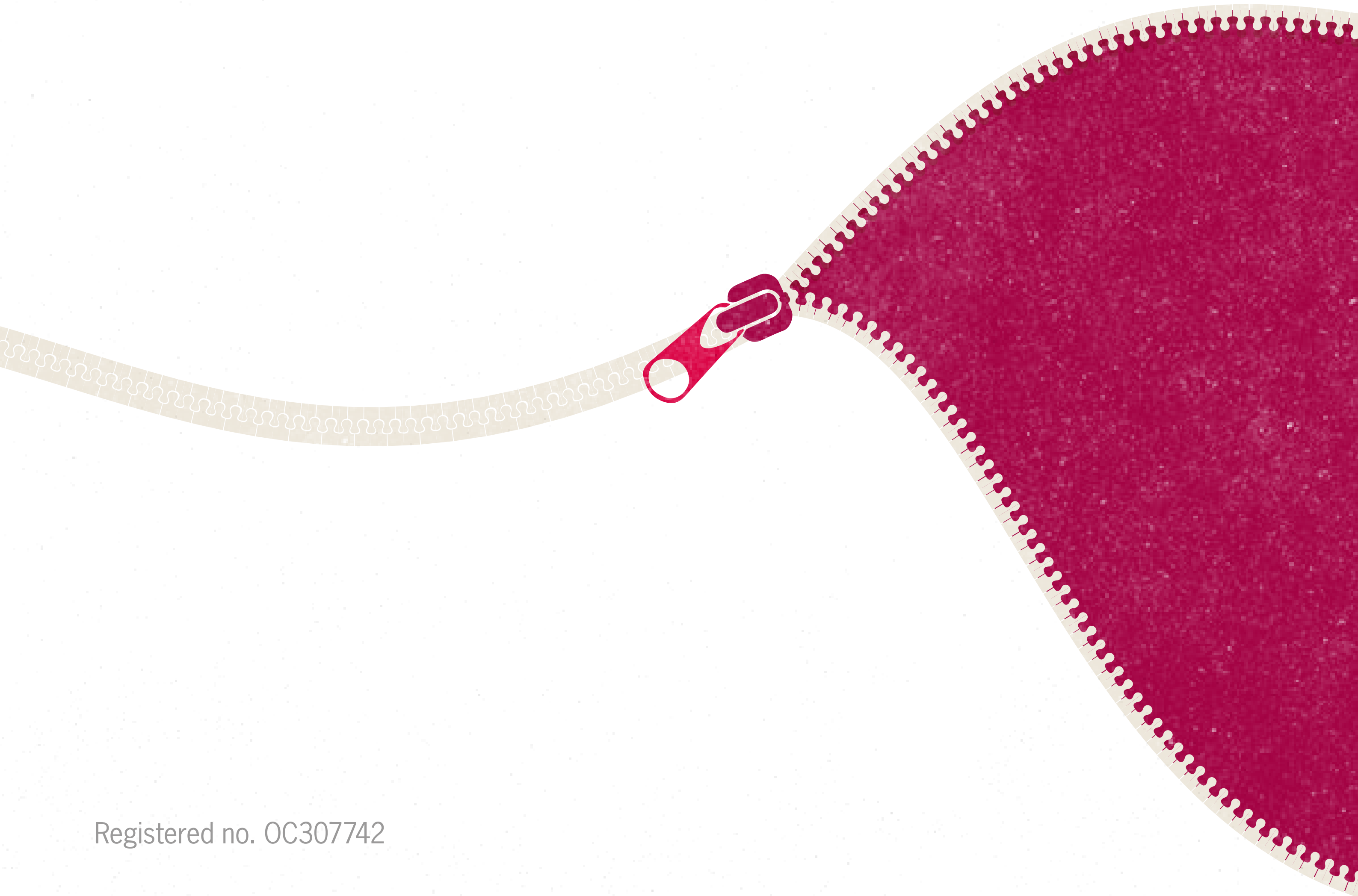
Grant Thornton

An instinct for growth™

Financial Statements 2015

For the year ended 30 June 2015



Registered no. OC307742

Get to know Grant Thornton

£398,000
AVERAGE PROFIT
PER PARTNER

£521 MILLION
IN TURNOVER
2014-2015

MORE THAN
180
PARTNERS

81% OF OUR
CLIENTS
ARE HIGHLY SATISFIED
AND WOULD RECOMMEND US

GRANT THORNTON
IS LEADING
THE WAY
IN IMPROVING ACCESS
TO THE PROFESSION THROUGH
'ACCESS ACCOUNTANCY'

£82m
PROFIT
BEFORE TAX
2014-2015

UK GOVERNMENT AWARDS
'CHAMPION'
FOR DEMONSTRATING LEADERSHIP
AND EXEMPLARY PRACTICE
IN THE FIELD OF SOCIAL MOBILITY

Contents

OVER
4,500 PEOPLE
IN 26 OFFICES
THROUGHOUT THE UK
PART OF A GLOBAL ORGANISATION
WITH OVER 40,000 PEOPLE IN 130 COUNTRIES

40%
OF THE FTSE 100
ARE OUR CLIENTS
FOR NON-AUDIT SERVICES

FDS' EXCELLENCE AWARDS
ACCOUNTANCY FIRM
OF THE YEAR 2014

1. Introduction

This year sees a transition as we move towards fully integrated thinking in how we run our business and how we report on performance to interested parties. We're on a journey and for 2015 we will produce three separate reports – our Financial Statements, our Transparency Report and, later in the year, our Strategic Review. This reflects our transition as a business with the baton passing from Chief Executive Officer ('CEO') Scott Barnes and his National Leadership Board, who have led the firm through a significant period of investment and growth in delivering Ambition 2015, to our new CEO, Sacha Romanovitch, and her Strategic Leadership Team on 1 July 2015. All in our firm are proud of what has been achieved under Scott's guidance, and we are now ready to build on those foundations under Sacha's leadership.

The primary purpose of the Financial Statements is to inform our stakeholders of our financial and business developments over the last reporting period. Our goal is to help interested parties better understand our unique firm. This report includes the detailed financial statements, information on the firm's progress to date in terms of the delivered financial and business performance as well as an overview of what is to come in our Strategic Review.

At Grant Thornton[1] we fundamentally believe that we have a role to play in shaping a vibrant economy where people and businesses can thrive. We see three core elements to this: trust and integrity lie at the heart of a thriving and growing economy, we need a business and social environment that makes it easy to do business and we need dynamic businesses growing sustainably, creating jobs and value for the whole of society. We are investing in our people and our future shared enterprise model where innovation is key to our growth and sustainability as well as the role we play in the value chain by extending enterprise, capabilities and connections with employees, suppliers, customers, and all our stakeholders. We are investing for the future.

[1] 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. 'GTIL' refers to Grant Thornton International Ltd (GTIL). Grant Thornton UK LLP is a member firm of GTIL. GTIL and each member firm of GTIL is a separate legal entity. GTIL is a non-practicing, international umbrella entity organised as a private company limited by guarantee incorporated in England and Wales. GTIL does not deliver services in its own name or at all. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's act or omissions. The name 'Grant Thornton', the Grant Thornton logo, including the Mobius symbol/ device, and 'Instinct for growth' are trademarks of GTIL.

These **financial statements** form part of our annual reporting materials and records our independently audited financial performance for the twelve months to 30 June 2015. The financial statements have been prepared in line with UK Law and UK Accounting Standards and have been audited by Mazars LLP. Going forward our accounts will be prepared under IFRS. The scope of these audited financial statements complies with that as set out by the Financial Reporting Council and this can be reviewed at *www.frc.org.uk/auditscopeukprivate*.

Our **transparency report** sets out how our audit business has performed with respect to the Audit Quality Framework, how we are governed as well as the steps we are taking to drive audit quality performance higher. The transparency report will be available online from the end of September 2015.

Our **strategic review** will be made available online after the UK partner meeting towards the end of 2015 and will include an overview of our purpose, strategic objectives, credentials in the marketplace, financial performance and sustainability. For a broader view of what we stand for and how this manifests itself in our people and our work, you can also visit our website.

These financial statements were approved by the Partnership Oversight Board of Grant Thornton UK LLP on 24 September 2015 and signed on its behalf by Sacha Romanovitch, CEO and by Steve Maslin, Chairman of the Partnership Oversight Board.

Any feedback?

We are committed to being open and transparent with our stakeholders about matters covered in these financial statements. If you have any feedback or questions arising from reading this report or about our overall approach to doing business and shaping a vibrant economy, please contact us via the link – financialstatements@uk.gt.com

2. Chief Executive Officer's Review

Standing on the shoulders of giants and investing for the future

In April 2015 I stood before current and former leaders of our firm as I began to take hold of the baton for leading our firm from Scott Barnes. At that meeting, I shared what I believe. I believe that without the vision, commitment and professionalism of that group of people, the firm would not be where it is today, nor would it reach its full potential. For me, true sustainability is when a business passes from one generation to the next, each passing on a business that has created more value for its clients, people and communities than it began with. In the words of Sir Isaac Newton what each generation achieves is only possible 'because I stand on the shoulders of giants'.

Sacha Romanovitch
Chief Executive Officer

This report reflects our transition; it marks the completion of our Ambition 2015 strategy and this report looks at how we have delivered – what's gone well and what's still to do. As I write we are working with over 4,500 people to shape the detail of our Vision 2020 strategy. We believe that Shared Enterprise, where each person in our firm is shaping the future we create, is fundamental to how we will build on our success to date. In that spirit, our Strategic Review will be issued later this year, when we have incorporated the ideas and energy from all our people on how we will become the 'Go-to Firm for Growth'.

So what of this last year?

This year, the fact that we are living in a VUCA – volatile, uncertain, complex and ambiguous – world, has become the new 'normal'. The UK economy continued its recovery, weathering uncertainties such as the UK elections, problems in the Eurozone and global geopolitical issues. The depressed oil prices, whilst causing problems for those in that sector, have brought a boost to consumers and government revenues and London as an economic hub has remained strong, in line with our firm's business profile. This impetus has spread across the UK and regional growth has been seen too.

Strong growth in supporting dynamic businesses

Ground breaking work on restoring trust and integrity in financial markets

Businesses on our two growth programmes grew 4x faster than the average SME

What's gone well?

This has been a year of consolidation and investment for Grant Thornton. Building on the back of our strong growth in 2014, which saw our firm break through the £500m revenue level for the first time, we are pleased to have delivered stable revenues and profits.

Over the course of Ambition 2015 we have built a balanced business – where we work with dynamic organisations on their growth journey and support the economy in two other vital ways: working with regulators that build trust and integrity in the markets and working with public services, creating the business and social environment that makes it easy to do business here.

This balance of our business is reflected in our areas of growth and profitability:

- our Complex Insolvency and International Investigations and Business Risk Services teams have all had strong years. A key feature has been global collaboration across the international organisation to solve complex problems, to set and monitor appropriate governance to safeguard sustainable business as well as remediation work to support businesses undergoing corporate renewal after events that have undermined trust in their business – and often in the wider financial markets;
- our Public Sector businesses have also performed well. The benefits of being a leader in this market means that we have grown and delivered value for our clients. Notable has been the renewed contract with the UK Department of Business Innovation and Skills (BIS) for Business Growth Services, which now integrates the Manufacturing Advisory Service and Growth Accelerator. Businesses on the programme grew four times faster than the average SME and we are proud of this important contribution to UK economic growth; and
- in advising dynamic organisations our work has reflected the uncertainties that can stall and inhibit business growth. Within Corporate Finance, Transaction Services activities have shown good growth following a period of investment in 2014. Our Audit and Tax businesses have also seen moderate growth – a positive achievement given that this is an area that has been stable for quite some time.

Since the year end, the LLP has transferred its Individual Voluntary Arrangement (IVA) business to Aperture (NI) LLP, an entity in which the LLP retains a 40% stake, as a result of this transaction we ceded control over this line of business to the new management.

What's been more challenging?

As I have said earlier, volatility has become the new normal. Each year over the period of Ambition 2015 we have won some significant contracts involving people from all disciplines in the firm, from our award winning work on Kodak through to major remediation programmes for Barclays. Typically as such large projects come to completion there is a period of regrouping as new projects are brought on board. This is reflected in an overall slower growth rate in our Restructuring and Financial Services Business Consulting activities as such large pieces of work are replaced.

We are pleased that, at a time when these major ad hoc projects have reached their successful conclusion, we have delivered a stable level of revenues overall for the firm. It points to the sustainability and resilience built into our business model over the course of this period.

As with all major organisations much of our work is both complex and in the public interest. We invest considerable time in considering excellence and quality control in taking on and delivery of assignments and management of communications where projects are in the public interest, balancing this with respecting both legal process and client confidentiality. We adopt an open approach with our regulators - as you'd expect if we find an issue with our work we self report. If there are issues where clients feel our work has fallen short of our quality standards we undertake a full and independent review of our work. We feel it is our responsibility to ensure that matters are resolved with proportionality and fulfilling our professional obligations.

With large and complex cases it also true to say that with hindsight different views may be taken on judgements made at the time. Again we invest to understand and address any such issues if they arise. Equally we believe that as part of our role in delivering trust and integrity in markets it is important that we continue to undertake difficult and often challenging work in pursuit of this goal.

Investing for growth

This year we have continued to invest in capabilities and infrastructure to set us up for the next stage of growth, both in the UK and internationally. Key investments in the year to 30 June 2015 were:

- the major investment in our audit tools and methodology; this builds on our track record of collaborating globally to deliver an audit system that is used in all 130 firms across the global organisation;
- continued investment in our real estate, information systems and quality processes. Our impressive St Albans office space has become the go-to location for making connections and collaborating in the local business community. It represents a new way of working and is home to a dynamic team of entrepreneurial people from across our business, including social media and communications; and
- in people – throughout the period of Ambition 2015 we have invested in people and now have over 4,500 people across the breadth of our UK offices. In 2015 we invested in over 300 trainees – both graduates and school leavers – and 76 interns. We have always paid our interns as we see this as critical to enabling access to people from all socioeconomic backgrounds. This year we have also invested in creating Higher Level Apprenticeships in Innovation and Growth and Business Administration. Our collaboration with City Gateway on their Ladder for London work has allowed us to offer valuable employment experience to young people from very disadvantaged backgrounds. It has been a delight to see a number of these become permanent members of our team.

Looking ahead

Although the outlook overall remains positive for the UK a lot is dependent on developments in interest rates, the oil price and employment. We are positive with our expectations that the services sector will remain a key driver of growth in the global economy and we seek to continue to play our part. 2016 will nonetheless be a year of further investment for us as we set ourselves up to be the 'Go-to Firm for Growth'.

We have made a key investment in Geniac, a digital portal that supports startups and small businesses. Geniac provides an innovative "office as a service" platform enabling the management of all business support functions. Its ultimate mission is to give entrepreneurs their time back, so that they can focus on growth. Through a combination of personal account management and leading technology, Geniac covers everything an entrepreneur needs to run and scale their business, including accounting, tax, legal, HR and corporate administration solutions in one smart service.

We know we have a role – and a responsibility – in shaping a vibrant economy where people and businesses can thrive. This will be brought about by who we work with, what we do with them, what we speak out on and how we behave as a business. Trust and integrity between business and society lies at the heart of a flourishing economy and we are looking forward to working with our clients, communities and people to unlock their potential for growth in the year ahead. Our clients remain at the centre of our world: their needs drive the services we provide, the industries we serve and where we work. We continue to invest in people both on the bridge of the ship, looking to the horizon, as well as in the engine room. This allows us to spot the pockets of the future around us right now – to think with our clients and the broader market about what will be needed to drive sustainable growth in the future. In the communities in which we work, we continue to improve and widen access to the firm to attract a greater diversity of talent. In 2016 our people will shape how our shared enterprise model is implemented, allowing every person input to ensure the impact of proposals enables sharing of ideas, responsibilities and growth. Our vision to be the 'Go-to Firm for Growth' will be borne out when we become the business advisers sought out by forward thinking clients.

INITIATIVES UNDERTAKEN TO ENHANCE OUR AUDIT CAPABILITY TO PLACE GRANT THORNTON AS THE LEADING FIRM FOR AUDIT QUALITY IN 2015 AND BEYOND

Sacha Romanovitch
Chief Executive Officer

We have a role – and a responsibility – to play in shaping a vibrant economy where people and businesses can thrive.

3. Business and Financial Review

Who we are

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

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

More information about all of our services is available on our website (http://www.grantthornton.co.uk/en/services/index).

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

Ownership of the firm is vested in its partners and in the year to 30 June 2015, the full time equivalent number of partners was 184 (2014: 191). The full time equivalent number of employees during the year was 4,277 (2014: 4,047) and the firm currently operates from 26 offices throughout the United Kingdom. In addition, we have subsidiary entities operating in the Cayman Islands and British Virgin Islands that are focussed on Insolvency and Restructuring services.

What we do, our goals and strategy

This report sees the culmination of our 'Ambition 2015' strategy. Our goal was to grow our revenues to £500m through a combination of organic growth and 'good fit' acquisitions alongside our brand journey, which we achieved a year early. 2015 was a consolidation year for the firm which saw us reach a turnover figure of £521m.

What we do

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

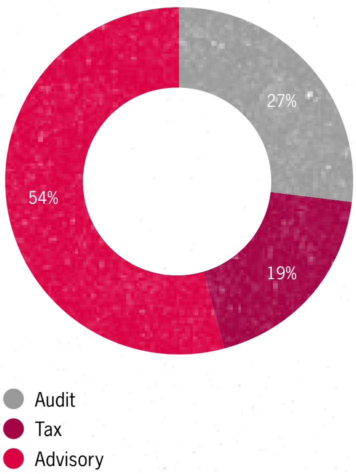
Proactive teams, led by approachable partners, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

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

In the UK we provide services to over 40,000 privately held businesses, public interest entities and individuals. It is led by around 180 partners and employs approximately 4,500 of the profession's brightest minds.

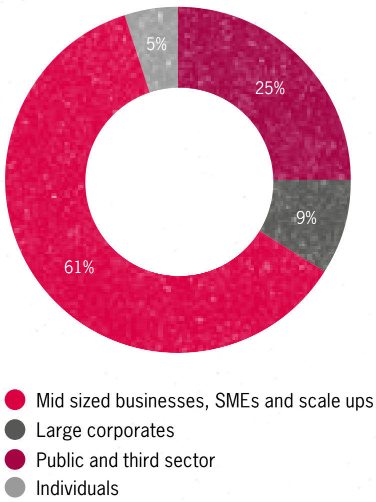
Our business is well balanced across private and public sector, businesses at different stages of their growth journey and also between advising businesses and those that regulate and govern them.

The work that we do with clients can be broken into three broad areas:



Note that our advisory category includes internal audit and business risk services.

Income split between private, public and third sector



Global reach

More than 40,000 Grant Thornton people, across over 130 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work, through membership of GTIL. More information on our global network is available on our website, www.grantthornton.global

How we do business

We know that the best businesses pay attention to both what they do and how they do it. Our culture is built around our CLEARR values:

Collaboration	Leadership	Excellence	Agility	Respect	Responsibility
Ask for help, give help	Have courage and inspire others	Find a better way every time	Think broadly, act quickly	Listen and understand, be forthright	Use influence wisely
We work together well	We challenge each other to be the best we can be	We never get complacent	We thrive in change	We create honest relationships	We own our actions

Bringing our results together

For the course of Ambition 2015 we worked to a balanced scorecard of measures and it is satisfying to see that this year saw us reach many of the targets set out in that plan. When we started we stole from Michaelangelo 'The greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low and achieving our mark'. We set ourselves challenging targets when, still in the depths of a recession, we set a growth goal, many were not convinced. Here is the summary of our performance against our balanced scorecard:

Ambition 2015 scorecard area	Goal	Results delivered
Markets	Build reputation and grow market share; deliver £500m revenues	Delivered £521m revenues Our unprompted brand awareness stands at 38%
Clients	Increase client satisfaction and advocacy	81% of our clients rate themselves as highly satisfied with our service and that they would recommend us to others
People	Right people in the right jobs, grow business people and create the environment for people to do their best thinking	23% direct application hires to the firm 98 qualified coaches 82% of our people feel they can make a difference
Operations	Drive a sustainable, profitable business	Revenues of £521m Gross profit £238m Profit before tax £82m

What next?

With the completion of our Ambition 2015 strategy, the firm has now set out the outline of Vision 2020: the 'Go-to Firm for Growth'. The detail of our new business plan is being created with contributions from all our people. Our strategic review will be published after our partner meeting towards the end of 2015 which will set out the key elements of our plan and goals.

Further insight into our financial performance for the year ended 30 June 2015 and balance sheet position at that date are set out in the CEO's review on pages 6 to 9 and the Business and Financial Review on pages 14 to 15.

Firm's leadership and governance structure from 1 July 2015

With the change in the CEO, there has been a change in the team and we felt it most useful to include the team going forward in our report.

External Stakeholders (inc partners)

Partnership Oversight Board and Independent Non Executives (Chair: Steve Maslin)
Sub-Committees: Risk & Audit: Tim Lincoln, Remuneration & Profit Sharing: Ed Warner

Richard Eyre (INE), Caroline Goodall (INE), Ed Warner (INE), Paul Flatley, Tim Lincoln, Simon Lowe (ex 01/07/2015), Mo Merali, Nick Wood (ex 01/07/2015), Steve Mills, Tracey James, Simon Bevan (as of 01/07/2015), Nigel Morrison (as of 01/07/2015)

Strategic Leadership Team

Operations	Finance & Infrastructure	Brand & Culture	Enterprise	Strategic Clients	Chief Executive Officer
Robert Hannah	Simon Jones	Norman Pickavance	Karl Eddy	Mark Byers	Sacha Romanovitch

Wider Leadership Team

Operations	Support services	Brand & culture	Enterprise	Client Relationship	2nd line of defence: Quality & Excellence	3rd line of defence: Business Risk & Quality Assurance
London Assurance & Tax	Finance	Brand and marketing	Practice Development	Diamond Accounts	Paul Etherington	Margaret Bowler
London Transactional Advisory	IS	Communications	International Development		Quality & Professional Affairs	
London Operational Advisory	Property	People & culture	Strategic Partnerships		Tax	
Central Region	Partner Affairs		Delivery & Methodologies		Assurance	
South Region					Advisory	
North & Midlands Region						
Scotland & Northern Ireland Region						
Industries						

Practice and industry leaders

Overall financial performance

The financial performance recorded in the year to 30 June 2015 is considered to be a positive result bearing in mind what was happening elsewhere in the UK, European and global markets. Despite investing heavily throughout the year profits have remained stable with revenues rising marginally to end the year at £521m.

Looking at the breakdown of the revenues along operational reporting lines, the London based Audit and Tax business reported good growth, with the Tax business accounting for the majority of that growth. London Advisory Services (both Transactional and Operational) reported a strong year overall. This was particularly evident in Business Risk Services, Public Sector Services and Forensics. Our regional businesses (Central, South, North and Midlands, Scotland and Northern Ireland) reported moderate top line growth in Audit and Tax services and a small contraction in advisory work reflecting a quieter market in restructuring services.

The IVA business showed contraction of the top line as the previous book acquisitions have flowed through the results.

These positive developments have been offset by cost of investment in our people. However, what should be noted is the achievement of the stable level of total revenues overall for the firm, at a time when major ad hoc projects have reached their successful conclusion.

Reflecting the growth in our advisory business, professional and fee earner staff numbers grew by 6% and a decline in the number of partners was recorded to reach 183 at year end. Employment and employment related costs rose during the year by some 7% to reach £231m.

Operating profit remained stable for the year at £86m as direct overheads, business development and recruitment costs have increased marginally. Some of this increase has been offset by a reduction in financial costs due to the positive effects of currency exchange rates and interest charges. Central costs have risen as investments have continued to be made in expanding and upgrading property, information systems and quality processes.

Profit before tax for the year was stable (£82m) giving an average allocated profit per partner of £398,000. The corporation tax rate applicable to the corporate subsidiaries was somewhat lower in the last year at 20.75%.

£82m
profit before tax for the year

£398,000
average profit per partner

Going concern and Accounting policies

The members believe that it is appropriate to prepare these financial statements on a going concern basis after reviewing the firm's future anticipated trading results and cash flow forecasts, and the bank credit facilities which are in place until December 2016. There were no accounting policy changes in 2014/15.

Management judgements and estimates

Material elements of the financial statements which are highly dependent upon management judgements and estimates are summarised below. Further details can be found in the Notes to the Financial Statements.

Defined benefit pension schemes
Assumption regarding liabilities saw discount rate reduced to 3.8% (4.5% last year) increasing liabilities by c£45m

Revenue recognition
Estimation of contract profitability by discounting the estimated profits attributable to the stage of assignment completion

Retirement annuities to partners
Estimation regarding assumed discount rate of UK 15 year gilt yields, and mortality, where assumption in line with defined benefit pension scheme

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

Carrying value of goodwill
Assumption that the carrying value regarding goodwill arising from RSM Robson Rhodes LLP acquisition (in 2007) was valued at £6.4m as at 30 June 2015. The carrying value of goodwill on less significant acquisitions as at 30 June 2015 is £2.6m

Balance sheet analysis

Net liabilities attributable to members in the group balance sheet increased by £31.7m giving rise to net liabilities of £52.4m at year end. Total members' interests decreased by £29.0m to reach £59.1m. In a similar pattern to last year, the largest single contributor to the changes in the balance sheet has been the £30.9m increase in the pension scheme liability.

We are in ongoing dialogue with the trustees so that we are balancing meeting our employer covenant with activities that strengthen our covenant through sustainable growth of the business.
We are confident in the relationship with the trustees and our longer term planning for the business such that, notwithstanding the quantum of the deficit, this liability is being effectively managed over a suitable timescale.

Within the totals, fixed assets have decreased by £4.1m from last year. The closing goodwill balance of £9.0m is £3.5m lower than the previous year end as the amortisation charge for the year of £4.1m exceeded the amount arising on acquisitions of £0.6m. Capital expenditure during the year on tangible fixed assets was above the associated depreciation charge by £1.4m which, together with a net book value written out on disposals of £0.6m, gives rise to a book value increase of £0.8m. The value of fixed asset investments, principally within our captive insurance subsidiary, decreased by £1.4m.

At £94.5m, net current assets were £3.1m lower than at the previous year end with the movement being most influenced by an aggregate £8.7m increase in our trade creditors.

Creditors falling due after more than one year decreased by £2.9m as £3.0m of our bank term loan was repaid in accordance with our facility agreement. Claims provisions and property provisions in aggregate decreased by £1.6m, while the provision for former members' annuities also fell by £1.8m.

The firm's defined benefit pension scheme deficit has increased from £106.9m to £137.8m, due mainly to net actuarial losses in the year of £35.3m. These principally arise from changes in the actuarial assumptions underlying the valuation of the scheme liabilities, together with experience losses arising on scheme liabilities as off-set by better than expected returns on scheme assets. The most significant change in actuarial assumptions has been the 0.7% point reduction in the discount rate applied. Every further 0.5% point reduction in the discount rate would increase scheme liabilities by circa £40m. These actuarial movements serve to demonstrate the volatile nature of pension scheme valuations. Both schemes are closed to new members, and the Grant Thornton scheme was closed to further benefit accrual with effect from 31 October 2014.

Capital, treasury, liquidity

Liquidity risk is managed by periodically undertaking reviews of short, medium and long term funding requirements as well as continuously monitoring working capital usage. A significant part of the firm's funding is from members' capital, which is only repayable following retirement and borrowings mainly comprise term loans and revolving credit facilities. Net debt before loans and other debts due to members decreased to £8.5m as at 30 June 2015 (£17.1m for last year). Pension scheme contributions for the Grant Thornton defined benefit scheme for the year ending 30 June 2015 were £6.5m. The settlement in cash of obligations in respect of annuities to former partners amounted to £2.7m in the year to 30 June 2015.

4. Members' Report

The members present their report together with the financial statements for the year ended 30 June 2015.

Principal activity

Grant Thornton UK LLP (the 'LLP') and its subsidiary entities (together the 'group') are principally engaged in the provision of audit, tax and advisory services in the UK.

Designated members

The designated members during the year ended 30 June 2015, and those who have been appointed or resigned subsequently, are as follows:

S V Romanovitch	- CEO (from 1 July 2015)
S Barnes	- CEO (retired 30 June 2015)
M R Byers	- Strategic Leadership Team Member (appointed 1 July 2015)
K J Eddy	- Strategic Leadership Team Member (appointed 1 July 2015)
P M D Etherington	- Quality & Professional Affairs Leader
R K Hannah	- Strategic Leadership Team Member
S J Jones	- Strategic Leadership Team Member
D A S Maxwell	- National Leadership Board Member (retired 30 June 2015)
N Pickavance	- Strategic Leadership Team Member (appointed 1 August 2015)
I V Smart	- National Leadership Board Member (to 30 June 2015)

S Maslin	- Chairman of the Partnership Oversight Board
S B Bevan	- Partnership Oversight Board (appointed 1 July 2015)
P Flatley	- Partnership Oversight Board
T D James	- Partnership Oversight Board
T J W Lincoln	- Partnership Oversight Board
S J Lowe	- Partnership Oversight Board (to 30 June 2015)
M A M Merali	- Partnership Oversight Board
S J Mills	- Partnership Oversight Board
N Morrison	- Partnership Oversight Board (appointed 1 July 2015)
N S Wood	- Partnership Oversight Board (to 30 June 2015)

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

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

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

Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the '2008 Regulations') require the members to prepare financial statements for each financial year.

Under that law the members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

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

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

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware;
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
- the members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the members,

S Maslin
Chairman of the Partnership Oversight Board

24 September 2015

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

We have audited the financial statements of Grant Thornton UK LLP for the year ended 30 June 2015 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the LLP balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of members and auditor

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 17, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at *www.frc.org.uk/auditscopeukprivate.*

Auditor commentary

The members have engaged us to include within our auditor's report commentary providing an overview of:

- the scope of our audit;
- our application of the concept of materiality in planning and performing our audit; and
- the assessed risks of material misstatement that were identified by us and which had the greatest effect on our audit.

Overview of the scope of our audit

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

We identified and tested certain controls over key financial systems identified as part of our risk assessment, including a review of general IT controls, the accounts production process, and controls addressing critical accounting matters. From this work, we sought to place reliance on the group's internal controls wherever possible. We undertook substantive testing on significant transactions, balances, and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems, and the management of specific risks.

Our application of materiality

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

We established materiality by reference to the profit before members' remuneration and profit shares, which we consider to be one of the principal considerations of the members in assessing the financial performance of the group. We determined materiality for the consolidated financial statements as a whole to be £7.7m, representing approximately 10% of the profit before members' remuneration and profit shares.

We agreed with the Risk & Audit Committee that we would report to that committee all identified corrected and uncorrected audit differences in excess of £0.23m (representing 3% of financial statement materiality) together with differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our assessment of risks of material misstatement

In arriving at our audit opinion, the risks that had the greatest effect on our audit, and the key procedures we applied to address them, are set out below. Our comments below should be read in conjunction with the members description of these areas on pages 33 and 34. Our audit procedures relating to these risks were designed in the context of our audit opinion as a whole, and not to express an opinion on individual transactions, account balances, or disclosures.

Revenue recognition and the value of unbilled work

The risk:
The group's accounting policy in respect of revenue recognition is set out in the accounting policy notes on 'Turnover' and 'Long term contracts' on pages 29 and 30. Unbilled work is included on the balance sheet as 'Amounts recoverable on contracts' within Debtors. The group's commentary on the related judgements and estimates is set out on page 34 under 'Revenue recognition'. Under this policy, the amount of revenue recognised in a year will represent the fair value of the group's entitlement to consideration in respect of professional services provided in that year. In determining the entitlement to consideration, engagement teams estimate both the proportion of each engagement that is complete at the year end, and the total consideration expected to be received under the engagement.

Some engagements, such as those that are longer term or that have complex contractual criteria determining entitlement to revenue, have a higher degree of uncertainty over the level of billable fees and/or assignment costs, and hence over profitability. The Recovery & Reorganisation ('R&R') practice has a higher concentration of such contracts and, together with Individual Voluntary Arrangement ('IVA') cases, accounts for 71% of amounts recoverable on contracts. The level of uncertainty is also considered to be higher in the early stages of a long term engagement, and estimated profits on long term engagements are discounted based on stage of completion to reflect this uncertainty.

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

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

General procedures included, but were not limited to:

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

Substantive sampling procedures included, but were not limited to:

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

Our findings:
We concluded that the methodology and models used in estimating the level of revenue and the valuation of unbilled work were appropriate. We did not identify any significant deficiencies in the operation of related controls that required us to revise the nature and/or scope of planned audit procedures.

On the basis of our audit procedures, we consider that the estimates applied result in a consistent and appropriate level of revenue and unbilled work recognised in the financial statements.

Professional negligence claims

The risk:
The group's accounting policy in respect of professional claims is set out in the accounting policy notes on 'Professional negligence claims provisions' on page 31. The group's commentary on the related judgements and estimates is set out on page 33 under 'Professional negligence claims provisions'.

The group makes a provision on the balance sheet for regulatory matters and for uninsured and self-insured costs for settling negligence claims as 'Claims provisions' within 'Provisions', as set out in note 18. The determination of provisions required is highly judgemental. Generally, the level of provision in respect of claims considered to have merit is limited to the insurance excess plus any self-insured amount. The level of provision for regulatory matters is determined through assessment on a case by case basis.

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

Our response:
Our audit procedures included, but were not restricted to:

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

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

Pension schemes and partners' annuities

The risk:
The group's accounting policy in respect of pension schemes and partners' annuities is set out in the accounting policy notes on 'Retirement benefits' and 'Retirement benefits of former members and partners of the predecessor firm' on page 32. The group's commentary on the related judgements and estimates is set out on page 33 under 'Defined benefit pension schemes' and 'Retirement annuities to partners'.

The pension arrangements include two defined benefit schemes for which a significant provision has been included on the group balance sheet as a 'Pension scheme liability'. The measurement of the pension scheme liabilities in accordance with FRS 17 is performed by an independent firm of actuaries, and is subject to complex assumptions that involve significant judgement. Details of the assumptions used and the calculation of the liabilities are included in note 25 'Retirement benefits'.

The group's obligations under partners' annuity arrangements also give rise to a significant provision which is included on the group balance sheet as 'Former members' annuities' within 'Provisions', as set out in note 18. The liability in respect of these obligations is performed by an independent firm of actuaries and is subject to complex assumptions that involve significant judgement.

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

Our response:
Our audit procedures included, but were not restricted to:
- assessing the qualification and objectivity of the actuaries, and the scope of their work;
- in conjunction with our internal actuarial specialists, reviewing the valuation methodologies and the actuarial assumptions;
- challenging the actuaries on the appropriateness of the valuation assumptions;
- testing, on a sample basis, underlying data in respect of scheme members;
- agreeing scheme asset values to the underlying asset manager statements; and
- reviewing the associated financial statement disclosures in the context of requirements and best practice.

Our findings:
Based on our audit procedures, with the exception noted below, we found the actuarial assumptions to be both balanced and consistent with the expectations of our internal actuarial specialists when considered individually and when taken as a suite of assumptions. We found the discount rate used for partners' annuities to be more conservative than our expectations, but the impact of the difference is not material to the financial statements. We consider the valuation methodologies to be appropriate. No exceptions were noted from our sample testing on member data, or on our testing of scheme assets. In light of the volatility of applied discount rates in recent years, we recommended the inclusion in the financial statements of sensitivity analysis covering a 0.5% movement in the discount rate assumption. With this additional sensitivity, we consider that the related disclosures are appropriate and adequately disclose the significant degree of sensitivity to the actuarial assumptions.

Going concern

As noted in the Business and Financial Review to the financial statements, the members have assessed whether it is appropriate to prepare the financial statements on a going concern basis. The going concern basis presumes that the group and the LLP will continue in operational existence for the foreseeable future (being a period of at least one year from the signature date of the financial statements) without a significant curtailment of operations. We reviewed the members' assessment and conclusion, and concluded that the use of the going concern basis of preparation is appropriate. Because not all future events or conditions can be foreseen, these conclusions are not a guarantee that the group and LLP will be able to continue as a going concern.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the LLP's affairs as at 30 June 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

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

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

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

24 September 2015

6. Consolidated Profit and Loss Account

	Note	2015 £'000	2014 £'000
Turnover	3	**520,616**	512,335
Other external charges: client expenses and disbursements		**(24,259)**	(25,689)
Net fees		**496,357**	486,646
Cost of sales	4	**(258,250)**	(254,658)
Gross profit		**238,107**	231,988
Other operating costs	4	**(153,398)**	(149,551)
Other operating income	5	**1,009**	1,199
Operating profit	3	**85,718**	83,636
Profit on sale of fixed assets		**16**	996
Loss on disposal of subsidiary		**-**	(90)
Net interest and other similar charges	6	**(3,737)**	(3,308)
Profit on ordinary activities before tax		**81,997**	81,234
Tax on profit on ordinary activities of subsidiaries	8	**(3,377)**	(3,346)
Profit on ordinary activities after tax		**78,620**	77,888
Equity minority interests		**-**	132
Profit for the financial year before members' remuneration and profit shares		**78,620**	78,020
Profit for the financial year before members' remuneration and profit shares		**78,620**	78,020
Members' remuneration charged as an expense	19	**(9,517)**	(7,951)
Profit for the financial year available for discretionary division among members	19	**69,103**	70,069

Profits have arisen from continuing activities.

The accompanying notes form an integral part of these financial statements.

7. Consolidated Statement of Total Recognised Gains and Losses

	Note	2015 £'000	2014 £'000
Profit for the financial year available for discretionary division among members		**69,103**	70,069
Exchange gains/(losses) on translation of foreign operations		**1,184**	(1,013)
Movement in unrealised gains/losses on investments		**154**	(128)
Actuarial losses on pension scheme	25	**(35,326)**	(19,828)
Derecognition of pension scheme surplus	25	**(188)**	-
Total recognised gains and losses for the year		**34,927**	49,100

The accompanying notes form an integral part of these financial statements.

8. Consolidated Balance Sheet

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Intangible assets	10		**8,970**		12,506
Tangible assets	11		**27,530**		26,691
Investments	12		**11,714**		13,103
			48,214		52,300
Current assets					
Debtors	13	**204,497**		207,015	
Cash at bank and in hand	14	**24,927**		20,633	
			229,424		227,648
Creditors: amounts falling due within one year	15		**(134,914)**		(130,068)
Net current assets			**94,510**		97,580
Total assets less current liabilities			**142,724**		149,880
Creditors: amounts falling due after more than one year	16		**(14,842)**		(17,782)
Provisions for liabilities	18		**(42,457)**		(45,882)
Pension scheme liability	25		**(137,800)**		(106,939)
Net liabilities attributable to members	3		**(52,375)**		(20,723)
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability	19		**40,575**		44,475
Other amounts	19		**9,557**		7,312
			50,132		51,787
Loans and other debts due to members after more than one year					
Other amounts	19		**43**		100
			50,175		51,887
Equity					
Members' other interests - other reserves classified as equity	19		**(102,162)**		(72,068)
Revaluation reserve	19		**(388)**		(542)
			(52,375)		(20,723)
Total members' interests					
Loans and other debts due to members	19		**50,175**		51,887
Members' other interests	19		**(102,550)**		(72,610)
Amounts due from members	19		**(6,757)**		(9,431)
Total including pension scheme liability			**(59,132)**		(30,154)
Pension scheme liability			**137,800**		106,939
Total excluding pension scheme liability			**78,668**		76,785

The financial statements were approved by the Partnership Oversight Board on 24 September 2015 and signed on behalf of the LLP by:

Sacha Romanovitch
Chief Executive Officer

Steve Maslin
Chairman of the Partnership Oversight Board

The accompanying notes form an integral part of these financial statements.

Registered number: OC307742

9. LLP Balance Sheet

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Intangible assets	10		**8,228**		11,478
Tangible assets	11		**26,426**		26,467
Investments	12		**5,663**		5,473
			40,317		43,418
Current assets					
Debtors	13	**196,922**		202,111	
Cash at bank and in hand	14	**18,969**		13,637	
			215,891		215,748
Creditors: amounts falling due within one year	15		**(141,650)**		(136,239)
Net current assets			**74,241**		79,509
Total assets less current liabilities			**114,558**		122,927
Creditors: amounts falling due after more than one year	16		**(14,815)**		(17,782)
Provisions for liabilities	18		**(35,958)**		(36,268)
Net assets attributable to members			**63,785**		68,877
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability	19		**40,575**		44,475
Other amounts	19		**9,557**		7,312
			50,132		51,787
Loans and other debts due to members after more than one year					
Other amounts	19		**43**		100
			50,175		51,887
Equity					
Members' other interests - other reserves classified as equity	19		**13,610**		16,990
			63,785		68,877
Total members' interests					
Loans and other debts due to members	19		**50,175**		51,887
Members' other interests - other reserves	19		**13,610**		16,990
Amounts due from members	19		**(6,757)**		(9,431)
			57,028		59,446

The financial statements were approved by the Partnership Oversight Board on 24 September 2015 and signed on behalf of the LLP by:

Sacha Romanovitch
Chief Executive Officer

Steve Maslin
Chairman of the Partnership Oversight Board

The accompanying notes form an integral part of these financial statements.

Registered number: OC307742

10. Consolidated Cash Flow Statement

	Note	**2015 £'000**	2014 £'000
Net cash inflow from operating activities	20	**89,177**	105,017
Returns on investments and servicing of finance			
Interest received		**753**	650
Interest paid		**(986)**	(1,091)
Finance lease interest paid		**(1,501)**	(1,423)
Net cash outflow from returns on investments and servicing of finance		**(1,734)**	(1,864)
Taxation		**(3,175)**	(1,820)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(3,769)**	(2,501)
Sale of tangible fixed assets		**561**	1,520
Purchase of investments		**(17,437)**	(10,883)
Sale of investments		**19,168**	12,140
Net cash (outflow)/inflow from capital expenditure and financial investment		**(1,477)**	276
Acquisitions and disposals			
Disposal of business		**-**	194
Purchase of business	22	**(867)**	(2,863)
Net cash outflow from acquisitions and disposals		**(867)**	(2,669)
Transactions with members and former members			
Payments to or on behalf of members		**(64,751)**	(63,290)
Capital contributions by members	19	**2,750**	3,025
Annuity payments to former members		**(2,710)**	(2,732)
Repayments to former members		**(8,612)**	(11,819)
Net cash outflow from transactions with members and former members		**(73,323)**	(74,816)
Financing			
Net movement in bank and other borrowings		**(4,349)**	(19,800)
Capital element of finance lease rentals		**(109)**	98
Net cash outflow from financing		**(4,458)**	(19,702)
Increase in cash	21	**4,143**	4,422

The accompanying notes form an integral part of these financial statements.

11. Notes to the Financial Statements

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including the Statement of Recommended Practice ('SORP'), Accounting by Limited Liability Partnerships, issued in March 2010 (United Kingdom Generally Accepted Accounting Practice), and under the historical cost convention modified to include the revaluation of certain fixed assets.

The principal accounting policies of the group are set out below and these have remained unchanged from the previous year.

Basis of consolidation

The group financial statements consolidate those of the LLP and all entities over which the LLP has control, further details of which are set out in note 12.

The financial statements of all group entities are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions of businesses are accounted for under the acquisition method. The acquisition method requires that, at the date of acquisition, which is the date on which the group obtains control of the business acquired, the identifiable assets and liabilities of the entity acquired are included in the balance sheet at their fair value. Where the fair value of the consideration paid exceeds the fair value of the net assets acquired, this excess is recorded as goodwill. The results of entities acquired or disposed of are included in the group profit and loss account from, or up to, the date that control passes, respectively. Intra group balances and intragroup transactions are eliminated on consolidation.

Turnover

Group turnover is the total amount estimated to be receivable for services rendered and out of pocket expenses and disbursements charged to clients during the year, excluding VAT. Client out of pocket expenses and disbursements incurred are deducted from turnover in arriving at net fees in the profit and loss account.

Turnover is recognised when a right to consideration has been obtained through performance under each contract and reflects the contract activity during the year having regard to the stage of completion of each contract and the relative uncertainty of predicting ultimate profitability on long term assignments. Stage of completion is measured by comparing actual contract costs to date with estimated total contract costs unless an alternative method is considered more appropriate. Revenue in respect of conditional or contingent fee engagements, which is over and above any agreed minimum fee, is recognised when the contingent event occurs where the event is outside the control of the group.

Long term contracts

The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised has regard to the stage of completion of the project and the less than absolute certainty of predicting ultimate profitability. The approach has been to reflect this gap between absolute and reasonable certainty by reducing the estimated turnover and costs attributable to the stage of completion of a contract. The level of reduction decreases as a contract progresses and its ultimate profitability becomes more predictable.

Long term contracts (continued)

Long-term contract balances are included as amounts recoverable on contracts within debtors, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on contracts in the year in which the loss is first foreseen. Costs in respect of conditional or contingent fee engagements are expensed as incurred to the extent they exceed any agreed minimum fee.

Goodwill

Goodwill, representing the excess of the fair value of the consideration given on acquisition of a business over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life. This period is the period over which the members estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets. This has been assessed as ten years for one substantial acquisition, although shorter periods have been deemed more appropriate for some smaller acquisitions.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Long and short leasehold properties	Period of the lease
Furniture and equipment	5-8 years
Office equipment	3-5 years
Motor cars	4 years

Impairment of goodwill and tangible fixed assets

A review for impairment of goodwill is conducted at the end of the first full financial year following the acquisition. A review for impairment of goodwill or tangible fixed assets is also conducted if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

The cost of incentives received in connection with property leases are allocated over the lease term, or the period to the next rent review from which a market rent will be chargeable, if shorter.

Where a decision has been made by the end of the financial year to vacate some or all of a leased property, provision is made in that financial year for the estimated future costs arising from the lease, net of any anticipated income from sub-letting. Dilapidation costs in connection with leased properties which the firm expects to continue to occupy are provided for on a straight line basis over the three years to the end of the lease, or to the next lease break date if this is earlier and likely to be actioned.

Fixed asset investments

Investments are included at cost less amounts written off, save for those held by Fulwood Insurances Limited, the group's captive insurance company, which are included using mid market prices at the balance sheet date. The nature of Fulwood's business is such that a portfolio of investments is held for the long term even though the individual investments making up the portfolio may be regularly changed in response to market risks and opportunities.

Any movements in the value of Fulwood's investment portfolio are reflected through the profit and loss account, except for the origination or reversal of unrealised surpluses at the balance sheet date which are transferred to or from the revaluation reserve. Revaluations below historical cost are taken to the profit and loss account where they are considered to be permanent.

Professional negligence claim provisions

Within the captive insurance subsidiary, provision is made at the best estimate for claims notified in relation to each complete underwriting year. In respect of open underwriting years, provision is made for potential claims up to the value of specific claims notified or an amount equivalent to the level of premium income recognised, whichever is the greater.

Within the LLP, provision is made for the best estimate of claims notified to the captive insurance subsidiary up to the limit of the self-insured deductible amount. All reasonable steps are taken to ensure that the group has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability provided.

Liquid resources

Liquid resources represent current asset investments that are disposable without disruption to the business, and are either readily convertible into cash at or close to its carrying value, or are traded in an active market. Liquid resources include short term deposits that may be withdrawn with 24 hours' notice.

Divisible profits and partners' and members' remuneration

The SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges and the treatment of long leasehold interests are all items which generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they have been included within other reserves in the balance sheet.

Depreciation and profits or losses on disposal of cars used by members, together with members' other motor expenses, are charged through the profit and loss account in arriving at profit before members' remuneration and profit shares. For profit sharing purposes, such members' motor expenses are automatically charged to each member on the basis of specific costs incurred.

Members' fixed shares of profits (excluding discretionary fixed share bonuses) and interest earned on members' balances are also automatically allocated and, together with members' motor expenses, are treated as members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary division among members.

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

Members' interests

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

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

Taxation

The taxation payable on the LLP profits is the personal liability of the members, although payment of such liabilities is administered by the LLP on behalf of the members. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Retirement benefits

Defined Contribution Pension Scheme

The cost of the defined contribution pension scheme is equal to the contributions payable to the scheme for the accounting period. This cost is recognised in the profit and loss account within cost of sales for fee earning employees and within other operating costs for non fee earners.

Defined Benefit Pension Scheme

Scheme assets are measured at fair values which, in the case of quoted investments, is at bid price. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the consolidated balance sheet. A net surplus is recognised only to the extent that the Group can control its use from past events.

The current service cost and costs from settlements and curtailments are charged against cost of sales for fee earning employees and within other operating costs for non fee earners. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses, including those in relation to buy-in annuity policies which do not meet the definition of a settlement within FRS 17, are reported in the statement of total recognised gains and losses.

Retirement benefits of former members and partners of the predecessor firm

LLP members for the time being have a contractual obligation to provide certain former and current members and certain partners of the predecessor partnership with annuities following their retirement.

The obligation for all annuities remains with the members for the time being and, in accordance with the requirements of the SORP, the financial statements include obligations for retirement annuities payable in the future to current and retired members. The obligation has been discounted to its net present value. The nature of the annuities contractually payable in the future to current members is such that no further rights will accrue to those members based on further service. The obligation for annuities to former members is included within provisions for liabilities because the annuities carry life contingent elements. The annuity provision has been actuarially calculated using a discount rate based on Government bonds and estimates of the expected payment period covered by the annuities. The obligation for annuities to current members is included within loans and other debts due to/(from) members.

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

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

The financial statements of foreign subsidiaries and the related goodwill are translated at the closing exchange rate at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves through the statement of total recognised gains and losses.

2. Management judgements and estimates

Material elements of the financial statements which are highly dependent upon management judgements and estimates are those in the areas of the firm's defined benefit pension scheme, retirement annuities to partners, provisions in respect of professional negligence claims, recognition of revenue on contracts and the carrying value of material goodwill balances.

Defined benefit pension schemes

The group operates two defined benefit pension schemes - The Grant Thornton Pensions Fund and the much smaller Robson Rhodes Retirement Benefit Scheme. Both schemes are closed to new members. The assumptions used to value the schemes are adopted by the firm following discussion with the schemes' actuarial advisers. Key assumptions include those in relation to the discount rate to be applied to liabilities as well as those in relation to mortality.

The assumptions in respect of discount rate are consistent with the requirements of FRS 17 and this requires the use of an applicable yield on AA Corporate Bonds to be applied. The discount rate used at 30 June 2015 has decreased by 0.7% points from 4.5% to 3.8%, largely reflecting a narrowing of the extra return on corporate bonds relative to gilts as investors have begun to favour corporate bonds relative to gilts. This has increased liabilities by c£45m.

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

Retirement annuities to partners

The firm also obtains actuarial advice for the purpose of evaluating its annuity obligations to certain current and former members and certain partners in the predecessor partnership. Key areas of estimate include the discount rate, where the firm adopts rates which are consistent with the yields on UK 15 year gilts, and mortality, where the firm has used assumptions consistent with those adopted for its defined benefit pension scheme. Unlike The Grant Thornton Pensions Fund where we expect total liabilities to grow for some time before they reduce, for the retirement annuities we expect the liabilities to reduce from year to year as the scheme consists almost entirely of annuitants already in payment.

Professional negligence claims provisions

The firm insures itself against professional negligence claims through policies underwritten by its captive insurance subsidiary and by the external insurance market. All claims are subject to a policy excess (also referred to as a self-insured deductible amount) which is borne by Grant Thornton UK LLP. The next tier of cover for a particular undertaking year is typically borne by the captive insurance subsidiary, with claims beyond that typically falling into the cover provided by the external market, although the captive does occasionally cover some of this too. All reasonable steps are taken to ensure that the group has appropriate information regarding its claim exposures so that provisions are made on a best estimate basis. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different, albeit not materially so, from the original liability provided for.

Revenue recognition

Revenue is recognised by reference to the stage of completion of the contract concerned relative to the estimated contract profitability. Stage of completion is typically measured with regard to costs but, where more appropriate, can be with regard to our right to bill for the work. The costs and revenues on an assignment are reviewed individually by partners and managers responsible for the assignment. The nature of some assignments, particularly those which are long term, often involve a degree of uncertainty in estimating the ultimate contract profitability and the degree of uncertainty is inherently greater in the early stages of the contract. We reflect the inherent uncertainty arising from the stage of completion by discounting the estimated profits attributable to the stage of completion of an assignment. The level of discounting decreases as a contract progresses and its ultimate profitability becomes more predictable. There is then a separate review of material assignments to ensure that the firm's accounts reflect an appropriate and balanced approach to the judgements within them which complies with relevant accounting standards.

Carrying value of goodwill

The transaction with RSM Robson Rhodes LLP in July 2007 gave rise to a goodwill balance which was estimated to have a useful life of ten years. After seven years of amortisation, the carrying value of that goodwill at 30 June 2015 is £6.4m. There have been no indicators to date to suggest that the goodwill has been impaired and a number of indicators point to there still being value in the goodwill acquired. Corroborating the carrying value involves a high degree of judgement due to the fact that the Robson Rhodes business was fully integrated into Grant Thornton at an early stage making an assessment of the specific cash flows from the legacy Robson Rhodes business no longer possible.

The goodwill arising on subsequent and much less material acquisitions is assessed on a case by case basis but is typically amortised over three to five years. The carrying value of the goodwill on those acquisitions at 30 June 2015 is £2.6m.

3. Segmental analysis and profit for the financial year

Turnover is attributable to the following classes of continuing business.

	2015 £'000	2014 £'000
Audit	**141,946**	135,163
Taxation and Financial Planning	**96,383**	91,303
Advisory		
– Corporate Finance	**50,849**	35,854
– Forensic & Investigation Services	**16,565**	13,770
– Recovery & Reorganisation	**88,961**	116,799
– Other (including Business Risk, Financial Services Advisory and Government & Infrastructure Advisory)	**125,912**	119,446
	520,616	512,335

The destination of turnover was primarily (2015: 94.4%, 2014: 95.0%) to UK clients although 2.0% (2014: 1.3%) was to Caribbean countries, 2.1% (2014: 2.0%) to mainland Europe, 0.7% (2014: 0.7%) to North America and 0.8% (2014: 1.0%) to the rest of the world. The origin of turnover is 98.8% (2014: 98.8%) in the UK and 1.2% (2014: 1.2%) in the Caribbean.

Analysis of operating profit and net assets/(liabilities) is as follows:

	Operating profit		Net assets/(liabilities)	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Audit	**42,820**	42,372	**17,039**	18,387
Taxation and Financial Planning	**37,646**	39,373	**11,701**	12,608
Advisory				
– Corporate Finance	**21,862**	16,644	**7,559**	6,733
– Forensic & Investigation Services	**8,262**	7,510	**4,394**	5,287
– Recovery & Reorganisation	**42,544**	45,467	**51,738**	68,760
– Other (including Business Risk, Financial Services Advisory and Government & Infrastructure Advisory)	**22,196**	21,452	**19,152**	7,882
	175,330	172,818	**111,583**	119,657
Unallocated items	**(89,612)**	(89,182)	**(163,958)**	(140,380)
	85,718	83,636	**(52,375)**	(20,723)

The firm's internal reporting structure does not measure results to operating profit or net assets strictly in accordance with the industry standard segmented turnover classifications. Accordingly, the allocation between the different classes of business has involved a degree of approximation based on reasonable and consistent assumptions.

Unallocated items affecting operating profit and net liabilities represent the costs of central support and infrastructure that are not directly controllable by individual business functions.

Net assets attributed to the business functions comprise trade debts, amounts recoverable on contracts, excess payments on account, provisions for foreseeable losses and certain claims provisions. All other assets and liabilities are controlled centrally and are not allocated across business functions.

The profit for the financial year is stated after:

	2015 £'000	2014 £'000
Auditors' remuneration:		
Audit services - group and LLP	**127**	123
Other services - subsidiary company audits	**29**	30
Depreciation and amortisation:		
Intangible fixed assets	**4,140**	3,784
Tangible fixed assets, owned	**4,078**	4,751
Tangible fixed assets, held under finance leases and hire purchase contracts	**228**	329
Other operating lease rentals:		
Equipment	**3,982**	3,693
Land and buildings	**11,955**	12,222

4. Cost of sales and other operating costs

	2015 £'000	2014 £'000
Cost of sales:		
Employment and related costs of fee earners	**194,731**	181,860
Other cost of sales	**63,519**	72,798
	258,250	254,658
Other operating costs:		
Employment and related costs of non fee earners	**48,375**	44,454
Property	**26,187**	25,208
IT and other equipment costs	**14,641**	13,089
Administration and other costs	**56,598**	56,690
Other financial costs including insurance	**6,888**	9,739
Annuities to former members	**709**	371
	153,398	149,551

The above costs are stated net of income received of £4,695,000 (2014: £5,032,000) in respect of non-profit recharges to third parties. These are principally in relation to profit shares and employment and related costs of members or employees on secondment.

5. Other operating income

	2015 £'000	2014 £'000
Property sub-let income	**1,009**	1,199

6. Net interest and other similar charges

	2015 £'000	2014 £'000
Interest payable on bank loans and overdrafts	**1,184**	1,072
Finance charges in respect of finance leases	**1,501**	1,423
Other interest payable and similar charges	**19**	19
Unwinding of discount for former member annuity provisions (note 18)	**830**	800
Net interest on pension scheme liabilities (note 25)	**1,173**	644
Other interest receivable and similar income	**(970)**	(650)
Net interest and similar charges	**3,737**	3,308

7. Partners and employees

Employment costs during the year (excluding members) were as follows:

	2015 £'000	2014 £'000
Wages and salaries	**190,985**	178,890
Social security costs	**21,049**	19,218
Other pension costs	**18,913**	18,578
	230,947	216,686

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

	2015 Number	2014 Number
Members (of whom 25 were fixed share - 2014: 20)	**184**	191
Fee earning employees	**3,302**	3,113
Non fee earners	**975**	934
	4,461	4,238

Profits are shared among members in accordance with agreed profit sharing arrangements. The average profit allocation in respect of the year's results, calculated by dividing allocable profits for the financial year by the average number of members, amounted to £398,000 (2014: £385,000).

The profit attributable to the member with the largest entitlement was £1,816,813 (2014: £1,457,251). Allocable profits take into account pension and annuity payments rather than pension and annuity charges and include sums allocated as interest, members' motor expenses and capital profits but exclude profits in certain subsidiary entities.

The average profit per member, calculated in accordance with the requirements of the SORP by dividing the profit for the financial year before members' remuneration and profit shares by the average number of members, amounted to £427,000 (2014: £408,000).

The table below provides a reconciliation between the average profit per member calculated in accordance with the SORP and the average profit allocation per member.

	2015 £'000	2014 £'000
Average profit per member	**427**	408
Retirement annuities and other items	**(7)**	(4)
Retained profits for the year in subsidiary entities net of consolidation adjustments	**(22)**	(19)
Average allocable profit per member	**398**	385

8. Tax on profit on ordinary activities

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

	2015 £'000	2014 £'000
United Kingdom corporation tax at 20.75% (2014: 22.50%)	**3,377**	3,346
Total current tax and tax on profit on ordinary activities	**3,377**	3,346

Fulwood Insurances Limited is taxable at the standard rate in Guernsey of zero percent. Grant Thornton Specialist Services (Cayman) Limited and Grant Thornton (British Virgin Islands) Limited are not subject to corporation tax or the equivalent overseas tax.

The tax assessed for the year differs from the standard rate of corporation tax in the UK.
The differences are explained as follows:

	2015 £'000	2014 £'000
Profits on ordinary activities before tax of subsidiary undertakings	**23,878**	14,393
(Profits)/losses of LLP subsidiary undertakings not subject to corporation tax	**(655)**	116
	23,223	14,509
Tax on profit on ordinary activities at 20.75% (2014: 22.50%)	**4,819**	3,265
Effect of:		
Profits taxed at zero percent or exempt from tax	**(623)**	(201)
Pension cost charge less than pension cost relief	**(965)**	(1,008)
Transfer pricing adjustments	**-**	1,085
Losses in subsidiary undertakings not relieved	**174**	145
Other timing differences	**(28)**	60
Total current tax charge	**3,377**	3,346

No deferred tax asset has been recognised on the losses not relieved in subsidiary undertakings as there is currently insufficient evidence that it would be recovered, due to the limited trading history of the associated subsidiaries.

9. Profit for the financial period

Grant Thornton UK LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £61,487,000 (2014: £61,093,000).

10. Intangible fixed assets

The group	Goodwill £'000
Cost:	
At 1 July 2014	34,305
Additions	584
Disposals and amounts written off	(745)
Exchange adjustments	65
At 30 June 2015	34,209
Amortisation:	
At 1 July 2014	21,799
Provided in the year	4,140
Disposals and amounts written off	(745)
Exchange adjustments	45
At 30 June 2015	25,239
Net book amount at 30 June 2015	**8,970**
Net book amount at 30 June 2014	12,506

The difference between the goodwill in the group and that in the LLP represents purchased goodwill in subsidiary undertakings and goodwill arising on consolidation.

The LLP	Goodwill £'000
Cost:	
At 1 July 2014	31,607
Additions	619
At 30 June 2015	32,226
Amortisation:	
At 1 July 2014	20,129
Provided in the year	3,869
At 30 June 2015	23,998
Net book amount at 30 June 2015	**8,228**
Net book amount at 30 June 2014	11,478

11. Tangible fixed assets

The group	Long leasehold property £'000	Short leasehold property £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Total £'000
Cost:						
At 1 July 2014	17,783	19,394	11,044	15,254	5,175	68,650
Additions	-	1,084	1,000	2,488	1,101	5,673
Exchange adjustments	-	26	7	6	-	39
Disposals	-	(181)	(84)	(19)	(1,577)	(1,861)
At 30 June 2015	17,783	20,323	11,967	17,729	4,699	72,501
Depreciation:						
At 1 July 2014	6,771	10,194	8,860	13,350	2,784	41,959
Provided in the year	176	1,458	717	899	1,056	4,306
Exchange adjustments	-	10	6	6	-	22
Disposals	-	(181)	(82)	(19)	(1,034)	(1,316)
At 30 June 2015	6,947	11,481	9,501	14,236	2,806	44,971
Net book amount at 30 June 2015	**10,836**	**8,842**	**2,466**	**3,493**	**1,893**	**27,530**
Net book amount at 30 June 2014	11,012	9,200	2,184	1,904	2,391	26,691

The LLP	Long leasehold property £'000	Short leasehold property £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Total £'000
Cost:						
At 1 July 2014	17,783	19,087	10,957	15,170	5,175	68,172
Additions	-	1,079	998	1,583	1,101	4,761
Disposals	-	(181)	(84)	(19)	(1,577)	(1,861)
At 30 June 2015	17,783	19,985	11,871	16,734	4,699	71,072
Depreciation:						
At 1 July 2014	6,771	10,075	8,793	13,282	2,784	41,705
Provided in the year	176	1,431	713	881	1,056	4,257
Disposals	-	(181)	(82)	(19)	(1,034)	(1,316)
At 30 June 2015	6,947	11,325	9,424	14,144	2,806	44,646
Net book amount at 30 June 2015	**10,836**	**8,660**	**2,447**	**2,590**	**1,893**	**26,426**
Net book amount at 30 June 2014	11,012	9,012	2,164	1,888	2,391	26,467

The previous tables include assets held under finance leases and similar hire purchase contracts as follows:

The group and the LLP	**Long leasehold property** £'000	**Furniture and equipment** £'000	**Motor cars** £'000	**Total** £'000
Net book amount at 30 June 2015	**7,778**	**47**	**443**	**8,268**
Net book amount at 30 June 2014	7,905	128	409	8,442
Depreciation provided in the year	127	81	147	355

12. Fixed asset investments

The group	**Listed Investments** £'000	**Other investments** £'000	**Total** £'000
Cost or valuation			
At 1 July 2014	10,242	3,096	13,338
Additions	17,405	32	17,437
Exchange adjustments	-	261	261
Disposals	(19,368)	-	(19,368)
Revaluation	154	-	154
At 30 June 2015	8,433	3,389	11,822
Provisions			
At 1 July 2014	200	35	235
Provided in the year	-	73	73
Disposals	(200)	-	(200)
At 30 June 2015	-	108	108
Net book amount at 30 June 2015	**8,433**	**3,281**	**11,714**
Net book amount at 30 June 2014	10,042	3,061	13,103

	2015 **£'000**	2014 £'000
Listed investments at market value held by Fulwood Insurances Limited	**8,433**	10,042
Market value of all listed investments held by the group	**8,433**	10,042
Total listed investments on historical cost basis	**8,279**	10,170

The LLP	Investment in group undertakings £'000	Listed investments £'000	Other investments £'000	Total £'000
Cost				
At 1 July 2014	2,432	200	3,076	5,708
Exchange adjustments	-	-	261	261
Additions	-	-	32	32
Disposals	-	(200)	-	(200)
At 30 June 2015	2,432	-	3,369	5,801
Provisions				
At 1 July 2014	-	200	35	235
Provided in the year	30	-	73	103
Disposals	-	(200)	-	(200)
At 30 June 2015	30	-	108	138
Net book amount at 30 June 2015	**2,402**	**-**	**3,261**	**5,663**
Net book amount at 30 June 2014	2,432	-	3,041	5,473

	2015 £'000	2014 £'000
Listed investments at market value	**-**	-
Listed investments on historical cost basis	**-**	-

Other investments include US$5,000,000 (2014: US$5,000,000) in fully and compulsorily convertible debentures. The LLP has sought to hedge the foreign exchange risk on this investment by way of a series of foreign exchange collars. At 30 June 2015, the fair value of the financial assets relating to the collar was £63,000 (2014: £179,000) and the fair value of the financial liabilities was £36,000 (2014: £21,000).

At 30 June 2015, the group held an economic interest of 20% or more in the following LLPs or in the ordinary share capital of the following companies (as the case may be):

Subsidiary undertaking	Country of incorporation /registration	Proportion held by the LLP and the group	Nature of business
Fulwood Insurances Limited	Guernsey	100%	Insurance services
Geniac UK Limited	England	100%	Provision of a platform for small businesses support
Grant Thornton (British Virgin Islands) Limited	British Virgin Islands	100%	Provision of insolvency and restructuring advisory services
Grant Thornton Business Services	England	100%	Provision of personnel to the group
Grant Thornton Debt Solutions Limited	Ireland	50%	Provision of personal debt advisory services
Grant Thornton Employee Benefits Consultancy LLP	England	100%	Provision of benefits consultancy services
Grant Thornton Services LLP	England	100%	Provision of personnel to the group
Grant Thornton Specialist Services (Cayman) Limited	Cayman Islands	100%	Provision of insolvency and restructuring advisory services
The Local Futures Group Limited	England	100%	Licensing of intellectual property

The joint venture in Grant Thornton Debt Solutions Limited is not considered material to the Group.

At 30 June 2015, the group also held 100% of the ordinary share capital of, or interest in, the following companies and LLPs incorporated or registered in England, which are either dormant or non-trading:

Barfreston Limited
Company 3472211 (formerly Grant Thornton FSBC Limited)
Geniac Holdings Limited
Grant Thornton Limited
Grant Thornton Acquisitions Limited
Grant Thornton Acquisitions No.2 Limited
Grant Thornton Consulting Limited
Grant Thornton Contracts LLP
Grant Thornton Corporate Finance Limited
Grant Thornton Management Consultants Limited
Grant Thornton Nominees*
Grant Thornton Pension Trustees Limited
Grant Thornton Personal Financial Planning Limited
Grant Thornton Property Nominees *
Grant Thornton Trust Company Limited
GTN1 Limited
GTN2 Limited
GTPN1 Limited
GTPN2 Limited
Inderies Limited
Local Knowledge (UK) Limited
Thornton Baker Limited
Thornton Baker UK LLP

* Unlimited liability nominee companies in which the LLP has a 100% interest.

13. Debtors

	The group		The LLP	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade debtors	**106,524**	110,619	**102,312**	110,001
Amounts owed by group undertakings	**-**	-	**1,110**	2,758
Amounts recoverable on contracts	**64,041**	65,968	**62,311**	63,935
Other debtors	**12,887**	8,109	**10,786**	6,179
Amounts due from members	**6,757**	9,431	**6,757**	9,431
Prepayments and accrued income	**14,288**	12,888	**13,646**	9,807
	204,497	207,015	**196,922**	202,111

Included in the above for both the group and the LLP are the following amounts which are due after more than one year:

	The group		The LLP	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Prepayments and accrued income	**363**	254	**363**	254

14. Cash at bank and in hand

	The group		The LLP	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Cash and immediately available bank balances	**24,927**	20,633	**18,969**	13,637

15. Creditors: amounts falling due within one year

	The group		The LLP	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Bank loans and overdrafts	**18,547**	19,900	**18,400**	19,900
Excess payments received on account	**26,274**	27,407	**26,259**	27,313
Trade creditors	**11,783**	3,088	**10,339**	2,113
Amounts owed to group undertakings	**-**	-	**40,734**	36,375
Corporation tax	**1,728**	1,526	**-**	-
Social security and other taxes	**15,241**	17,218	**9,421**	11,663
Other creditors	**3,999**	2,282	**3,574**	1,767
Accruals and deferred income	**47,551**	53,623	**23,132**	32,084
Provisions for foreseeable losses	**2,130**	1,803	**2,130**	1,803
Amounts due to former members	**7,643**	3,207	**7,643**	3,207
Amounts due under finance leases and hire purchase contracts	**18**	14	**18**	14
	134,914	130,068	**141,650**	136,239

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

	The group		The LLP	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Bank loans	**3,000**	6,000	**3,000**	6,000
Amounts due under finance leases and hire purchase contracts	**11,815**	11,782	**11,815**	11,782
Other loans	**27**	-	**-**	-
	14,842	17,782	**14,815**	17,782

17. Borrowings

Borrowings are repayable as follows:

	The group		The LLP	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Within one year:				
Bank and other borrowings	**18,547**	19,900	**18,400**	19,900
Finance leases and hire purchase contracts	**18**	14	**18**	14
After one and within two years:				
Bank and other borrowings	**3,000**	3,000	**3,000**	3,000
Finance leases and hire purchase contracts	**51**	22	**51**	22
After two and within five years:				
Bank and other borrowings	**27**	3,000	**-**	3,000
Finance leases and hire purchase contracts	**320**	313	**320**	313
After five years:				
Finance leases and hire purchase contracts	**11,444**	11,447	**11,444**	11,447
	33,407	37,696	**33,233**	37,696

Unsecured bank loans totalling £21,400,000 (2014: £25,900,000) are repayable in a mixture of monthly, quarterly and annual instalments between 1 July 2015 and 12 December 2016 (2014: between 1 July 2014 and 12 December 2016). Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

18. Provisions for liabilities

The group	**Claim provisions** £'000	**Property provisions** £'000	**Former members' annuities** £'000	**Total** £'000
At 1 July 2014	14,434	1,749	29,699	45,882
New annuity obligations	-	-	158	158
Amortisation of discount	-	-	830	830
Settlement of obligations during year	(4,839)	(456)	(3,387)	(8,682)
Change in assumptions and experience losses	(689)	-	549	(140)
Released to profit and loss account	(867)	(10)	-	(877)
Provided during year in profit and loss account	4,570	716	-	5,286
At 30 June 2015	**12,609**	**1,999**	**27,849**	**42,457**

The LLP	Claim provisions £'000	Property provisions £'000	Former members' annuities £'000	Total £'000
At 1 July 2014	4,820	1,749	29,699	36,268
New annuity obligations	-	-	158	158
Amortisation of discount	-	-	830	830
Settlement of obligations during year	(689)	(456)	(3,387)	(4,532)
Change in assumptions and experience losses	-	-	549	549
Released to profit and loss account	(815)	(10)	-	(825)
Provided during year in profit and loss account	2,794	716	-	3,510
At 30 June 2015	**6,110**	**1,999**	**27,849**	**35,958**

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

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

	2015 £'000	2014 £'000
In less than one year	**3,942**	4,212
After one and within five years	**9,800**	10,217
After five and within ten years	**7,012**	7,317
After ten and within twenty-five years	**6,705**	7,368
In more than twenty-five years	**390**	585
	27,849	29,699

19. Members' interests

The group	Revaluation reserves £'000	Other reservers £'000	Total members' other interests £'000	Loans and other debts due to/(from) members £'000	Total members' interests £'000
At 1 July 2014	(542)	(72,068)	(72,610)	42,456	(30,154)
Members' remuneration charged as an expense	-	-	-	9,517	9,517
Profit for the financial year available for discretionary division among members	-	69,103	69,103	-	69,103
Members' interests after profit for year	(542)	(2,965)	(3,507)	51,973	48,466
Allocated profits in respect of the prior year	-	(65,601)	(65,601)	65,601	-
Tax adjustments on payment of annuities to former members	-	734	734	-	734
Members' capital introduced	-	-	-	2,750	2,750
Other amounts withdrawn by members	-	-	-	(521)	(521)
Drawings (including tax payments)	-	-	-	(63,280)	(63,280)
Transfer of capital to former members' balances	-	-	-	(6,650)	(6,650)
Transfer of other amounts to former members' balances	-	-	-	(6,398)	(6,398)
Pension scheme actuarial loss	-	(35,514)	(35,514)	-	(35,514)
Movement in unrealised gains/losses on investments	154	-	154	-	154
Exchange gains on translation of foreign operations	-	1,184	1,184	-	1,184
Movement on members' annuities	-	-	-	(57)	(57)
At 30 June 2015	**(388)**	**(102,162)**	**(102,550)**	**43,418**	**(59,132)**

The LLP	Members' other interests - Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members' interest £'000
At 1 July 2014	16,990	42,456	59,446
Members' remuneration charged as an expense	-	9,517	9,517
Profit for the financial year available for discretionary division among members	61,487	-	61,487
Partners' interests after profit for year	78,477	51,973	130,450
Allocated profits in respect of the prior year	(65,601)	65,601	-
Tax adjustments on payment of annuities to former members	734	-	734
Members' capital introduced	-	2,750	2,750
Other amounts withdrawn by members	-	(521)	(521)
Drawings (including tax payments)	-	(63,280)	(63,280)
Transfer of capital to former members' balances	-	(6,650)	(6,650)
Transfer of other amounts to former members' balances	-	(6,398)	(6,398)
Movement on members' annuities	-	(57)	(57)
At 30 June 2015	**13,610**	**43,418**	**57,028**

Allocated profits for the group and the LLP comprise:

	£'000
Profits for the year ended 30 June 2014, allocated in the year ended 30 June 2015	65,601

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

The group	Due within one year £'000	Due after one year £'000	2015 £'000	Due within one year £'000	Due after one year £'000	2014 £'000
Members' capital classified as a liability	**40,575**	**-**	**40,575**	44,475	-	44,475
Amounts due to members – profits	**9,557**	**-**	**9,557**	7,312	-	7,312
Provision for annuities in relation to current members	**-**	**43**	**43**	-	100	100
Loans and other debts due to members	**50,132**	**43**	**50,175**	51,787	100	51,887
Amounts due from members included in debtors (note 13)	**(6,757)**	**-**	**(6,757)**	(9,431)	-	(9,431)
	43,375	**43**	**43,418**	42,356	100	42,456

The LLP	Due within one year £'000	Due after one year £'000	2015 £'000	Due within one year £'000	Due after one year £'000	2014 £'000
Members' capital classified as a liability	**40,575**	**-**	**40,575**	44,475	-	44,475
Amounts due to members – profits	**9,557**	**-**	**9,557**	7,312	-	7,312
Provision for annuities in relation to current members	**-**	**43**	**43**	-	100	100
Loans and other debts due to members	**50,132**	**43**	**50,175**	51,787	100	51,887
Amounts due from members included in debtors (note 13)	**(6,757)**	**-**	**(6,757)**	(9,431)	-	(9,431)
	43,375	**43**	**43,418**	42,356	100	42,456

Loans and other debts due to members rank pari passu with unsecured creditors. The legal opinion given in an appendix to the SORP, Accounting by Limited Liability Partnerships, is that members' other interests, represented above by other reserves, rank after unsecured creditors.

20. Net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating profit	**85,718**	83,636
Depreciation and amortisation	**8,446**	8,864
Decrease in debtors	**342**	4,054
Increase in creditors	**1,451**	9,305
Increase/(decrease) in provision against investments	**73**	(3)
Adjustments in provisions for liabilities	**(1,027)**	4,290
Adjustments in pension liability	**(5,826)**	(5,129)
Net cash inflow from operating activities	**89,177**	105,017

Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Increase in cash in the year	**4,143**	4,422
Cash outflow from financing	**4,349**	19,800
Cash outflow/(inflow) from finance leases	**109**	(98)
Cash outflow from transactions with members	**62,001**	60,265
Change in net debt resulting from cash flows	**70,602**	84,389
On acquisitions	**(27)**	-
Exchange movement	**155**	(335)
Non-cash items	**(60,435)**	(65,435)
Decrease in net debt in the year	**10,295**	18,619
Net debt at 1 July 2014	**(68,950)**	(87,569)
Net debt at 30 June 2015	**(58,655)**	(68,950)

21. Analysis of changes in net debt

	At 1 July 2014 £'000	Acquisitions (note 22) £'000	Cash flow £'000	Exchange movement £'000	Other non-cash items £'000	At 30 June 2015 £'000
Cash in hand and at bank	20,633	-	4,143	151	-	**24,927**
Bank and other borrowings	(25,900)	(27)	4,349	4	-	**(21,574)**
Finance leases	(11,796)	-	109	-	(146)	**(11,833)**
Net debt before loans and other debts due to members	(17,063)	(27)	8,601	155	(146)	**(8,480)**
Loans and other debts due to members	(51,887)	-	62,001	-	(60,289)	**(50,175)**
Net debt including loans and other debts due to members	(68,950)	(27)	70,602	155	(60,435)	**(58,655)**

Non-cash items within the finance lease movement represent the capital component of new finance leases and hire purchase contracts. Non-cash items within the movement in loans and other debts due to members principally represent allocated profits.

22. Acquisitions

On 22 May 2015, a subsidiary entity of the LLP acquired 100% of the share capital of Geniac Holdings Limited and its subsidiary, Geniac UK Limited, a technology start-up that has developed a platform to support small businesses.

The details of net assets acquired were as follows:

	2015 £'000
Assets and liabilities acquired (book value and fair value):	
Tangible fixed assets	808
Debtors	41
Cash	25
Creditors	(402)
Bank and other borrowings	(27)
	445
Negative goodwill	(35)
Total consideration	**410**
Satisfied by:	
Cash	250
Legal fees	160
	410

Analysis of the net cash outflow in respect of the acquisition during the year:

Cash consideration (including legal fees)	410
Cash outflow in the year	**410**

In the accounting period prior to acquisition, Geniac's results after tax were a profit of £604,000. Following acquisition, Geniac's results since acquisition were a loss after tax of £71,000. The total profits for its accounting period were a profit of £533,000. The negative goodwill arising on the Geniac acquisition has been offset against positive goodwill in note 10. Our commitment is to significant further investment in the development and scaling of the offering to be a market leading platform for growth businesses.

On 23 December 2014, the trade of Recovery Cost Auditing Limited was acquired by the LLP, the trade comprises identifying refunds and savings opportunities in the Telecom and Energy sectors.

No net assets were acquired.	**2015 £'000**
Goodwill	619
Total consideration	**619**
Satisfied by:	
Cash	413
Deferred consideration	137
Legal fees	69
	619

Analysis of the net cash outflow in respect of the acquisition during the year:

Cash consideration (including legal fees)	482
Cash outflow in the year	**482**

Deferred consideration is payable on the 12 month anniversary of the acquisition. The trade has been included within the LLP and it is therefore not practical to provide the profit and loss account analysis showing the contribution of the acquisition during the year.

23. Capital commitments

At 30 June 2015, there was £Nil (2014: £Nil) of contracted but not recognised capital expenditure.

24. Contingent liabilities

There were no unprovided contingent liabilities at 30 June 2015 (2014: None) other than those in connection with guarantees given by the LLP relating to the defined benefit pension scheme as more fully described in note 25.

25. Retirement benefits

Defined Contribution Pension Scheme

The group operates defined contribution pension schemes for the benefit of certain employees. The assets of the schemes are administered in funds independent from those of the group.

Employer contributions to the schemes by the group in the year ended 30 June 2015 amounted to £18,326,000 (2014: £15,973,000). The outstanding contributions to the schemes at the year end were £Nil (2014: £Nil).

Defined Benefit Pension Scheme

The group operates two defined benefit pension schemes for the benefit of certain employees, the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. The assets of the schemes are administered by trustees in funds independent from the assets of the group.

The Robson Rhodes scheme is significantly smaller than the Grant Thornton scheme. Both schemes are closed to new members, and the Grant Thornton scheme was closed to further benefit accrual with effect from 31 October 2014.

The major assumptions used for the purpose of the FRS 17 valuation at 30 June 2015 were:

	2015 **%**	2014 %
Expected return on assets - Robson Rhodes scheme	**3.80**	6.45
Expected return on assets - Grant Thornton scheme	**3.80**	5.85
Rate of general increase in salaries - Grant Thornton scheme	**n/a**	3.70
Rate of general increase in salaries - Robson Rhodes scheme	**3.70**	3.70
Rate of revaluation of accrued and deferred pensions - Grant Thornton scheme	**2.20**	2.20
Rate of revaluation of accrued and deferred pensions - Robson Rhodes scheme	**5.00**	5.00
Rate of increase in pensions in payment - pre 1 July 2006	**3.15**	3.15
Rate of increase in pensions in payment - post 30 June 2006	**2.25**	2.25
Discount rate	**3.80**	4.50
Retail price inflation	**3.20**	3.20
Consumer price inflation	**2.20**	2.20
Mortality assumption	**SAPS S1NXA_L Improvements with 1% long term trend***	PNXA00MC with 1% underpin, past and future*

*Mortality rates are assumed to follow the SAPS S1NXA_L series (2014: PNXA00 series), incorporating the CMI_2013 projections with a long-term rate of improvement of 1% per annum for past and future years.

The rate of return on each asset class should reflect long term expectations at the beginning of the period. For gilts and cash, the expected return is determined by applying the market yield on long dated gilts to the market value of assets held at the beginning of the period. For corporate bonds, the expected return is determined by the weighted average of the index yields on AA rated corporate bonds and Government stocks at 30 June 2015. The weightings are based on the scheme's proportionate holdings of these types of assets. For equities, the expected rate of return is calculated as the market yield on long dated gilts plus 4%. This rate is then applied to the market value of assets at the beginning of the period to calculate the expected return. For property, the expected rate of return is calculated as the market yield on long dated gilts plus 3%. This rate is then applied to the market value of assets at the beginning of the period to calculate the expected return. For the buy-in policy, expected return on this asset is taken to be the discount rate at 30 June 2015.

Regarding the assumptions used for the purpose of the FRS 17 valuation noted above, the expected return on assets applied to the year ended 30 June 2015 was 5.85%. The expected return on assets for the year ending 30 June 2016 will be based on the discount rate as at 30 June 2015, being 3.80% (2014: 4.50%).

The assumed rates of mortality have been based on standard tables, themselves derived from an analysis (undertaken by the Continuous Mortality Investigation Bureau (CMI)) of deaths within the insured pensioner population over a four year period centered around 2000.

Because increases in life expectancy are considered to vary depending on a person's age and will also depend on how far into the future the change is being measured, it is difficult to derive the financial impact on pension scheme liabilities of a one year change in assumed life expectancy across all age groups. The table below, however, provides an appreciation of the impact on life expectancy of allowing for longevity improvements beyond 2015 adopting medium cohort assumptions.

Assumption: allowance for 'medium cohort' improvements post 2015 with a 1% underpin

Life expectancy (years)	**Male**	**Female**
Currently aged 65	23.6	24.9
Aged 65 in 20 years' time	24.9	26.4

All the assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2015 £'000	**%**	2014 £'000	%	2013 £'000	2012 £'000	2011 £'000
UK Equities	**24,780**	**8.5**	38,100	14.3	49,467	45,492	50,061
Overseas Equities	**95,250**	**32.7**	70,720	26.5	19,926	18,744	20,628
Multi asset funds	**46,478**	**16.0**	21,295	8.0	81,672	69,657	67,614
Fixed interest Gilts	**-**	**0.0**	-	0.0	-	1,484	1,237
Index-linked Gilts	**1,277**	**0.4**	51,390	19.3	26,936	47,437	40,278
Corporate Bonds	**47,052**	**16.2**	33,651	12.6	18,450	29,147	26,587
Property	**23,239**	**8.0**	23,661	8.9	25,584	25,984	26,129
Buy-in policy*	**30,125**	**10.3**	26,290	9.8	26,076	-	-
Cash	**23,004**	**7.9**	1,635	0.6	1,273	1,104	960
Total market value of assets	**291,205**	**100.0**	266,742	100.0	249,384	239,049	233,494
Present value of scheme liabilities (all funded)	**(429,005)**		(373,681)		(340,980)	(315,532)	(278,554)
Net pension liability recognised in the consolidated balance sheet	**(137,800)**		(106,939)		(91,596)	(76,483)	(45,060)

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

The history of experience (gains) and losses has been:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between expected and actual return on scheme assets	**(14,958)**	(4,223)	(1,669)	9,014	(22,232)
Experience losses and (gains) on scheme liabilities	**4,872**	1,931	3,444	9,298	(9,308)
Changes in the actuarial assumptions underlying the present value of the scheme liabilities	**45,412**	22,120	17,503	18,685	1,600
Total actuarial losses and (gains)	**35,326**	19,828	19,278	36,997	(29,940)

Reconciliation of scheme liabilities during the year:

	2015 £'000	2014 £'000
Scheme liabilities at the beginning of year	**373,681**	340,980
Interest cost	**16,564**	16,564
Current service cost	**627**	2,925
Member contributions	**2**	2
Benefits paid by scheme	**(12,341)**	(10,841)
Loss on change of actuarial assumptions	**45,412**	22,120
Derecognition of pension scheme surplus	**188**	-
Experience loss on liabilities	**4,872**	1,931
Scheme liabilities at end of year	**429,005**	373,681

Reconciliation of scheme assets during the year:

	2015 £'000	2014 £'000
Market value at beginning of year	**266,742**	249,384
Benefits paid	**(12,341)**	(10,841)
Employer contributions	**6,453**	8,054
Member contributions	**2**	2
Expected return on assets	**15,391**	15,920
Actuarial gain on assets	**14,958**	4,223
Market value at end of year	**291,205**	266,742

Actual return on scheme assets:

	2015 £'000	2014 £'000
Expected return on scheme assets	**15,391**	15,920
Actuarial gain	**14,958**	4,223
Actual return on scheme assets	**30,349**	20,143

The amount charged to operating profit was:

	2015 £'000	2014 £'000
Current service cost	**627**	2,925
Total operating charge	**627**	2,925

Other finance costs/(income) comprises:

	2015 £'000	2014 £'000
Expected return on pension scheme assets	**(15,391)**	(15,920)
Interest on pension scheme liabilities	**16,564**	16,564
	1,173	644

The amount recognised in the statement of total recognised gains and losses is:

	2015 £'000	2014 £'000
Actual return more than expected return on pension scheme assets	**(14,958)**	(4,223)
Experience loss arising on the scheme liabilities	**4,872**	1,931
Changes in the actuarial assumptions underlying the present value of the scheme liabilities	**45,412**	22,120
Net losses	**35,326**	19,828

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £147.5m (2014: £112.2m loss).

The movement in the deficit in the year was:

	2015 £'000	2014 £'000
Deficit in schemes at beginning of year	**(106,939)**	(91,596)
Current service cost	**(627)**	(2,925)
Contributions	**6,453**	8,054
Other finance costs	**(1,173)**	(644)
Actuarial loss	**(35,326)**	(19,828)
Derecognition of pension scheme surplus	**(188)**	-
Deficit in schemes at end of year	**(137,800)**	(106,939)

The change in the scheme liabilities at 30 June 2015 would reduce by £36.5m if the discount rate increased by 0.5% and increase by £39.9m if the discount rate reduced by 0.5%.

At the year end, there was a small surplus in the Robson Rhodes scheme which has not been recognised so the deficit noted above arises in the Grant Thornton scheme. The most recent schedule of contributions agreed with the trustees was in October 2014. Now that the scheme has closed to further accrual of benefit by the members, these contributions cover certain investment management expenses and an element designed to eliminate the funding shortfall by June 2021. Annual deficit reduction contributions of £5.4m were made for the year ended 30 June 2015, and these will increase gradually to £7.1m for the year ending 30 June 2021, although the position and funding required will be reassessed as at 30 June 2017 once the next triennial review is carried out. In addition to these contributions, up until cessation of further benefit accrual, the firm has paid 5% of pensionable salaries in respect of members who opted into the salary sacrifice arrangement. Aggregate employer contributions for both schemes, including the salary sacrifice component, in the year commencing 1 July 2015 are expected to be £6.2m (1 July 2014: £8.1m) and member contributions for the same period are expected to be £0.1m (2014:£Nil).

Guarantee and recognition of obligations

A subsidiary entity, Grant Thornton Services LLP ('GT Services'), is the principal employer to both the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. Both schemes are defined benefit pension schemes. GT Services is the sole participating employer of the active members of the GT scheme. Its immediate parent company, Grant Thornton Business Services ("GT Business Services") is the sole participating employer of the active members of the Robson Rhodes scheme. The FRS 17 obligations in respect of the schemes are set out above. The LLP pays GT Services and GT Business Services for the supply of employees to the LLP in accordance with the terms of a Supply of Services Agreement between the LLP and GT Services, such charges being sufficient to cover all of the employment costs of the employees, including all pension payments made by GT Services or GT Business Services to the scheme.

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

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

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

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

26. Leasing commitments

Operating lease payments amounting to £15,713,000 (2014: £14,271,000) are due within one year. The leases to which these amounts relate expire as follows:

		2015		2014
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In one year or less	**820**	**811**	278	1,070
Between one and five years	**3,649**	**2,684**	4,797	1,427
In five years or more	**7,749**	**-**	6,699	-
	12,218	**3,495**	11,774	2,497

27. Transactions with related parties

The LLP has taken advantage of the exemption under Financial Reporting Standard 8, Related Party Disclosures not to disclose any transactions between itself and its wholly owned subsidiary undertakings.

28. Post balance sheet event

On 14 August 2015, the LLP transferred its IVA business to Aperture (NI) LLP, a new entity in which the LLP retains a 40% stake. There is no material impact on the group results.

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