



Grant Thornton UK Proforma UK Group

Report to members and combined financial statements

For the year ended 31 December 2025

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Report to members

The Designated Members of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP present their report together with the combined financial statements of the two LLPs, and their subsidiary entities (together the “Proforma UK Group”, “Grant Thornton UK” or “the firm”) for the year ended 31 December 2025.

Structure

These special purpose financial statements of Grant Thornton UK include the financial information of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP and their respective subsidiary entities (together the “Proforma UK Group”). These financial statements comprise of a combined income statement, combined statement of net assets and selected notes to the financial statements.

It was noted in the 2024 annual report of Grant Thornton UK LLP, that a binding but conditional agreement to take third party investment from Cinven to assist in the delivery of its strategy and its strategic goals had been signed. The transaction to effect the investment completed on 31 March 2025 having received the appropriate regulatory approvals. As anticipated in the 2024 annual report, all activities of the Proforma UK Group have been maintained. To ensure continued compliance with Audit Regulations, and other relevant legislation and regulatory requirements, the firm adopted an alternative group structure.

As part of this change, the firm's audit and non-audit businesses were separated into two distinct legal entities: Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP. Grant Thornton UK LLP retained the audit business, with audit partners continuing to hold the majority of voting rights to safeguard audit quality and independence.

On 31 March 2025, certain trade and assets of Grant Thornton UK LLP transferred to Grant Thornton UK Advisory & Tax LLP which at the time of the transaction was under common control of its members. As a result, the Advisory and Tax practice was transferred to Grant Thornton UK Advisory & Tax LLP, a newly established entity whose members include audit partners, advisory and tax partners, and Cinven.

These financial statements present the combined financial position and results of the two LLPs and their subsidiaries (the Proforma UK Group). As no single member controls both entities when they are combined this way, they do not meet the IFRS 10 definition of a Group, as such these financial statements depart from ‘IFRS 10’ Consolidated Financial Statements as stated in the accounting policies.

These financial statements are intended to describe the combined income statement and net asset position of Proforma UK Group for the financial year ended 31 December 2025, on a like-for-like basis to the annual report of Grant Thornton UK LLP for the year ended 31 December 2024. This is considered useful financial information due to the complexities in the 2025 statutory entity accounts of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP given the changes to the group structure.

Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP are both incorporated under the Limited Liability Partnership Act 2000 and are both registered in England and Wales.

Principal activities

The principal activities of Grant Thornton UK are the provision of audit, tax and advisory services. The Proforma UK Group operates primarily through the two UK LLPs and their subsidiary undertakings, predominantly in the UK.

Leadership and governance

Full details of the leadership and governance structure of the firm and the Terms of Reference for each committee within the structure can be found on our website on the Leadership and governance page.

Financial performance

Revenue

Revenue for the year on a combined proforma basis was £787.1m (2024: £759.0m) reflecting growth of 4%. Audit and Tax showed strong growth on prior year at 11% and 9% respectively. Advisory contracted by 3%, experiencing a lower level of demand, a trend we believe was market wide in 2025. Net revenue for the year on a combined proforma basis was £747.9m (2024: £724.0m) reflecting growth of 3%. The overall growth rate reflects well on the resilience of the business and its investments in new talent when compared to broader market conditions.

Operating profit

Despite ongoing investments in growth and delivery quality, adjusted operating profit development has been positive with 2025 being £188.6m (2024: £144.6m), a 30% increase on the prior year. This reported figure is further explained in Note 4 via some alternative performance metrics which allow for a closer like-for-like comparison.

Profit per partner

Following the decision to take third party investment from Cinven, a number of share-type awards and retention plans were implemented to remunerate non-corporate members' for the long-term. As disclosed in Note 4, the average compensation of non-corporate members during the year was £686,000. The prior year average profit per member, calculated with reference to the Proforma UK Group previously being a full-distribution model LLP was £682,000. This is considered to be a very positive result given the increase in partner numbers and the adjustment to the partner profit share which was agreed as part of the Cinven investment.

Strategic progress

Set out below are the principal strategic developments during the year, reflecting the firm's continued focus on growth, investment in capability and the strengthening of its long-term financial position.

- Partner recruitment – the firm set a new benchmark for ambition in the professional services market with our plan to recruit 160 new partners over the next two years. This bold move reflects our commitment to building exceptional leadership capacity to deliver our ambitious growth strategy. With 280 partners today and 39 partner appointments already made in 2025, the firm is accelerating recruitment through a combination of internal promotions and targeted external hiring. The new partner model breaks with tradition in the sector, offering a balance of in-year and long-term incentive reward.
- Technology investment – the firm announced a multi-year investment to redesign how an audit, tax and advisory firm works, putting people, data and digital tools at the heart of an altogether better client experience. Working with leading global technology partners and our investors, Cinven, Grant Thornton will introduce connected digital platforms that put information in one place and remove the manual work that gets in the way.
- Employee Benefit Trust - the firm announced a market-leading move to introduce a new Employee Benefit Trust (EBT) to reward its people for their contributions to the firm's success. When choosing to take external investment with Cinven, the firm's partners voted to set aside a substantial amount of equity in Pacioli Topco (Jersey) Limited to reward senior talent below partner grade. This equity is held in an EBT which provides a ringfenced pool of value that will be used to reward employees of the firm.
- Defined benefit pension scheme buy-in – the firm was previously funding a defined benefit pension scheme. During the year the Proforma UK Group purchased a bulk purchase annuity policy covering all liabilities of the defined benefit pension scheme. The policy provides income to match the benefits due to pension scheme members. The buy-in policy covers the liabilities of the defined benefit plan, removing the material pension liability risk whilst providing greater benefit security to the members of the plans. The transaction includes a strategic objective to convert into a buyout arrangement in the future which will fully extinguish the liability from the combined group.

Going concern

Both of the LLPs, Grant Thornton UK Advisory & Tax LLP and Grant Thornton UK LLP are considered a going concern and both sets of separate financial statements, and these combined statements are therefore prepared on this basis.

Subsequent events

No adjusting or significant non-adjusting events have occurred between the 31 December 2025 and the date of authorisation of these financial statements.

Report to members

For the year ended 31 December 2025

Statement of responsibilities in respect of the Report to members and the special purpose financial statements

The Designated members of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP, hereby referred to as “management” are jointly responsible for preparing the Report to members and the special purpose financial statements.

Management have approved these special purposes financial statements as they are satisfied they give a true and fair view of the Combined income statement, Combined statement of comprehensive income, and Combined statement of net assets of the Proforma UK Group for the year ended 31 December 2025.

In preparing these special purpose financial statements, management have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the accounting standards that have been applied, subject to any material departures disclosed and explained in the special purpose financial statements; and
- prepared the special purpose financial statements on the going concern basis unless it is inappropriate to presume that the Proforma UK Group will continue in business.

Management are responsible for:

- keeping adequate accounting records that disclose with reasonable accuracy at any time the net assets of the Proforma UK Group and enable them to ensure that the special purpose financial statements comply with the stated accounting policies;
- maintenance and integrity of the corporate and financial information included on the firm’s website; and
- safeguarding the assets of the Proforma UK Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

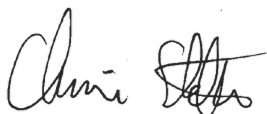
Legislation in the United Kingdom governing the preparation and dissemination of special purposes financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Designated members of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP on 29 April 2026 by:



Malcolm Gomersall

Chief Executive Officer



Chris Stefani

Chief Financial Officer

Independent auditor's report to the designated members of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP

Opinion

We have audited the special purpose financial statements of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP and their subsidiaries (the "Proforma UK Group") for the year ended 31 December 2025 which comprise the Combined income statement, Combined statement of comprehensive income, Combined statement of net assets and notes to the special purpose financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is UK-adopted international accounting standards except for the departures noted in Note 1.1

In our opinion, the accompanying special purpose financial statements give a true and fair view of the financial position of the Proforma UK Group as at 31 December 2025 and its results for the year then ended in accordance with UK-adopted international accounting standards except for the departures noted in Note 1.1.

Basis for opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1.1 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to present the combined position and results of the Proforma UK Group. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the designated members of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the special purpose financial statements, we have concluded that the designated members' use of the going concern basis of accounting in the preparation of the special purpose financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of members

The designated members of the LLPs in the Proforma UK Group are responsible for the preparation of the special purpose financial statements and for being satisfied that they give a true and fair view, and for such internal control as the designated members determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

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

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

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

Our audit procedures to respond to those risks included:

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

Independent Auditor's report

For the year ended 31 December 2025

- evaluating significant judgements and estimates for indications of inappropriate management bias.

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

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

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

Use of our report

This report is made solely to the designated members of the LLPs in the Proforma UK Group, as a body, in accordance with the terms of our engagement letter dated 3 February 2026. Our audit work has been undertaken so that we might state to the designated members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted, we do not accept or assume responsibility to anyone other than the Proforma UK Group and the designated members of the LLPs in the Proforma UK Group as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

29 April 2026

Combined income statement

for the year ended 31 December 2025

	Note	2025			2024		
		Before separately disclosed items £m	Separately disclosed items (Note 4) £m	Total 2025 after separately disclosed items £m	Before separately disclosed items £m	Separately disclosed items (Note 4) £m	Total 2024 after separately disclosed items £m
Revenue	3	787.1	-	787.1	759.0	-	759.0
Client expenses and disbursements		(39.2)	-	(39.2)	(35.0)	-	(35.0)
Net revenue		747.9	-	747.9	724.0	-	724.0
Other operating income		0.3	-	0.3	1.7	12.5	14.2
Operating expenses		(559.6)	(161.9)	(721.5)	(581.1)	(10.3)	(591.4)
Operating profit/(loss)		188.6	(161.9)	26.7	144.6	2.2	146.8
Share of profit from equity accounted investments		0.6	-	0.6	0.2	-	0.2
Finance costs		(3.9)	-	(3.9)	(5.8)	-	(5.8)
Finance income		8.6	-	8.6	2.4	-	2.4
Profit/(loss) before tax		193.9	(161.9)	32.0	141.4	2.2	143.6
Taxation charge for the year		(2.0)	-	(2.0)	(2.2)	-	(2.2)
Profit/(loss) for the year before members' remuneration		191.9	(161.9)	30.0	139.2	2.2	141.4
Members' remuneration charged as an expense recognised in the two LLPs		(29.7)	(143.1)	(172.8)	(32.8)	-	(32.8)
Profit/(loss) for the year available for discretionary division		162.2	(305.0)	(142.8)	106.4	2.2	108.6

Profit/(loss) for the year available for discretionary division that is attributable to non-controlling interests of certain subsidiary undertakings in the Proforma UK Group for the year is £0.3m (2024: £0.1m), with no separately disclosed items applicable to these interests.

Combined statement of comprehensive income

for the year ended 31 December 2025

	2025			2024		
	Before separately disclosed items	Separately disclosed items (Note 4)	Total 2025 after separately disclosed items	Before separately disclosed items	Separately disclosed items (Note 4)	Total 2024 after separately disclosed items
	£m	£m	£m	£m	£m	£m
Profit/(loss) for the year available for discretionary division	162.2	(305.0)	(142.8)	106.4	2.2	108.6
Other comprehensive (expense)/income:						
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement losses on the defined benefit obligations	(32.9)	-	(32.9)	(0.1)	-	(0.1)
Items that may be reclassified subsequently to profit or loss:						
Revaluation of shares held in employee benefit trust		8.9	8.9	-	-	-
Exchange differences on translating foreign operations	(1.1)	-	(1.1)	0.3	-	0.3
Other comprehensive (expense)/income for the year	(34.0)	8.9	(25.1)	0.2	-	0.2
Total comprehensive income/(expense) for the year	128.2	(296.1)	(167.9)	106.6	2.2	108.8

Total comprehensive income/(expense) for the year that is attributable to non-controlling interests of certain subsidiary undertakings in the Proforma UK Group for the year is £0.3m (2024: £0.1m), with no separately disclosed items applicable to these interests.

Combined statement of net assets

as at 31 December 2025

ASSETS	2025 £m	2024 £m
Non-current assets		
Goodwill	16.0	16.0
Other intangible assets	2.8	3.9
Property, plant and equipment	32.2	13.5
Right-of-use assets	59.9	64.5
Other long-term financial assets	5.6	20.7
Investments accounted for using the equity method	1.0	2.4
Investment in shares held by employee benefit trust	8.9	-
Trade and other receivables	6.6	8.8
Total non-current assets	133.0	129.8
Current assets		
Trade and other receivables	310.1	259.1
Amounts owed by related entities	49.4	-
Restricted fixed-term call deposits	0.3	1.0
Other short-term financial assets	4.5	5.6
Restricted funds	11.0	-
Cash and cash equivalents	177.1	47.6
Total current assets	552.4	313.3
Total assets	685.4	443.1

LIABILITIES	2025 £m	2024 £m
Non-current liabilities		
Loans and other debts due to members after more than one year	5.0	5.6
Share-based payment liability	73.6	-
Net pensions liability and other long-term benefits	2.6	32.8
Lease liabilities	58.6	55.8
Provisions	19.2	26.1
Total non-current liabilities	159.0	120.3

Combined statement of net assets (continued)

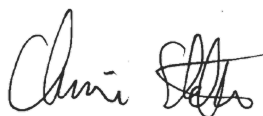
as at 31 December 2025

LIABILITIES (continued)	2025 £m	2024 £m
Current liabilities		
Loans and other debts due to members within one year		
Members' of individual LLPs capital classified as a liability	52.1	52.3
Other amounts due to members	191.3	50.5
	243.4	102.8
Other current liabilities		
Borrowings	1.7	30.3
Trade and other payables	164.1	131.4
Lease liabilities	5.4	7.7
Provisions	2.1	4.7
Current tax liabilities	2.4	1.5
Total current liabilities	419.1	278.4
Total liabilities	578.1	398.7
Net assets	107.3	44.4

The special purpose financial statements of the Proforma UK Group on pages 9 to 27 were approved and authorised for issue on 29 April 2026 and were signed by Designated members of both Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP on behalf of the two LLPs by:



Malcolm Gomersall
Chief Executive Officer



Chris Stefani
Chief Financial Officer

Notes to the combined financial statements

1 Material accounting policies and nature of operations

This note provides details of the nature of operations and basis of preparation. Key material accounting policies adopted in the preparation of these combined financial statements are integrated into the respective notes of the financial statements. Note 5 includes details of all other material accounting policies adopted in the preparation of these combined financial statements to the extent that they have not been disclosed in other notes.

1.1 Nature of operations and basis of preparation

Nature of operations

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

Basis of preparation

The combined financial statements are presented in Pounds Sterling (£) which is also the functional currency of the Proforma UK Group and have been presented in round millions to 1 decimal place (£m).

These combined financial statements of the Proforma UK Group have been prepared in accordance with a UK-adopted international accounting standards except for the departure described below. As a result of these departures, the financial statements do not comply with UK-adopted international accounting standards as a whole.

Comparative information has been included on the same basis and using the same accounting policies and valuation methods as used by Grant Thornton UK LLP group financial statements for the year ended 31 December 2024 which complied with UK-adopted international accounting standards and can be found on Companies House.

Departure from IFRS 10 – Consolidation of entities not under common control

The financial statements include a combination of two separate LLPs, Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP (and their respective subsidiary undertakings), which are not under the same control.

Because no party controls both entities, the consolidation presented in these financial statements does not meet the definition of a Group under IFRS 10 and therefore is not compliant with IFRS 10. The combined presentation has been prepared to show the financial position and results of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP on a combined basis. This provides comparable financial information that is otherwise not available in the individual LLP accounts, due to changes to the group structure.

As a result, the financial statements should not be regarded as consolidated financial statements prepared in accordance with IFRS 10. The effect of complying with IFRS 10 has not been presented.

Limited presentation – omission of required statements and disclosures

These special purpose financial statements include only:

- A combined income statement
- A combined statement of comprehensive income
- A combined statement of net assets

Certain notes to the combined financial statements

The following components as required by UK-adopted international accounting standards have not been presented:

- A combined statement of financial position

Notes to the combined financial statements

For the year ended 31 December 2025

- A combined statement of changes in equity
- A combined statement of cashflows
- Notes to the financial statements as required by IAS 1 and other IFRS standards.

Accordingly, the financial statements do not include the full disclosures and explanatory information required under UK-adopted international accounting standards and should not be regarded as a complete set of general-purpose financial statements.

Consolidation

The results and financial positions of Grant Thornton UK LLP (and its subsidiaries) and Grant Thornton UK Advisory & Tax LLP (and its subsidiaries) have been combined together. All entities have a reporting date of 31 December.

All transactions and balances between Proforma UK Group entities are eliminated on consolidation. Amounts reported in the financial statements of Proforma UK Group entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Proforma UK Group. Both Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP apply consistent accounting policies.

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

Foreign currency translation

The assets, liabilities and transactions of Proforma UK Group entities with a different functional currency are translated into Pounds Sterling upon consolidation. The income statements of these entities are translated into Pounds Sterling at the average exchange rates for the period and the year-end net assets are translated at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets are reported in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

Foreign currency transactions and balances

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

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

Impairment of non-financial assets

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

2 Significant management judgements and estimates

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

2.1 Significant judgements

Revenue recognition

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

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

2.2 Significant accounting estimates

Revenue recognition

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

Estimates are updated at each reporting date for both stage of completion and where the expected value basis revenue recognition has been applied, which includes a probability assessment of various outcomes. These factors are more prevalent in certain long-term and complex advisory engagements where the level of fee is dependent on the achievement of certain outcomes. Valuations on these engagements use an expected value basis. These estimates also include the application of any constraint in respect of variable consideration until uncertainty is resolved. Any resulting increases or decreases in estimated revenues or costs are reflected in the Proforma UK Group's combined statement of comprehensive income in the period in which the circumstances arose.

The carrying gross value of contract assets recognised is £144.8m (2024: £121.6m). A 5% movement in contract assets would result in a £7.2m (2024: £6.1m) change in revenue.

3 Revenue

3.1 Accounting policy: Revenue recognition

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

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

Performance obligations

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

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

Transaction price

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

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

Approach

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

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

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

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

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

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

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

When the Proforma UK Group satisfies a performance obligation before it receives the consideration and before it is billed, the Proforma UK Group recognises a contract asset in the statement of net assets. Contract assets are reclassified as trade

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receivables when the consideration has become unconditional because only the passage of time is required before payment is due.

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

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

3.2 Disaggregation of revenue

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

Year ended 31 December 2025	United Kingdom £m	Rest of Europe £m	Rest of World £m	Total £m
Audit	252.6	8.4	6.0	267.0
Advisory	292.2	26.3	47.8	366.3
Tax	128.6	15.3	9.9	153.8
	673.4	50.0	63.7	787.1

Year ended 31 December 2024	United Kingdom £m	Rest of Europe £m	Rest of World £m	Total £m
Audit	227.7	6.2	6.1	240.0
Advisory	306.6	28.8	43.0	378.4
Tax	116.0	13.4	11.2	140.6
	650.3	48.4	60.3	759.0

The above table splits revenue into categories that are considered to have similarities in the nature, amount, timing and uncertainty of revenue and cash flows as they arise.

Included within the Advisory service line is £39.0m (2024: £44.1m) and Tax service line £1.7m (2024: £1.8m) of revenue recognised at a point in time. The remainder of revenue in this and the other service lines is recognised over time.

3.3 Contract balances

Revenue of £29.2m (2024: £35.0m) has been recognised during the current financial year that was included in the contract liability balance as of 31 December 2024. The Proforma UK Group has applied the practical expedient in IFRS 15 not to disclose information in respect of partially completed contracts where the period of the contract is one year or less.

4 Alternative performance measures

4.1 Accounting policy: Alternative performance measures

The Proforma UK Group uses several alternative performance measures which are not defined within UK-adopted international accounting standards. The members use alternative performance measures to provide stakeholders with additional insight into the Proforma UK Group's financial performance from management's perspective. These measures are consistent with those used internally and are considered useful in understanding the financial performance of the Proforma UK Group. The adjustments are included as separately disclosed items due to their nature or magnitude and include significant items that are considered to be outside the ordinary course of business. The alternative performance measures used may not be directly

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comparable with similar measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures.

The following alternative performance measures are referred to in these combined financial statements:

Alternative performance measure 1: Average compensation per non-corporate equity member

The average compensation per non-corporate equity member for the period relevant post the Cinven investment is calculated by computing the adjusted operating profit for the financial period at the applicable profit share percentage under the membership agreement plus the fair value of share-type awards and retention plans receivable by members attributable to the period divided by the average number of full-time equivalent members for the period. The average profit per member for the period pre Cinven investment is calculated by dividing adjusted profit for the financial period before tax and members' remuneration by the average of full-time equivalent members for that period.

Alternative performance measures

The Proforma UK Group presents certain items separately on the face of the income statement and other comprehensive income when such presentation is relevant to an understanding of the Proforma UK Group's financial performance. These items are disclosed separately due to their nature or magnitude, and include significant items that are considered to be outside the ordinary course of business which, in the opinion of the Members, should be excluded from the adjusted results to provide readers with a consistent view of the business performance of the Proforma UK Group on a year-on-year basis.

The Members considers separately disclosed items to be helpful to the reader to understand the Proforma UK Group's financial performance year-on-year however note that they may not be directly comparable with similarly titled measures presented by other groups.

The nature and amount of each material item of income or expense are disclosed as follows, where applicable, the tax effects of such items are also disclosed:

	2025 £m	2024 £m
Total comprehensive income/(expense) for the year	(167.9)	108.8
<i>Adjusting items:</i>		
Non-underlying items	296.1	(2.2)
Total of adjusting items	296.1	(2.2)
Adjusted total comprehensive income for the year	128.2	106.6

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Non-underlying items are set out in the table below:

Non-underlying items	Reference	2025 £m	2024 £m
Income statement			
Other income	a	-	(12.5)
Transaction related expenses	b	26.2	10.3
Transformation programme	c	10.7	-
Exceptional bonus costs	d	39.1	-
Other non-recurring remuneration	e	117.3	-
Recruitment costs	f	2.4	-
Share based payment charges	g	109.3	-
Statement of other comprehensive income			
Revaluation of shares held in parent entity	h	(8.9)	-
Total non-underlying items		296.1	(2.2)

- a During the prior year, the Proforma UK Group received a one-off property related compensation. This has been adjusted from profit before tax to provide useful information regarding year-on-year performance of the underlying operations.
- b Transaction related expenses relate principally to professional fees in connection with the transaction with Cinven in 2025 and fees to dispose of investments. Associated costs are adjusted from profit before tax to provide useful information regarding the year-on-year performance of the underlying Proforma UK Group operations.
- c During the year, the Proforma UK Group undertook various programmes with the aim of transforming the business. The costs associated with the programme are considered non-underlying where they represent changes associated with operational streamlining and technology upgrades and are costs that are not expected to reoccur. As a result such costs are reported as a non-underlying item to provide clarity of underlying trading performance.
- d During the year, the Proforma UK Group paid exceptional bonuses (in addition to annual bonuses) to certain employees. The exceptional bonuses are considered non-recurring as they were one-off bonuses and will not continue into future periods therefore are reported as non-underlying to provide clarity on underlying performance. Routine annual bonuses have not been included in this measure as they can occur each period dependant upon LLP results.
- e During the year, the Proforma UK Group paid remuneration to certain individuals. The amount paid is considered non-recurring as they were one-off amounts and will not continue into future periods therefore are reported as non-underlying to provide clarity on underlying performance. £35.2m is included in members remuneration charged as an expense and the remaining £82.1m is included in operating expenses.
- f During the year, as part of its growth plans the Proforma UK Group has accelerated partner recruitment at an extraordinary rate which is unprecedented and unique in the market. The costs of this accelerated recruitment are considered non-underlying in the context of the trade of the Proforma UK Group in the year.
- g The Proforma UK Group issued a number of share-type awards to employees of subsidiaries and members during the period. The share-based payment expense is a significant non-cash charge driven by a valuation model which includes various assumptions including investor return. As the Proforma UK Group in its current structure is still early in its lifecycle and is going through a period of change the expense is distortive in the short term and is not representative of the cash performance of the business. £1.4m of this is included in operating expenses, the remaining £107.9m is included in members remuneration.
- h The Proforma UK Group hold shares in Pacioli Topco (Jersey) Limited which will be sold upon an exit event and proceeds from the sale of such shares will be used to settle the share-type awards to employees (item f). The shares

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held are required to be revalued each period which has resulted in a significant non-cash gain driven by a valuation model which includes various assumptions. The gain on revaluation is not considered to be reflective of the underlying performance.

Alternative performance measure – Average compensation per non-corporate equity member

The average number of non-corporate members during the year on a full-time equivalent basis was 234 (2024: 210).

The average total compensation per member for the current period, calculated in accordance with the aforementioned policy, totalled £686,000. The prior year average profit per member was £682,000, as disclosed in the Grant Thornton UK LLP 31 December 2024 annual report.

Appendix

5 Other material accounting policies

This note provides a list of all other material accounting policies adopted in the preparation of these combined financial statements to the extent that they have not been disclosed in other notes.

5.1 Changes in accounting policies

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

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

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

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

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements that impact the structure and information detailed in the financial statements.

The publication of IFRS 18 also results in consequential amendments to other standards, including IAS 7.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Proforma UK Group is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new Standards, amendments and Interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Proforma UK Group's combined financial statements.

5.2 Short-term employee benefits

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

5.3 Defined benefit pension

On 28 May 2025 the Trustees purchased a bulk purchase annuity policy covering a significant proportion of liabilities of the defined benefit pension plan.

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

The defined benefit obligation of the ongoing plan is measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method based on member data. The main assumptions include discount rates, retail price inflation, consumer price inflation and mortality rates, however following the purchase of the bulk purchase annuity policy the net pension liability is no longer sensitive to these assumptions. Movements in assumptions during the period are called 'remeasurement gains and losses' and are recognised in the period in which they arise through other comprehensive income.

Where the premium cost of insurance policies relating to the defined benefit pension plan varies to the value of the liabilities secured, the gain or loss is recorded through other comprehensive income.

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

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

5.4 Provisions

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

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

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

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

5.5 Goodwill

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

5.6 Investments and business combinations

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

The Proforma UK Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Proforma UK Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Proforma UK Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

5.7 Intangible assets

Initial recognition of other intangible assets and as part of a business combination

Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the criteria for recognition as prescribed by IAS 38 '*Intangible Assets*'.

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

Where customer relationships have been acquired as part of a business combination, they are recognised at their fair values at the date of acquisition.

Amortisation

Amortisation for software is recognised on a straight-line basis to write down the value of an asset from cost to its estimated residual value over its estimated useful economic life. Amortisation for customer relationships is on a straight-line basis, based on the timing of projected cash flows of the contracts over their estimated remaining terms.

The useful life for software has been estimated at between 2 and 10 years, for acquired customer relationships at 10 years and is amortised over this period.

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

5.8 Property, plant and equipment

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

Depreciation is recognised on a straight-line basis to write down the value of an asset from cost to its estimated residual value over its estimated useful economic life. Material residual value estimates and estimates of useful lives are updated as required, but at least annually.

The following useful lives are applied:

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

5.9 Leases

Leased assets

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

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

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

Measurement and recognition of leases as a lessee

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

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

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

over the remainder of the lease term. Other increases to the property provision are classified as wear and tear and are charged to profit or loss.

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

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

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

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

The Group as lessor

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

5.10 Restricted fixed-term call deposits

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

5.11 Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of net assets unless there is a contractual right to offset against cash and cash equivalents.

5.12 Restricted funds

Restricted funds comprise amounts held in an escrow account that the Proforma UK Group cannot access freely due to contractual or legal restrictions. The Proforma UK Group is required to obtain joint signatory approval for funds to be released and are otherwise unavailable for general use by the Proforma UK Group. The funds are measured at amortised cost.

5.13 Members remuneration charged as an expense recognised in the two LLPs

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

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

Neither of the LLPs in the Proforma UK Group finalise the division of profits amongst members until after the financial statements have been finalised and approved by their respective members. As a result, the remainder of profits which have not been divided and allocated, and are available for discretionary allocation as at the year end.

5.14 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Proforma UK Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

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

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

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

Financial assets at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income (FVOCI)

The Proforma UK Group accounts for certain long-term financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective is "hold to collect" the associated cash flows and sell, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Trade and contract assets

The Proforma UK Group makes use of a simplified impairment approach in accounting for trade receivables and contract assets and records a loss allowance in the form of lifetime expected credit losses. These are the expected shortfalls in

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

Other receivables

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

Amounts due from members

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

Classification and measurement of financial liabilities

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

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

Borrowing costs are expensed as incurred.

Fair values

The fair value of level 1 financial assets use quoted prices (unadjusted) in active markets for identical assets and liabilities. There are no level 2 financial assets or liabilities. The level 3 financial assets that are FVTPL comprises of debt investments in certain Grant Thornton global network firms, litigation funding balances and equity investments.

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

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

Measurement of fair value of financial instruments

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

5.15 Tax

The profits of an LLP are subject to income tax as a personal liability of the individual members. As a result there is no charge for tax (or deferred taxation) on the profits of the LLP within these financial statements. Sums set aside in respect of members' tax obligations are included in the statement of net assets within loans and other debts due to members or set against amounts due from members as appropriate. Amounts identified as income taxation in these financial statements relate to Pillar Two Income Taxes on which the LLP is liable for certain subsidiaries.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

5.16 Long term incentive plans

The Proforma UK Group is party to various share options, incentive and retention plans for certain employees (of subsidiary LLPs) and members of the Grant Thornton UK Advisory & Tax LLP. They include equity-settled share-based remuneration and retention plans and cash-settled remuneration and retention plans.

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All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees and members of the LLP are rewarded using equity-settled share-based payments, the fair value of services provided is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date for equity-settled plans and excludes the impact of non-market vesting conditions (eg profitability and sales growth targets and performance conditions).

Where employees and members of partnerships are rewarded using cash-settled share-based payments, the fair value of the services provided is measured each reporting period.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to either equity (for equity settled plans) or liabilities (for cash settled schemes). If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

6 Subsidiary undertakings

A full list of the subsidiary entities of Grant Thornton UK LLP and Grant Thornton UK Advisory & Tax LLP which are combined in these financial statements can be found within the Transparency Report on our website.



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