scanning process holistic approach to resilience planning and validation including business continuity and crisis management processes across all areas of the firm's activities including Client and Business activity, Technology, Third Parties, Property and Physical Security Risk and Resilience Board sets the resilience strategy and monitor's progress.



Risk	Landscape	Trending	Mitigating activities
Climate			
<p>Failure to tackle climate related risks and opportunities as a firm and deliver the business strategies and infrastructure we need to transition to Net Zero.</p> <p>Specifically:</p> <ul style="list-style-type: none"> we do not minimise the environmental impact of our own business causing potential brand or reputational damage and impacting our ability to attract and retain talent inadequate data to properly assess and report on the firm's progress on its plans to net zero; we do not make required disclosures, or we make incorrect disclosures / reporting in relation to climate matters we work with clients and other third parties with poor environmental credentials which could damage our reputation we fail to develop new products and services to support clients as they transition towards a low-carbon economy extreme weather events and changing climate conditions impact our or our key suppliers' ability to operate, including our teams in non-UK locations. 	<ul style="list-style-type: none"> climate change is front of mind for regulators and standard setters, with consultations ongoing and new/additional regulation and reporting standards expected soon increased climate related reporting requirements; increasing stakeholder pressure on businesses (driven by investor engagement and public sentiment) means climate is becoming a determining factor in who will do business with us increasing expectations from prospective employees and our people to ensure we are serious about mitigating our collective environmental impact. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> we comply with SECR (Streamlined Energy and Carbon Reporting) and ESOS (Energy Savings Opportunity Scheme), report to CDP (formerly the Carbon Disclosure Project) and are ISO 14001 accredited we have set science-based targets verified and published by the Science Based Targets Initiative (SBTi). This year we have had our new short-term targets and a long term target verified by SBTi we have made climate-related financial disclosures based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework for the first time in our 2023 Energy and Carbon report development of Climate strategy as part of our wider ESG strategy to reduce our impact on the environment by reaching net zero without carbon offsetting or greenwashing environmental working group in place to drive the Climate strategy sustainability Leadership Group with representatives from our employees across the business drives change in their business areas in line with our environment and social impact agenda ongoing communication and engagement strategy with our people in relation to ESG including climate and carbon literacy training we have established a multi-disciplinary ESG Centre of Excellence to develop and deliver our ESG propositions carbon dashboards provide transparent data on emissions across scopes 1, 2 and 3 to meet disclosure requirements and measure progress on targets procurement policy and Third-Party code of conduct consider environmental impacts of the supply chain holistic approach to resilience planning and validation including emergency management and business continuity planning across all locations and areas of the firm's activities to respond to physical climate risks.
Digital, Data and Technology (2022: Technology)			
<p>Our ability to deliver technological change, evolve our data strategy and deliver digital transformation including the necessary cultural shift, could impact our ability to remain competitive and create value for our clients, people and our business.</p> <p>Specifically:</p> <ul style="list-style-type: none"> we do not develop and invest in our technology infrastructure, people, and processes to address future business needs failure to equip people with the right digital tools and capabilities and evolve culture inadequate data strategy, governance and management means we are unable to realise the benefits of data as an asset we do not manage the risks and opportunities associated with the use of AI. 	<ul style="list-style-type: none"> fast evolving digital transformation landscape influencing client expectations and the cost of providing service potential disruption and risk exposure due to the speed at which generative AI is being deployed increasing expectations for data insights to inform business decision making; changing competitive landscape and the profession is being faced with a very different competitor type ethical use of data is essential technology becoming increasingly democratised allowing 'citizens' to develop applications and automations creates opportunities but also additional risks competitive landscape is changing and the profession is frequently being faced with a very different competitor type technology infrastructure implications as a result of current changes within our property portfolio. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> three-year transformational change programme to deliver an integrated Digital strategy which will create value for our clients, our people and our business with investment in core IS and Data resource to support change delivery Digital Leadership Group helps facilitate and coordinate digital efforts across the firm investment in the UK Digital Hub and IS supported service line capability to evolve products, services and support people in building digital capabilities aligned with changing client needs and further support our people to grow digital capability Data Governance Board supports and advocates for data governance to ensure that our data is managed as a strategic asset and data decisions are not made in isolation to other strategic implementations data protection and ethical impact assessments to ensure data handled in accordance with privacy laws and ethical best practice Annual Data Maturity Assessment tracks progress and informs the firm's data strategy AI and machine learning policy formalises usage guidance to ensure the appropriate and safe use of AI tools New Initiatives policy and process defines the mechanism for and supports innovation throughout the firm, overseen by the Business Change Activation Board which governs the firm's Change Management Process.

Risk	Landscape	Trending	Mitigating activities
Financial planning and liquidity			
<p>Insufficient liquidity to fund working capital requirements or a significant financial issue without the time in which to address it.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> • inaccurate financial data impacting operational decisions, growth, and overall liquidity management • unforeseen drop in partner numbers • unreliable financial forecasting leading to poorly defined growth plans vs resourcing requirements • we do not budget effectively impacting our ability to manage within our funding arrangements • lack of timely financial oversight of commitments to significant long-term costs • servicing the firm's pension fund liability • availability and affordability of external funding. 	<ul style="list-style-type: none"> • need to support continuing investment in talent, technology and infrastructure of our business to enable sustainable growth • continued economic uncertainty making it inherently difficult to forecast and manage profits and working capital • external factors in the banking market such as capital loan availability and pricing increases • economic instability creating increased risk of debtor default. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> • comprehensive annual budgeting process in place with the SLT and PGB review and approval • effective quarterly forecasting aligned with strategic workforce planning which is reviewed and approved by the SLT • monthly management accounts at whole firm, service line and operating unit level including working capital and funding analysis • short, medium and long term cashflow and covenant forecasting including a minimum annual sensitivity and reverse stress-testing exercise • appointment of new Service Line Operations partners who work closely with COO and Finance Partner to monitor financial performance and consistently improve forecasting accuracy across the firm • comprehensive set of live management information available to partners and employees including in relation to pricing, pipeline management, WIP, costs and cash collection • stringent financial policies, procedures and controls in place across the firm including procurement, expenditure authorisation, timesheet and expenses policies • maintenance and ongoing development of relationships with our bankers and the Trustees of the Grant Thornton Pension Fund.
Inclusion and diversity			
<p>Failure to achieve a level of diversity in our partner and people group to meet our peoples, clients and the markets expectations and failure to create an inclusive culture where diverse talent can thrive, develop, and grow.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • failure to develop a pipeline of diverse talent across all areas of diversity • we fail to change our people's behaviours in relation to I&D matters and create an inclusive culture consistently across all parts of our business • a difference between what we say and our people's lived experience creating reputational and brand risk. 	<ul style="list-style-type: none"> • diversity of workforce and an inclusive working environment is increasingly high on the agenda of our people, our clients and other stakeholders and is a priority for all large firms • lack of diverse candidates across the industry and competitive market, particularly at senior levels impacts our ability to attract and retain diverse talent driving the increasing risk trend. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> • CEO led Inclusion and Diversity Strategy with SLT sponsors for each strand of diversity and incorporated into SLT goals • IAB works with the SLT to help make the most inclusive decisions • convenors for each of the firm's five diversity strands Gender, LGBTQIA+, Disability, Medical Conditions and Mental Health, Ethnicity & Cultural heritage and Social Mobility with dedicated resource to support delivery of action plans • Network of Inclusion Allies work towards making everyday inclusion a reality • specific diverse talent programs to empower future leaders and comprehensive communication plan encouraging diverse and senior role models to share their backgrounds and stories • inclusive leadership workshops with a focus on understanding unconscious bias • inclusive resourcing processes, practices and communications with interview training reflecting I&D matters • diversity targets and action plans in place at firmwide and service line level with regular reporting on progress • annual talent pipeline analysis provides an indication of the firm's ability to deliver its diversity targets based on existing talent • ongoing monitoring and review of inclusion and diversity data and the policies and processes that support how we work, to drive the required change towards ensuring fair and equitable opportunities for all employees • Pulse surveys measure the experiences of diverse talent and identifies areas of future focus • a confidential Public Interest Disclosure / Whistleblowing hotline available to employees, clients, and members of the public.

Risk	Landscape	Trending	Mitigating activities
Information and cyber security			
<p>New threats or inadequate protection of the firm's personal and clients' confidential information (including electronic and hard copy documentation) could result in non-compliance with data protection or privacy laws, regulations and contractual requirements.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> failure to identify and manage potential cyber threats vulnerabilities as a result of reliance on the actions of our people inadequate or misaligned data strategy, governance, management and protection dependency on third party technology providers to meet their contractual obligations around security and service levels. 	<ul style="list-style-type: none"> ever evolving and increasing cyber threats heightened by geopolitical conflict our overall threat landscape is changing with the introduction of new technology and digital solutions, the transition to the cloud, and the increased sharing of data by and with clients and third parties hybrid working and global delivery models place increased reliance on our technology infrastructure and greater security and data loss risk if not adequately maintained. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> continuous focus on the maintenance of a robust, secure and resilient IT environment with policies and processes to protect the firm's and clients' data, and service continuity plans for all business-critical IT services and applications Increased investment in tools, software solutions and resource to manage data security and the risk of data loss physical security controls ISO 27001, ISO20000 accreditations and Cyber Essentials Plus certification use of security operations centre and threat intelligence services ISMS management team oversee strategic and operational management of information security within the firm cyber resilience and incident response procedures in place and tested ongoing activities with our people to promote awareness of cyber and data security, including employee e-learning, regular communications about threats and quarterly phishing exercises supplier risk assessment process using an external rating agency to mitigate potential threats collaborative approach with GTIL and major GTIL member firms to ongoing information systems infrastructure development and strategy. Global Cyber Controls review assessed against NIST cyber security framework Data Office is part of the wider Digital, Data and Technology function and is responsible for data strategy and data governance and compliance, including data loss prevention Data Protection team develop and maintain the necessary data protection and privacy policies and procedures including breach management processes.
International Network			
<p>Being part of an international network poses risks which may prevent Grant Thornton UK serving its international clients and winning global projects or could cause reputational damage.</p> <p>Specifically:</p> <ul style="list-style-type: none"> international network capability or availability of talent contagion due to reputational issue elsewhere in the GTIL network loss of or failure of GTIL/ significant member firm in the network disruptive change in the network e.g. regulatory/ structure/conflicting domestic strategies variety of ownership models impacting our ability to manage conflict and regulatory adherence. 	<ul style="list-style-type: none"> increased importance of international work to the firm's growth plans strengthening strategic collaboration with the GTIL member firms in India and opportunities arising through AI and Digital global talent shortage and funding constraints impacting resourcing within the global network with increased international resource augmentation varied levels of maturity, market focus and ambition of firms in the network geopolitical tensions and conflict changing landscape of professional services networks with industry disruption more likely. 	<p>2023</p> 	<ul style="list-style-type: none"> significant UK involvement and influence in GTIL strategy and governance with UK representation on global committees dedicated international strategy helping our clients achieve their ambitions across four key geographic areas close cooperation with other large member firms to collectively identify and mitigate risk and share strategic priorities direct investments in overseas operations, strategic collaborations and cooperation with other member firms to establish market-leading overseas practices proactive management of overseas investments and operations which are regularly reported to the Investment Committee close involvement with UK and global regulators by UK Firm and GTIL respectively network risk policies and protocols and member firm obligations with monitoring by GTIL to ensure firms meet quality and other expectations GTIL Cross Border Assignments policy governs all client engagements between member firms. Cross border work supported by GTIL arranged cross border PI policy in certain circumstances scenario planning addressing impact of different ownership models and market change.

Risk	Landscape	Trending	Mitigating activities
Material breach of Regulation or Legislation	<p>Breaches of legislation or regulation could pose a significant financial and reputational risk to the firm.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> taking on inappropriate work, clients, or third parties, resulting in legal or regulatory breaches or conflicts not understanding or responding to changes in regulation and legislation including sanction regimes insufficiently skilled or resourced specialist compliance teams failure to respond appropriately/robustly to regulatory investigations or sanctions employees/Partners working outside of internal policies and procedures third-parties acting beyond contractually agreed parameters. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> firmwide Quality Components incorporate and provide clear direction on legal and regulatory requirements with annual self-certification by all our people as to their understanding of and responsibilities for key ethical, regulatory, and quality procedures Ethics function provide support and guidance on ethics and independence issues centralised global independence systems with monitoring of compliance by the Ethics Function Financial Crime Team, led by the Money Laundering Reporting Officer (MLRO) and overseen by the Financial Crime Risk Oversight Committee, to ensure effective management of financial crime risks annual mandatory training plan and monitoring to ensure full understanding of our regulatory and quality commitments rigorous client take-on and continuance processes including relationship checks, risk-based client due diligence (CDD) and ongoing monitoring, with investment in new systems to strengthen the CDD process Mandatory third party due diligence procedures and monitoring to ensure we only engage acceptable suppliers and other third parties Suspicious Activity Reporting and Whistleblowing procedures in place engagement with regulators, institutes, and governmental bodies to understand and play our part in the development of the industry management of firmwide regulatory obligations and GTIL firm requirements by the Regulation Team with oversight by the Regulation Oversight Committee.
Quality of work (audit and non-audit)	<p>Providing poor-quality advice or giving incorrect opinions could lead to claims and regulatory action or loss of clients due to reputational damage.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> failure to manage the quality of evolving service offerings and methods of delivery not using the right team with the right skills, knowledge, and experience poor quality culture inconsistent or ineffective tools and methodologies taking on inappropriate work or clients which increases the risk of not meeting quality requirements inappropriate contractual terms lead to client expectation issues inconsistent quality of work or depth of expertise in offerings across the international network stressful working conditions as result of not managing wellbeing risks. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> rigorous firmwide quality components include: <ul style="list-style-type: none"> leadership and governance structures to drive quality and set tone at the top and rigorous client take on process a 'speak up' culture continuous learning and development assignment delivery standards supported by procedures, methodologies and review processes ethical and other professional standards monitoring, reporting and root cause analysis. service line Quality and Risk teams and Legal department support robust client and engagement take-on processes and contracting protocols recruitment of high-quality individuals including overseas resource augmentation, particularly in audit through continued expansion of our offices in India and Philippines extensive training programmes administered through Business School and regular service line technical updates supplemented by dedicated technical support annual self-certification and CPD returns by all our people employee quality pulse surveys performance reward systems incorporate individual quality gradings New Initiative process includes consideration of quality issues for all changes to the way we work with clients or how and what we deliver to clients complaints / potential claims reporting procedures and maintenance of sufficient PI insurance. <p>And specifically in relation to Audit:</p> <ul style="list-style-type: none"> QMA and QME process which supports our compliance with ISQM 1, the AFGC and Audit regulations which covers all aspects of our audit and related services delivery investment in an ongoing programme of Audit quality including digital tools to support audit teams with leadership held to account via the AQB global audit methodology and audit technology platform and rigorous global quality assurance programme.

Risk	Landscape	Trending	Mitigating activities
Reputational/brand damage			
<p>Adverse or inaccurate media coverage directed at the firm causing damage to our brand and reputation, loss of client confidence and public trust.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> client failure resulting in media scrutiny, public criticism, and further regulatory focus failings in our peoples' conduct or breaches of confidentiality working for an inappropriate client or taking on an unsuitable assignment failure to respond to societal expectations including social issues. 	<ul style="list-style-type: none"> continued public scrutiny of professional services firms with a particular interest in audit quality increasing societal expectations for example surrounding ESG means firms are watched and judged on what they say and do as corporate citizens investment in Audit quality continues to offset historical quality and reputational issues with us achieving outstanding results in 2022 and 2023 AQR. Continues to drive down our risk exposure. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> our purpose of 'doing what's right, ahead of what's easy,' CLEAR values and code of conduct drive the behaviours of our people continued program of internal communications to inform and engage our people around the firm's priorities and performance and to remind them of their obligations around compliance and confidentiality communications team protects and enhances the firm's reputation through external media and social channels and supports the SLT in the development of the firm's corporate narrative societal issues communications strategy Beyond Compliance framework to ensure we are confident that the clients we act for and the services that we provide support our reputation firmwide ESG strategy to deliver our plan to achieve net zero, make a positive contribution to society and conduct ourselves responsibly with a new Sustainability Leadership Group to drive local initiatives to help enable change a confidential Public Interest Disclosure / Whistleblowing hotline available to employees, clients, and members of the public PIC comprising the firm's Independent non-executives serves to enhance stakeholder confidence in the public interest aspects of the firm's activities engagement with regulators, institutes, and governmental bodies to play our part in the development of the industry and contribute to the debate on public interest issues.
Sustainable Growth			
<p>Our ability to develop and deliver a strategy that enables us to grow profitably and sustainably.</p> <p>Specifically:</p> <ul style="list-style-type: none"> ineffective strategic decision making and/or governance partners losing confidence in the firm's strategy or leadership we fail to invest in infrastructure, skills and resources that support future sustainable growth we do not have a structure or operating model that is agile and flexible enough to meet the needs of a Multidisciplinary firm we do not generate a sustainable margin on the services we provide. 	<ul style="list-style-type: none"> firm is experiencing continued growth continued levels of market uncertainty in relation to the external environment and the need to be agile continued cost pressures change in the firm's leadership in January 2024. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> PGB oversees development and delivery of the strategy by the SLT SLT focus on continually reviewing strategic options and opportunities and the best approach to providing sufficient flexibility for growth in response to increasingly challenging market conditions schedule of regular partner engagement including monthly calls, annual conference and roadshows provides opportunities for partners to provide feedback and influence firm matters and strategy coordination of individual service lines with firmwide roles through the operations board to create sustainability for the firm as a whole agile central service support to strike the right balance between consistency and where our businesses need different things to succeed intentional decisions in our chosen markets to determine the best channel choice for the firm direct investments in overseas operations, strategic collaborations and cooperation with other GTIL member firms to establish market-leading overseas practices and future proof our organisation continued and sustained investment in our digital environment to maximise efficiencies investment in our property portfolio and creating office spaces that enable us to adapt to a longer-term hybrid working approach to work forward looking approach to talent skillsets and resourcing including our Agile talent community and resource augmentation model ongoing repricing of our services to reflect market conditions and changing cost base.

Risk	Landscape	Trending	Mitigating activities
Wellbeing (Including Health and Safety)	<p>We fail to protect the wellbeing and health and safety (H&S) of our partners and employees.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • failure to identify & offer appropriate support to staff / partners who may be suffering from stressful situations both in and outside of work • we unintentionally create stressful working conditions for our people • we fail to provide a safe working environment for our people • we fail to ensure the physical security of our people including when travelling for business and working abroad. 	<p>2023</p>  <p>2022</p> 	<ul style="list-style-type: none"> • Assignment Managers ensure appropriate skillsets, fair resource allocation, and adequate support for employees to manage workplace stress • Health Hub provides comprehensive resources to support peoples' psychological wellbeing, physical health, financial fitness, social health and foster a healthy work culture • investment in external provider to provide partner specific wellbeing support with an enhanced focus on preventative elements • regular pulse surveys to monitor employee wellbeing • network of wellbeing champions and mental health First Aiders • firmwide H&S policies and procedures and emergency management plans for all locations • risk assessment and use of central travel provider for all overseas travel.

Appendix D

Leadership and governance – attendance at meetings and length of service

Meeting attendance during 2023

Shown below are the membership and attendance (available to attend and did attend) at the various governance groups including changes in the year. Also detailed is the length of the individual's membership of the group as at 31 December 2023. The nominations committee did not meet during 2023.

SLT – including attendance at other meetings

		Length of service	Could attend	Did attend	Attendance at other meetings				
					PGB	PIC	RAC	Remco	IC
David Dunkley	CEO and chair	5 years 8 months	11	10	4	2	2	3	11
Darren Bear		4 years 4 months	11	11	1	-	-	-	-
Fiona Baldwin	Head of Audit	4 years 6 months	11	10	1	3	2	1	-
Hazel Platt	from 1/7/2023	6 months	6	5	1	-	-	-	-
Karen Campbell Williams	to 1/10/2023		8	8	-	-	-	-	-
Malcolm Gomersall		5 years 8 months	11	11	6	-	6	2	11
Mark Byers	to 1/10/2023		8	8	-	-	-	-	-
Mo Merali	from 1/1/2023	1 year 0 months	11	11	1	-	-	-	-
Perry Burton		3 years 6 months	11	11	2	1	-	-	-
Robert Hannah		5 years 1 month	11	11	2	-	-	-	9

PGB

		Length of service	Could attend	Did attend
Imogen Joss	INE and chair	6 years 6 months	6	6
Deena Mattar	INE	7 years 10 months	6	6
Paula Dillon	INE	1 year 8 months	6	6
Dan Hartland	to 30/9/2023		6	5
Dana Ward	to 30/6/2023		4	4
Hemal Shah		3 years 6 months	6	4
Michael Frankish		3 years 6 months	6	6
Norman Armstrong		5 years 6 months	6	6
Paul Naylor		4 years 2 months	6	5
Philip Secrett*		6 years 2 months	6	6
Sean Croston		4 years 6 months	6	6

*Philip Secrett became a co-opted member on 30 June 2023.

PIC

		Could attend	Did attend
Imogen Joss	INE and chair	3	3
Deena Mattar	INE	3	3
Paula Dillon	INE	3	3

RAC and RemCo

		RAC		RemCo	
		Could attend	Did attend	Could attend	Did attend
Deena Mattar	INE and chair of RAC	6	6	3	3
Paula Dillon	INE and chair of RemCo	-	-	3	3
Imogen Joss	INE	-	-	3	3
Dan Hartland		-	-	3	3
Dana Ward	to 30/6/2023	-	-	3	3
Michael Frankish		-	-	3	3
Norman Armstrong		6	6	3	3
Paul Naylor		6	6	-	-
Philip Secrett		6	6	-	-
Sean Croston		6	6	-	-

Investment Committee

		Could attend	Did attend
Philip Secrett	chair	10	10
Imogen Joss	INE	10	6
Sean Croston		10	9
Hemal Shah		10	9

AQB

		Could attend	Did attend
Philip Johnson	Independent chair	12	12
Fariel Chopdat	Independent member	12	12
Fiona Baldwin	Head of Audit	12	11
Christopher Smith		12	11
Donna Steel*		12	10
Marc Summers*		12	9
Rhian Owen*		12	10
Sam Pointon*	from 15/11/2023	2	2
Sarah Ironmonger*		12	12

* AQB observers

Appendix E

Leadership and governance – biographies and changes

The following are the members and permanent observers of our leadership and governance groups at 31 December 2023. The primary governance group to which the individual is a member is shown in brackets. All the members of our governance groups are partners except for:

- Deena Mattar — INE
- Imogen Joss — INE
- Paula Dillon — INE
- Philip Johnson — Independent member of the AQB
- Faried Chopdat — Independent member of the AQB

The changes in the year are:

- Dana Ward – ceased membership of the PGB on 30 June
- Dan Hartland - ceased membership of the PGB on 30 September
- Hazel Platt – appointed to the SLT on 1 July
- Karen Campbell Williams – ceased membership of the SLT on 1 October
- Mark Byers – ceased membership of the SLT on 1 October
- Mo Merali – appointed to the SLT on 1 January
- Sam Pointon – joined the AQB as an observer 15 November

On 10 January 2024 David Dunckley announced his resignation with immediate effect as Chief Executive Officer of the Firm. Malcolm Gomersall was appointed CEO on 19 January 2024.



Chris Smith (AQB)
Head of National Assurance Services

Chris is an experienced audit partner and has over 20 years specialising in listed and large corporate audits, both in the UK and internationally. Chris oversees our audit and accounting technical function NAS which is an integral part of improving quality throughout our audit practice.



Dan Hartland (PGB)

Dan has been with Grant Thornton for over 20 years and is our national head of 'Grant Thornton Private', a tax advisory service helping entrepreneurs' in creating, transforming and protecting their private wealth. Dan advises a portfolio of high-net-worth entrepreneurs and their families on a range of matters from business structuring and disposals through to estate and succession planning.



Darren Bear (SLT)
Head of Deals and Business Consulting (Now Chief Operating Officer)

Darren has been a partner for over 12 years. He was appointed to the SLT in 2019, where he led Deals & Business Consulting and more recently from 1 January 2023, he has been responsible for IF&R. Darren also maintains a client facing role focusing on Corporate Finance Advisory having specialised in this for over 20 years.



David Dunckley (SLT)
Chief Executive Officer (Until 10 January 2024)

David has been a partner for over 20 years and was appointed as CEO on 1 December 2018. Since taking up the role, his leadership has been focused on keeping clients at the heart of the business, creating a culture in which people can thrive, and ensuring the firm continues to have a strong social conscience. Prior to becoming CEO, David sat on the SLT as Head of Mid-Markets (London). David is a licensed Insolvency Practitioner, with an interest in the automotive and professional practices sectors. David is a member of the Board of Governors for GTIL the umbrella organisation for Grant Thornton network. David resigned as Chief Executive Officer on 10 January 2024.



Deena Mattar (PGB)
Independent Non Executive

Deena is an experienced FTSE 250 CFO and a Fellow of the ICAEW. She has strong plc board experience and considerable non-executive experience having served as a non-executive and audit committee chair for over 12 years on the boards of a number of listed and large private businesses including Invensys PLC, RM plc and Wates Group. Deena brings her extensive experience in restructuring, refinancing and strategic planning as well as governance and oversight to the PGB.



Donna Steel (AQB observer)

Donna is based in our Sheffield office and is the audit quality lead for the Yorkshire region. She joined us in 1999 as a graduate trainee and became a partner in May 2020. Donna has experience of auditing owner managed and listed, domestic and international businesses.



Faried Chopdat (AQB)
Independent member of the AQB (now Chair)

Faried is an experienced and dynamic global leader with proven audit, risk management, finance, and business transformation capability. He has a track record of delivering results through people-centric leadership that provides sustainable value to all stakeholders and working with diverse teams across 40+ countries.

His career includes significant international experience in multi-national organizations such as SABMiller plc, Travelex, Finabl plc and Deloitte. He is a Non-Executive Director on the Great Western Hospitals NHS Foundation Trust board and several sub-committees and an Independent Trustee on the board of Worldskills UK. His passion for coaching and mentoring others to reach their full potential led him into the world of professional and executive coaching.



Fiona Baldwin (SLT)
Head of Audit (now Head of People & Brand)

Fiona has nearly 30 years' experience as an accountant and auditor. She was appointed to the SLT as Head of Audit in June 2019. This is a full-time leadership role, with a focus on driving quality to the core of the practice, overseeing investments to strengthen our capabilities, and ensuring that our audit teams have the skills, resources and culture to deliver continuously high audit quality.



Hazel Platt (SLT)
Head of Tax

Hazel is based in our Cambridge office and has been a tax partner for nine years. As well as leading the Grant Thornton tax business nationally she has a client facing role working with a variety of organisations and their stakeholders to help them effectively meet their tax obligations at each stage of their business life cycle. Her clients include mid-market privately held and PE backed businesses, AIM listed companies and inbound investors to the UK.



Hemal Shah (PGB)

Hemal specialises in transaction advisory services and supports entrepreneurs, corporates, private equity and debt funders in executing successful transactions. Hemal has over 20 years' experience across buy-side, sell side, refinancing and public market transactions in the UK and many overseas markets. He started his career with Grant Thornton Kenya in 1998 and moved to the UK in 1999. Hemal is focused on technology, media and telecoms (TMT) and consumer deals and is recognised by clients and their advisers for his practical and commercial advice on issues that inevitably arise on transactions.



Imogen Joss (PGB) Independent Non Executive

Imogen brings her global experience to the firm from her thirty year career in the fintech sector. She currently serves on the boards of Fintel plc where she is SID and Chair of Remuneration, STthree plc (NED), Envetec Ltd (NED), XPS Pensions plc (NED). Her specialisms are remuneration, ESG, people and client focus as well as bringing to bear her commercial background.



Malcolm Gomersall (SLT) Chief Operating Officer (now CEO)

Malcolm has been our full time COO since 2019. His focus is on delivering firmwide strategy whilst generating value for, and protecting the interests of, the firm's key stakeholders. Prior to his current role he served on the firm's SLT as both the Head of Operations and Head of People & Client Experience. He was an audit partner until 2018. Malcolm remains a key sponsor for various I&D strands and was a trustee on the Access Accountancy Patron Group throughout the year.



Marc Summers (AQB observer)

Marc is a Business Support Services, Consumer and Technology auditor and transaction specialist. During his 27 years within professional services, Marc has worked across the audit and advisory business. He has experience of auditing, floating and financing international businesses, having led the retail and more recently the Business Support Services sector teams.



Michael Frankish (PGB)

Michael is an audit partner and has been with the firm for seven years. He has over 27 years of audit and client experience over his career. Michael is also the Practice Leader for our Northwest practice across all our service lines. He works with a range of clients across many sectors but now focuses primarily on PLCs and Public Interest Entity clients. Michael also has governance experience outside of his role with the firm.



Mo Merali (SLT) Head of Deals and Business Consulting (now Head of Advisory)

Mo is Head of Advisory and has been a partner since 2001. He focuses on due diligence and deal execution support for buy-side and sell-side transactions for corporate acquirers and private equity houses and for equity capital market issuances. Mo was previously chair of ICAEW's Corporate Finance Faculty Board, and is currently a member of ICAEW's Technical Strategy Board



Norman Armstrong (PGB)

Norman has worked in the profession for nearly 30 years and been an audit partner at Grant Thornton for the last 16. He leads our focus on Private Equity in audit and works across the South Region with a range of larger mid-market groups, many with international operations. Norman has formerly been an ICAEW District Society President (SOSCA), Practice Committee Member and been recognised for his work in governance roles outside the firm.



Paul Naylor (PGB)

Paul is an audit partner based in the London office, having joined us in 1995. He focuses on the Technology, Media and Telecoms sector where he works with entrepreneurial businesses, mainly Private Equity backed or publicly listed. Prior to this, Paul was practice leader of our Cambridge office and has also spent three years working with Grant Thornton in Australia.



Paula Dillon (PGB) Independent Non Executive

Paula brings considerable non-executive director experience, having trained in and practiced law, as well as holding board level appointments at a variety of organisations. She was a highly qualified real estate development and investment lawyer who specialised in the sector for more than 30 years. Paula was the first female President of Leeds Chamber of Commerce. She also founded the Crypt Factor, raising over £500,000 for homeless charities. She is a qualified executive coach. Along with INE colleagues and the wider PGB, Paula will support the oversight of governance at the firm, helping to influence key decisions independently from the firm's executive leadership.



Perry Burton (SLT) Head of People and Brand (now Head of Partner Development & Engagement)

Perry has 25 years of experience as an auditor and supporting corporate transactions through our corporate finance team. Perry has held several leadership roles before moving into his current role on the SLT. He has worked with boards on leadership and cultural change. He is a qualified coach and is passionate about understanding behaviour and behavioural change.



Philip Johnson (AQB) Independent Chair of AQB (retired on 31 January 2024)

Philip was an audit partner at Deloitte for 30 years. He led the integration of Arthur Andersen UK into Deloitte LLP while, at the same time, leading Audit Quality and Risk Management for Deloitte in the UK. He specialised in providing advisory and assurance services to publicly listed entities private companies and professional firms. Since retirement, Philip has acted as a non-executive director for several entities and been a member and chair of a number of audit committees. He has also acted as an independent expert in relation to matters concerning accounting activities. He has represented the UK audit profession at Accountancy Europe, acting as President between 2010 and 2012, and has been a member of the IAASB Consultative Advisory Group. For six years until December 2019, he was a member of the Standing Advisory Group of the PCAOB in the United States. Philip is also a member of the ICAS Council and chairs their Policy Leadership Board.



Philip Secrett (PGB)

Philip is a corporate finance partner and is Head of Public Company Advisory. With 29 years' experience at Grant Thornton, he has been advising on public company corporate finance transactions for over 25 years and his experience has included supporting growth companies access to UK equity markets and leading public company M&A transactions. Philip is chair of the AIM Advisory Group at the London Stock Exchange, a group that provides input and advice on all matters affecting the operation and regulation, of AIM.



Rhian Owen (AQB observer)

Rhian is an audit partner with responsibility for leading the audit practice in the Cardiff and Bristol office. Having been with us for 19 years, she has a wealth of experience helping dynamic businesses achieve their strategic goals and potential for growth. Her audits range from fast growing, privately owned and PE-backed businesses to international groups.



Robert Hannah (SLT)

Head of Large Corporate and Government Advisory (now Head of Industries)

Robert has led this part of our business since December 2018 having previously held positions on the leadership team for the regional business and then the client delivery teams across the whole firm. Robert has worked in audit and corporate finance during his client facing career with us. He also leads the firm's International Strategy, ensuring we have the right capability in the UK and overseas to help our clients achieve their international ambitions.



Sam Pointon

Sam is a financial services specialist. He has over 25 years professional services experience with over 20 years in the financial services sector. His experience includes asset management, securities traders and brokers, insurance and lending business. He has experience of a range of the firm's clients from business start-ups to large international groups and listed companies.



Sarah Ironmonger (AQB observer)

Sarah is our Public Sector Audit partner in the North where she leads the team to deliver local government and NHS audits across Merseyside, Cheshire, Greater Manchester, Lancashire, Cumbria and parts of Yorkshire. Prior to taking up this role in 2022, Sarah has delivered audits within the London and Southeast Public Sector team since joining the firm, in 2012.



Sean Croston (PGB)

Sean leads the Corporate Simplification Group in London and has been a licensed insolvency practitioner for more than 20 years. Sean has spent a large part of his career advising on large and complex group restructurings and has worked in several overseas jurisdictions including Asia, Germany and the United States. Sean has a number of risk and management roles within the firm, including responsibility for the Case Management Unit and the Quality and Risk Team for the insolvency and restructuring business. Sean is also a board member of the Insolvency Practitioners' Association, where he is chair of the Anti-Money Laundering Committee and a member of the Finance and Risk Committee.



Wendy Russell

Wendy joined Grant Thornton in 2018 having previously spent 18 years at a Big 4 firm. She is an auditor working within our Commercial audit client based and has been a Partner in Milton Keynes since she joined. She has been part of the audit leadership team and is responsible for our Central Audit Region.

Appendix F

FRC Pilot Audit Quality Indicators

	Area	AQI description	Indicator
1	People/Culture survey results	Audit staff responses to certain annual people/culture survey questions.	Percentage of favourable and unfavourable responses to the survey questions
2	Internal quality review	Extent of review by firms' internal quality review teams.	RIs who have been reviewed internally, as a percentage of RIs who have signed an audit opinion in the 12-month period covered.
3	Inspection results – internal	Results of internal inspections by the audit firm.	Quality grading of audits internally reviewed (expressed as the percentage of number of audits reviewed during the period).
4	Inspection results – external	Results of external inspections of the audit firm	Percentage of audits inspected, by quality grading.
5	Partners' and Responsible Individuals' involvement in audits	Extent of involvement in and/or supervision of audits by partners and partner-equivalents	Average hours spent on audits as a percentage of total audit hours by Responsible Individuals and partners
6	Staff / partners and Responsible Individuals ratio	Capacity of partners/Responsible Individuals to supervise junior audit staff in the firm, and the level of professional support for partners/Responsible Individuals.	Average number of audit staff managed by a partner/Responsible Individual
7	Staff workload	Number of hours worked per week, as a percentage of contracted hours.	Average hours worked by staff, by group of grades in the audit practice, on a weekly basis, as a percentage of weekly contracted hours.
8	Staff workload for busy period (January to March)	Number of hours worked per week, as a percentage of contracted hours, for busy period (January – March unless otherwise stated in the narrative).	Average hours worked by group of grades in the audit practice, for busy period (January – March), as a percentage of weekly contracted hours.
9	Staff attrition	The rate at which staff leave the firm's audit practice	Average staff attrition rates by group of grades in the audit practice.
10	Training	To demonstrate the level of investment in training offered to partners and staff.	Average number of planned mandatory training hours per person, and percentage of completion rates, by group of grades.
11	Diversity	Gender and ethnic diversity of the firm's audit partnership.	Percentage of individuals in the audit partnership, by gender and ethnicity.

Appendix G

Legal structure including Grant Thornton International Limited (GTIL)

Grant Thornton UK LLP (OC 307742) is a limited liability partnership incorporated in England and Wales and is part of GTIL (the network).

Grant Thornton UK

We are a leading provider of financial and business advisory services and we are entirely owned by our members (normally referred to as partners). Note not all partners are members as the term is also used to represent some of our most senior employees. We have 21 offices in the UK plus two overseas offices, in The British Virgin Islands and Cayman Islands. A full list of our office locations and services can be found on our website.

During 2023 the average number of partners was 225 (2022: 212). A full list of partners is available at our registered office 30 Finsbury Square, London, EC2A 1AG.

	At 31/12/23	At 31/12/22
Number of engagement Responsible Individuals partners/directors in audit	51/50	49/45
Number of engagement leader's partners/directors in audit	57/74	54/68
Number of engagement leaders in audit to total number of people in audit	131/2,265	122/2,058
Ratio of engagement leaders to people	5.8%	5.9%



Audit

Delivers statutory and voluntary statutory audits, non-statutory audits including compilation reports, outsourced accounting, financial reporting advice, public sector audit and assurance. We perform audits across many sectors including a considerable number of public sector and Not for Profit organisations/charities. In addition, our clients also include FTSE 350, AIM listed, PE backed as well as privately owned businesses.

Deals & business consulting

Provides services to clients that are event driven, often transactional or financing in nature and when they are undergoing periods of change. The key focus being to support management and other stakeholders realise and preserve value through helping clients, to exit, acquire, raise equity and debt capital or undertake change. The services we provide include, Business Consulting, Corporate Finance Advisory, Transaction Advisory Services, Valuation and Modelling, and Financial Accounting Advisory Services.

Insolvency, forensics and restructuring

Our teams work with clients through some of the most challenging situations, providing a range of connected services including:

- Expert forensic and investigations support in advisory and insolvency and asset recovery, provided by our globally connected team
- Restructuring support and advice working with lenders, investors and management.

Large corporate & government advisory

Our focus is primarily on supporting large, international, corporate clients and government bodies by providing consulting, advisory and assurance services to address their complex needs. We focus our services through our Financial Services Group, Public Sector Advisory, Economic Consulting and Business Risk teams. Our teams provide tailored advice and support across a range of areas including increasing focus on ESG and Cyber risks.

Tax

Provides services across the spectrum of taxes to corporates, individuals, partnerships, Not for Profit organisations, charities and certain public sector bodies. Services cover Corporate and International, Personal, Indirect, Employment Tax, Reward Advisory, Global Mobility Solutions and Tax Dispute Resolution services. We help clients to manage their compliance obligations, tax risk and relief maximisation and we provide tax advisory services across all areas.

GTIL

GTIL is a private company limited by guarantee, incorporated in England and Wales. GTIL provides the international member network and does not provide any services to clients. The board of governors (the board) provides the principal and overriding authority for the network. The board has a number of responsibilities including:

- approving and overseeing the implementation of the global strategic direction and policies
- overseeing member firms including approving new member firms, suspending rights and expelling firms
- overseeing the financial health of GTIL, enterprise risk management, technology and innovation strategy and general governance.

The board is the principal and overriding authority in GTIL, and it exercises governance over GTIL. The board comprises the chair of the board (currently an independent governor); the CEO of GTIL; managing partners from the largest Grant Thornton member firms; managing partners elected or appointed from other Grant Thornton member firms that are not amongst the largest; and independent directors. The board aims for a reasonable balance of diversity and representation from different geographical areas, including emerging markets.

Independent board members

The role is to support the networks recognition of public interest responsibilities. The networks attitude towards quality, risk management and governance as well as assessing the networks effectiveness in executing its strategic goals and market position.

CEO

Peter Bodin was appointed CEO from 1 January 2018, as CEO he is responsible for the:

- leadership of GTIL
- development and recommendation of strategy priorities for the board to ratify
- appointment of the global leadership whom he works closely with to implement the strategy including monitoring global policies and procedures.

Global Leadership Team (GLT)

The GLT is a full-time management group that is chaired by the CEO and develops and drives the implementation of the global strategy. The team have global development, service lines, functional and regional responsibilities.

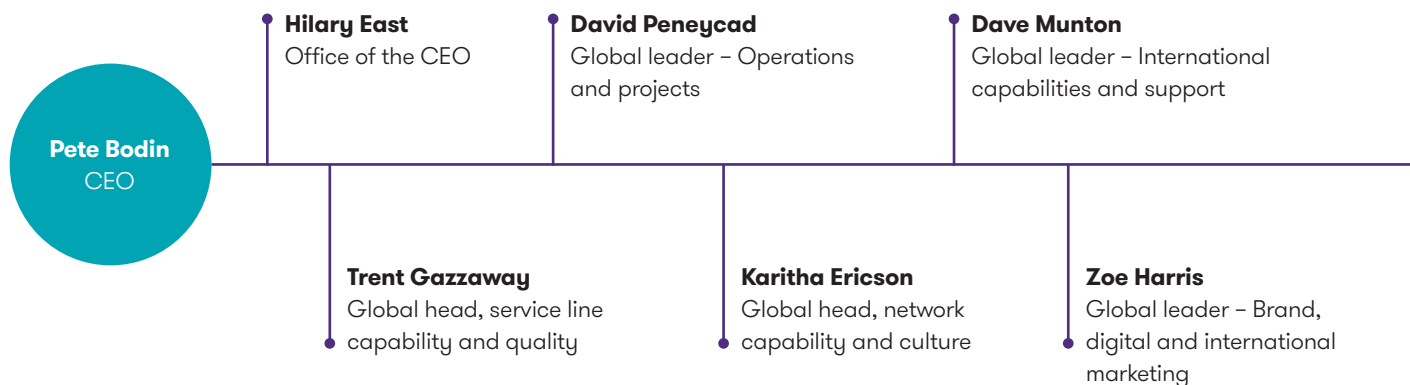
A critical role of the GLT is to work with member firms to implement the global strategy. Our ambition is to be known throughout the world as the leading adviser to dynamic organisations through our Growing Together strategy.

Benefits and Risks of GTIL membership

We received considerable benefits from our membership of the Grant Thornton network including within audit:

- access to methodology
- advanced audit software
- availability of talent to support the firm
- support for overseas component audit teams
- global brand.

We have considered any key risks of membership as part of our principal risks see [Appendix C](#).



The GTIL network headcount 30 September 2023 was 73,000 (2022: 68,500) in 149 member firms across the globe with the latest reported revenue of USD7.5bn (Sept 2022: USD7.2bn).

We gain significant benefits from our membership of the GTIL network including access to global methodology and audit tools. Access to skills and resources who work to standard approaches across the global which particularly supports the delivery of audits to global entities. Global Independence Systems which help deliver compliance to relevant ethical standards. There a risk related to the GTIL network those that have a significant impact are included in our principal risks in [Appendix C](#).

Legal entities

Grant Thornton UK LLP – Principal Subsidiaries

Name	Company number	Principal activities	Country of incorporation
Name	Company number	Principal activities	Country of incorporation
Fulwood Insurances Limited	14085	Insurance Services for Grant Thornton UK LLP	Guernsey
Grant Thornton ARF Limited	12352344	Asset Recovery Services	England
Grant Thornton Agile Talent Solutions Limited	12727029	Provision of contractors to Grant Thornton UK LLP	England
Grant Thornton Advisory Professional LLC	1010840596	Provision of professional services	Saudi Arabia
Grant Thornton Business Services	1224178	Employment of personnel and other services to Grant Thornton UK LLP	England
Grant Thornton Services LLP	OC307863	Employment of personnel and other services to Grant Thornton UK LLP	England
Grant Thornton Services (British Virgin Islands) Limited	1039630	Provision of insolvency and restructuring services	British Virgin Islands
Grant Thornton Specialist Services (Cayman) Limited	183163	Provision of insolvency and restructuring services	Cayman Islands

Grant Thornton UK LLP – Joint venture

Name	Company number	Principal activities	Country of incorporation
Grant Thornton Singapore Holdco Limited	2009082	50% owned by Grant Thornton Limited	British Virgin Islands

Member firms for EU and EEA

Country	Member Firm
Austria	Grant Thornton Austria GmbH Grant Thornton ALPEN-ADRIA Wirtschaftsprufung GmbH
Belgium	Grant Thornton Bedrijfsrevisoren CV
Bulgaria	Grant Thornton OOD
Croatia	Grant Thornton revizija d.o.o.
Cyprus	Grant Thornton (Cyprus) Ltd

Country	Member Firm
Czech Republic	Grant Thornton Audit s.r.o.
Denmark	Grant Thornton Godkendt Revisionspartnerselskab
Estonia	Grant Thornton Baltic OÜ
Finland	Revico Grant Thornton Oy
	Idman Vilen Grant Thornton Oy
	Advico Finland Oy
France	Grant Thornton SAS
	AEG Finances Audi Expertise Gestion SAS
	IGEC SAS
	Tuillet Audit SAS
	Grant Thornton Audit SAS
	Carib Audit & Conseil
Germany	Grant Thornton AG
	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH
	Trinavis GmbH & Co. KG
	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH
Gibraltar	Grant Thornton (Gibraltar) Ltd
Greece	Grant Thornton SA
Hungary	Grant Thornton Audit Kft.
Iceland	Grant Thornton endurskoðun ehf
Ireland	Grant Thornton
	Grant Thornton (NI) LLP
Italy	Ria Grant Thornton S.p.A.
Latvia	Grant Thornton Baltic Audit SIA
Liechtenstein	Grant Thornton AG, Schaan
Lithuania	Grant Thornton Baltic UAB
Luxembourg	Grant Thornton Audit & Assurance
Malta	Grant Thornton Malta
Netherlands	Grant Thornton Accountants en Adviseurs BV
Norway	Grant Thornton Revisjon AS
Poland	Grant Thornton Frąckowiak Sp. z o.o sp.k.
	Grant Thornton Polska Sp. z o.o. Sp.k
Portugal	Grant Thornton & Associados, SROC,Lda
Romania	Grant Thornton Audit SRL
Slovak Republic	Grant Thornton Audit, s.r.o.
Slovenia	Grant Thornton Audit d.o.o.
Spain	Grant Thornton, S.L.P.
Sweden	Grant Thornton Sweden AB

Total assurance revenues attributable to EU/EEA member firms is \$621m (excluding the UK) (2020: \$513m)

Appendix H

Financial information and partner details

Revenue

Detailed below is the analysis of the firm's turnover for the year ended 31 December 2023 showing the relative importance of statutory audit work and the split of our other services between audit and non-audit clients.

Name	Year ended 31 December 2023		Year ended 31 December 2022	
	£ million	%	£ million	%
Public interest entities	6.3	1	3.8	1
Other entities	186.2	27	163.3	25
Statutory audit and related fees	192.5	28	167.1	26
Non-audit work to audit clients	47.5	7	52.4	8
Sub-total audit clients	240.0	35	219.5	34
Non-audit work to non-audit clients	450.2	65	428.3	66
Total	690.2	100	647.8	100

Profitability

The Consultative Committee of Accountancy Bodies issued a Voluntary Code of Practice on Disclosures of Audit Profitability (the Audit Profitability Code) in March 2009. Under the code, revenue, direct costs, and overheads for the reportable segment are recognised and measured on a basis consistent with our consolidated financial statements.

Revenue from audit services for this purpose includes any audit required by UK statute and required to be carried out in accordance with the ISAs (UK) along with other work that 'fits naturally' with the auditor's statutory responsibilities.

Operating profit has been calculated after direct costs for example, employment costs and allocating overheads for example, property, technology and central overhead. Overheads are deducted based on pro rata headcount or turnover attributable to audit. Partner remuneration is excluded from Operating profit.

Derived from the financial statements	Year ended 31 December 2023	Year ended 31 December 2022
Revenue (£m)	192.5	167.1
Operating profit (£m)	18.5	11.9

Partner drawings

Partners receive drawings during the year. For full share Partners the firm operates a drawings policy based on a prudent estimate of profits. The remainder of full share Partner profit share is allocated on a unit basis depending on their role and track record of performance. A further percentage of the profit pool each year is allocated to eligible Partners based on a balanced assessment of behavioural and operational metrics in the year. The aim of this is to link performance to quality, as well as the achievement of firm's long-term goals. This assessment has a particular focus on ensuring quality is at the heart of everything we do.

Any behaviours inconsistent with our values and expected standards of behaviour as set out in the Code of Conduct can result in a reduction of profit shares.

CEO and SLT remuneration

The Remco, a subcommittee of the PGB, is responsible for setting the basis and criteria against which the CEO is measured, including the setting of targets and assessment of actual achievements. It also approves the CEO's allocation of profit-sharing units to other partners on the SLT.

Remuneration of audit personnel

Managers and above in Audit receive an annual quality grading. For Partners and Directors who sign audit opinions this is based on the complexity, risk and quality of the work for which they are responsible. The gradings consider a range of quality criteria including the results of both internal and external monitoring, attendance at mandatory training, ethical matters and feedback on any technical roles that they perform. The rating contributes towards the level of remuneration received by each audit partner and director. People in the audit practice, including audit partners are not remunerated by reference to sales of non-audit services to their audit clients.

INE remuneration

Our INEs are remunerated based on their roles:

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Imogen Joss	150,000	150,000
Deena Mattar	75,000	100,000
Paula Dillon	75,000	55,890
Philip Johnson	110,000	110,000
Faried Chopdat	75,000	68,425

Note: The remuneration for Deena Mattar in 2022 includes that for her role as chair of the Ethics Board until July 2022. Her remuneration as an INE was £75,000.

Appendix I

Public interest entities

Below is a list of UK incorporated EU public interest entities (as defined in EU Directive 2014/56/EU) for which we signed an audit report during the year ended 31 December 2022. It therefore does not necessarily include all EU public interest entities for which we are appointed the statutory auditor.

Entity Name	Company No
Carr's Group plc	98221
Coventry City Council	n/a
Church Commissioners for England	1140097 (Charity)
Darktrace Plc	13264637
HgCapital Trust plc	1525583
Invesco Select Trust plc	5916642
J D Wetherspoon plc	1709784
Kirkless Metropolitan Council	n/a
Municipal Mutual Insurance Ltd	76678
Schroder UK Public Private Trust plc (Now Schrodgers Capital Global Innovation trust plc)	9405653
Swan Housing Capital plc	9362244
Warrington Borough Council	n/a
Wilmington Plc	3015847
Witan Investment Trust plc	101625
Schroder UK Public Private Trust Plc	9405653
Wilmington plc	3015847
Witan Investment Trust Plc	101625

Appendix J

Major Local Audits

Below is a list of Major Local Audits (as defined The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014) for which we signed an audit report during the year ended 31 December 2023. It is therefore does not include all Major Local Audits for which we are appointed the statutory auditor.

Local Government

Barnsley Metropolitan Borough Council
Bournemouth, Christchurch and Poole Council
Brent London Borough Council
Bristol City Council
Cheshire West and Chester Council
Chief Constable for Avon and Somerset Police
Chief Constable for Cheshire Police
Chief Constable for South Yorkshire Police
Chief Constable of Devon and Cornwall
Chief Constable of Gloucestershire
Chief Constable of Northumbria
Chief Constable of West Mercia
City of London Corporation
City of Westminster Council
Cornwall Council
Cornwall Pension Fund
Coventry City Council
Cumbria County Council
Devon County Council
Doncaster Metropolitan Borough Council
Dudley Metropolitan Borough Council
East Sussex County Council
Gloucestershire County Council
Islington London Borough Council
Kent County Council
Kirklees Metropolitan Council
Lancashire County Council
Leeds City Council
Leicester City Council
Leicestershire County Council
London Borough of Hammersmith and Fulham

London Borough of Lewisham
London Borough of Sutton
Medway Council
Nottinghamshire County Council
Police and Crime Commissioner for Avon and Somerset
Police and Crime Commissioner for Cheshire
Police and Crime Commissioner for Devon and Cornwall
Police and Crime Commissioner for Gloucestershire
Police and Crime Commissioner for Northumbria
Police and Crime Commissioner for South Yorkshire
Police and Crime Commissioner for West Mercia
Rotherham Metropolitan Borough Council
Royal Borough of Greenwich
Royal Borough of Kingston upon Thames
Sandwell Metropolitan Borough Council
Shropshire Council
Solihull Metropolitan Borough Council
Somerset County Council
South Gloucestershire Council
Southwark Council
Surrey County Council
Swindon Borough Council
Walsall Metropolitan Borough Council
Warwickshire County Council
West Midlands Combined Authority
Wirral Metropolitan Borough Council
Wolverhampton City Council
Worcestershire County Council

NHS

East Sussex Healthcare NHS Trust
Epsom and St. Helier University Hospitals NHS Trust
Lewisham and Greenwich NHS Trust
Maidstone and Tunbridge Wells NHS Trust
NHS Bath and North East Somerset, Swindon and Wiltshire Integrated Care Board
NHS Bedfordshire, Luton, Milton Keynes Integrated Care Board
NHS Black Country Integrated Care Board
North Bristol NHS Trust
NHS Bristol, North Somerset and South Gloucestershire Integrated Care Board
NHS Bristol, North Somerset and South Gloucs CCG
NHS Cheshire and Merseyside Integrated Care Board
NHS Cornwall and The Isles of Scilly Integrated Care Board
NHS Gloucestershire Integrated Care Board
NHS Greater Manchester Integrated Care Board
NHS Hampshire and Isle of Wight Integrated Care Board
NHS Hampshire, Southampton and Isle of Wight CCG
NHS Kent and Medway Clinical Commissioning Group
NHS Kent and Medway Integrated Care Board
NHS Leicester, Leicestershire and Rutland Integrated Care Board
NHS Manchester CCG
NHS Northamptonshire Integrated Care Board
NHS Shropshire, Telford and Wrekin Integrated Care Board
NHS Somerset Integrated Care Board
NHS South West London Clinical Commissioning Group
NHS South West London Integrated Care Board
NHS Staffordshire and Stoke-on-Trent Integrated Care Board
Royal Cornwall Hospitals NHS Trust
Sandwell and West Birmingham Hospitals NHS Trust
St Helens and Knowsley Hospitals NHS Trust
University Hospital of North Midlands NHS Trust
University Hospitals Plymouth NHS Trust
Worcestershire Acute Hospitals NHS Trust

Appendix K

Definitions and contacts

Advocacy threat

When the firm undertakes work that involves acting as an advocate for an entity relevant to an engagement and supporting a position taken by management in an adversarial or promotional context

AFGC

Audit Firm Governance Code

AI

Artificial Intelligence

AQB

Audit Quality Board of the firm

AQI

Audit Quality Indicator(s)

AQR

Audit Quality Review team of the FRC

CCS

Central Client Services

CEO

Chief Executive Officer

CIOT

Chartered Institute of Taxation

COO

Chief Operating Officer

Covered person*

A person in a position to influence the conduct or outcome of the engagement

CPAB

Canadian Public Accountability Board

CPD

Continuing Professional Development

CTOP

Central Take-on Panel

EEA

European Economic Area

Engagement leader/Partner*

The partner or other person in the firm who is responsible for the engagement and its performance and for the report that is issued on behalf of the firm

EQR

Engagement Quality Review*. An objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon, performed by the engagement quality reviewer and completed on or before the date of the engagement report

Ethical standard

Revised Ethical Standard 2019 issued by the FRC

EU

European Union

Familiarity threat

When the firm or a covered person predisposed to accept, or is insufficiently questioning of, the point of view of an entity relevant to the engagement. Such threats may arise, for example, where close personal relationships are developed with such an entity's personnel through long association with the entity

FCA

Financial Conduct Authority

FRC

Financial Reporting Council

GIS

Global Independence System

GLT

Global Leadership Team

GTAR

Grant Thornton Assessment & Review

GTIL

Grant Thornton International Limited

H&S

Health and Safety

IAB

Inclusion Advisory Board

IAASB

International Auditing and Assurance Standards Board

ICAEW

Institute of Chartered Accountants in England and Wales

IESBA

International Ethics Standards Board for Accountants

IFIAR

International Forum of Independent Audit Regulators

INE

Independent Non-Executive

Intimidation threat*

An intimidation threat arises when the conduct of the firm or a covered person is influenced by fear or threats

IC

Investment Committee of the firm

IPA

Insolvency Practitioners Association

ISAs (UK)

International Standards on Auditing (UK) – Issued by the FRC

ISQM 1

International Standard on Quality Monitoring (UK) No 1

KAPs

“Key Audit Partner” is the individual registered with the ICAEW to sign audit reports for audits subject to the Local Audit and Accountability Act 2014

key audit partner

The statutory auditor of a particular audit engagement who signs the audit report. The statutory auditor of the group and the statutory auditor designated at the level of material subsidiaries

KPI

Key Performance Indicator

Local auditor

Audit firm registered under the Local Audit and Accountability Act 2014

Major Local Audit

An entity where either:

- a the higher of the relevant authority’s total income (from all sources) for that financial year and its total expenditure (from all sources) for that financial year exceeds £500 million
- b the relevant authority is required to maintain a pension fund under regulations under section 1 of the Public Service Pensions Act 2013(8) as they relate to local government workers (within the meaning of that Act) and either:
 - (i) more than 20,000 members of a scheme established under those regulations, in relation to local government workers within the meaning of that Act, have rights relating to that fund, or
 - (ii) the fund has gross assets of £1,000 million or more

Management threat*

Where the firm provides non-audit/additional services and based on that work, management are required to make judgments and take decisions. The persons conducting the service may become closely aligned with the views and interests of management and this may erode the distinction between the entity and the firm, in turn, impairing or calling into question the ability of the persons conducting an engagement to apply a proper degree of professional scepticism

NAS

National Assurance Services

Other key partner

A partner, or other person in the engagement team (other than the engagement partner or engagement quality control reviewer) who either:

- a is involved at the group level and is responsible for key aspects of the engagement, including decisions or judgments on significant matters or risk factors that relate to the engagement for that entity
- b is primarily responsible for the engagement work in respect of a significant affiliate, division or function of the entity

PCAOB

Public Company Accounting Oversight Board (US regulator)

PIC

Public Interest Committee of the firm

PIE

Public Interest Entity – these are:

- An issuer whose transferable securities are admitted to trading on a UK regulated market
- A credit institution within the meaning of Article 4(1)(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation;
- A person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertaking as that Article had effect immediately before exit day, were the United Kingdom a Member State.

PGB

Partnership Governance Board of the firm

PRG

Policy and Reputation Group. The PRG brings together representatives from the large UK audit firms to develop an understanding of evolving public interest issues
See www.theprg.uk

QAD

Quality Assurance Department of the ICAEW

QMA

Quality Management Approach

QME

Quality Management Evolution

RAC

Risk and Audit Committee of the firm

RCA

Root Cause Analysis

RemCo

Remuneration Committee and Profit Share Committee

RI

“Responsible Individual” an individual registered with the ICAEW to sign audit reports on behalf of the firm – except in the public sector see **KAP**

SEC

Securities and Exchange Commission

Self-interest threat

When any of the firm, its partners, staff or other covered persons, has financial or other interests which might cause the firm or any covered person to be, or perceived to be, reluctant to take actions in connection with the engagement that would be adverse to such interests of the firm or any such person

Self-review threat*

When the results of non-audit/additional services, or where the subject matter of such services, whether performed by the firm, the engagement team or others within the firm, are addressed in the engagement or reflected in the amounts included or disclosed in the financial statements or other subject matter information of the engagement

SLT

Strategic Leadership Team of the firm

“firm”

Refers to “Grant Thornton UK LLP” and certain subsidiary entities

“our”

Refers to “Grant Thornton UK LLP”

“us”

Refers to “Grant Thornton UK LLP”

“we”

Refers to “Grant Thornton UK LLP”

Definitions denoted with an * have a more detailed definition in the FRC’s glossary of terms available at [Financial Reporting Council | Glossary of Terms \(Auditing and Ethics\)](#)

Contact details

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