Grant Thornton UK LLP report and accounts

For the year ended 31 December 2021
Registered no. OC307742

March 2022

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Contents

Report to members

The Strategic Leadership Team presents their report together with the financial statements of Grant Thornton UK LLP (the LLP) and its subsidiary entities (together the Group) for the year ended 31 December 2021.

Structure

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

Principal activities

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

Governance

During the year ended 31 December 2021 the governance structure continued to include:

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

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

Designated members

There were no appointments or resignations during the year. The Designated Members in 2021 were:

Strategic Leadership Team and current roles

Dave Dunckley	CEO
Fiona Baldwin	Head of Audit
Darren Bear	Head of Deals & Business Consulting
Perry Burton	Head of People & Culture
Mark Byers	Head of Strategic Relationships
Karen Campbell-Williams	Head of Tax
Malcolm Gomersall	COO
Robert Hannah	Head of Large & Complex
Andrew Howie	Head of International
Dave Munton	Head of UK Markets and Clients

Members' capital, drawings and profit share

Members' capital forms part of the Group's financing. During the year, capital requirements are determined from time to time by the CEO based on the short, medium and long-term needs of the Group. In 2021 there were two levels of capital contribution depending on the member's status although all members could, and often have, opted to contribute at the higher level. Whilst the Membership Agreement provides power to the CEO to repay a member's capital before retirement, such discretion is not exercised in practice.

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

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

Financial performance

Net revenue grew by 15% in 2021 to £543m (2020: £474m) and all growth was like for like. All of the firm's Service Lines contributed to this growth with strong performances, particularly from the Deals & Business Consulting service line. Operating profit grew by 35% in 2021 to £118m (2020: £87m) partly due to this strong revenue growth but also due to the mix of business as well as investments in infrastructure and technology leading to efficiencies in operating costs.

The average profit before tax per member calculated in accordance with IFRS for the year ended 31 December 2021 was £611,000 (2020: £451,000) – growth of 35%.

Financial position

The Group's financial position has improved further during 2021 finishing the year in a net cash position of £8m, an improvement of £20m over 31 December 2020's net debt position of £12m. The Group's funding consists of members capital of £46m, net amounts due to members of £19m and a £111m revolving credit facility (of which £91m was undrawn at 31 December 2021).

In addition, the Group is funding a defined benefit pension scheme. This remains a large commitment for the Group but has been significantly reduced from £100m at 31 December 2020 to £53m at 31 December 2021. This liability is stated before any associated (unbooked) deferred tax assets. Further detail is set out in Note 10.2.

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

Environmental and sustainability

Mitigating our impact on the environment and reducing waste and pollution is an ongoing focus that the Group takes seriously. We were the first accountancy firm in the world to set science-based targets to reduce our environmental impact, and our commitment is to reach real net-zero following the SBTi Net-Zero Corporate Standard. The Group has committed to reducing emissions by 21% by 2023. Our Energy and carbon report can be found on page 6.

The global Task Force on Climate-related Financial Disclosures (TCFD) was set up in December 2015 by the Financial Stability Board (FSB) and is tasked with improving and increasing the reporting of climate-related financial information. For accounting periods commencing after 6 April 2022, Grant Thornton UK LLP will be required to disclose climate-related financial information on a mandatory basis in line with the four pillars of the TCFD recommendations: Governance, Strategy, Risk Management, and Metrics and Targets. This timeframe means that Grant Thornton UK LLP would, ordinarily, first make such disclosures in its financial statements for the year ending 31 December 2023.

However, we recognise the importance of the TCFD recommendations in supporting organisations with their strategic planning and risk management around climate-related risks and opportunities. Accordingly, we have taken the decision to accelerate our TCFD aligned reporting and are beginning to undertake the necessary preparatory work to make initial disclosures at the earliest opportunity.

Brexit

We have looked at the uncertainties arising from Brexit and believe the impact on our business to be modest and manageable given our business model.

We continue to monitor political and economic developments both from the Group's perspective and that of our clients and assess potential risks and any necessary mitigations.

Going concern

At 31 December 2021, the Group's financing arrangements consisted of a revolving credit facility of £111m (of which £91m was undrawn) which expires in December 2023 along with members' capital of £46m and net amounts due to members of £19m. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities and in compliance with all covenants for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

As part of our assessment, we have considered the specific nature of work performed by each part of our business (using our experience from the COVID-19 pandemic as well as references to the Global Financial Crisis) to form our assumptions of the impact team by team within the Group.

Our performance in the 12 months to 31 December 2021 has seen us successfully improve gross margin while carefully managing our overheads to deliver another strong financial performance. As a result, profit before tax for the 12 months to 31 December 2021 was up 37% on the 12 months to 31 December 2020 which was, in turn, 17% up on the 18 months to 31 December 2019. We have continued to manage our working capital proactively. Our people have worked in a hybrid manner whenever the restrictions allowed this during 2021 and we have ensured that they continue to be able to work safely and effectively. We continue to invest in supporting our people with their health and welfare.

Our strategic priorities continued to be relevant throughout 2021 and have driven our investment decisions in order to ensure we continue to grow in 2022 and beyond. While the uncertainty related to the pandemic and to a lesser extent, Brexit, still partially remain we expect this to gradually lessen as we move through 2022. Notwithstanding the potentially lessening impact of the pandemic and Brexit there are likely to be economic consequences of the war in Ukraine including inflationary pressure and capital market disruption. All of these uncertainties have been considered in our forecasts and through a range of downside scenarios. In preparing our forecasts, the following key assumptions were used; increased competition for talent in several areas that are key for strategic growth, and increasing external costs driven by a combination of market conditions and general inflation. A combination of all scenarios has formed the basis of our reverse stress testing.

Even under the worst-case downside scenario comprising our reverse stress testing, our current facilities are projected to remain sufficient over the forecast period and appropriate mitigating action is expected to maintain compliance with our covenants.

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

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the '2008 Regulations') require the members to prepare financial statements for each financial period. Under the law the members have elected to prepare consolidated financial statements in accordance with UK-adopted international accounting standards and in accordance with those parts of the Companies Act 2006 applicable to Limited Liability Partnerships reporting under UK-adopted international accounting standards, and single entity financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 101 "Reduced Disclosure Framework"), and applicable law.

Under Regulation 8 of the 2008 Regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group for that period.

In preparing these financial statements, the members are required to:

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

The members are responsible for:

- keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and the Group and enable them to ensure that the financial statements comply with the 2008 Regulations;
- maintenance and integrity of the corporate and financial information included on the firm's website; and
- safeguarding the assets of the LLP and the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Auditor

Following a formal tender process, Crowe U.K. LLP was appointed as the Group's new auditor with effect from the 31 December 2022 financial year. The appointment was made by the Designated Members in conjunction with Grant Thornton UK LLP's Risk and Audit Committee. Mazars LLP will resign as auditor of the Group following completion of the 31 December 2021 audit.

The members' responsibilities set out above are discharged by the Designated Members on behalf of the members. Signed on behalf of the members on 31 March 2022:

Malcolm Gomersall

Dave Dunckley Chief Executive Officer	Malcolm Gomersall Chief Operating Officer

Energy and carbon report

Quantification and reporting methodology

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the members present the Energy and carbon report of Grant Thornton UK LLP for the year ended 31 December 2021. We follow the Greenhouse Gas (GHG) Protocol Corporate Greenhouse Gas Accounting and Reporting Standard to the extent it is needed to fulfil SECR (Streamlined Energy & Carbon Reporting) requirements, and our policy is to use an operational control boundary.

The scope of the report includes our UK operations for which we have financial control, excluding six offices with less than 1,000sq ft of floorspace. These have been excluded on a "de minimus" basis i.e., less than 5% of the total kWh for the firm.

Where electricity and gas usage data are unavailable for the reporting period, outstanding data has been estimated by extrapolating known data from across Grant Thornton offices. Sites where we control the energy contract are on a 100% renewable electricity tariff, however there is less visibility over specific supplier tariffs at managed sites.

For market-based electricity carbon emissions reporting, renewable electricity tariffs have been accounted for as zero emissions as per guidance in the GHG Protocol Corporate Reporting Standard. An office has been classed to have 100% renewable electricity in 2021 if we have either a REGO certificate or confirmation of supplier and fuel mix confirming purely renewable sources as well as a confirmed date of switch to 100% renewables. For managed sites where the fuel mix is unknown or unconfirmed, we have used the residual fuel mix for the UK.

Emissions for market-based electricity in 2020 are likely to be lower than reported, but due to difficulties in obtaining the above-mentioned evidence for renewable energy we have used the residual fuel mix to calculate emissions.

All fuels, including those for transport, have additional Scope 3 well-to-tank emissions. These have been accounted for in 'upstream transport and distribution losses and excavation and transport of fuels', along with transmission and distribution (T&D) losses associated with electricity via the grid.

Emissions

We have measured Scope 1, 2 and certain categories of our Scope 3 emissions.

Due to the global pandemic our emissions in 2020 and 2021 from energy consumption and travel naturally reduced due to low occupancy of our offices and travel restrictions. We have now moved to a hybrid way of working which is reflected in the reduction of emissions across all modes of travel. We acknowledge the decrease in emissions from energy consumption and travel will be countered by our people working from home. Emissions from home working are not a requirement of SECR and are therefore not included.

The decrease in electricity emissions in 2021 is due to a decrease in total kWh plus decarbonisation of the grid resulting in lower carbon emissions per kWh. The increase in emissions from upstream transport and distribution losses and excavation and transport of fuels, in the current reporting period, is due to the increase in gas emissions and the inclusion of air and rail emissions.

Emissions source	Type	31 December 2021	31 December 2020 (Restated)
Energy consumption (kWh)	Natural gas	2,834,582	2,450,227
	Purchased electricity	4,837,466	5,111,597
	Transport fuel	536,501	1,192,199
	Other fuels	258,526	233,809
Total energy usage (kWh)		8,467,075	8,987,832

Emissions source	Type	31 December 2021	31 December 2020 (Restated)
Scope 1 (tCO_2e)	Natural gas	519	451
	Owned/leased vehicles	19	21
	Other fuels	64	58
Total – Scope 1 (tCO_2e)		602	530
Scope 2 (tCO_2e)	Electricity – (location-based)	1,027	1,192
	Electricity – (market-based)	410	703
Total – Scope 2 (location-based) (tCO_2e)		1,027	1,192
Scope 3 (tCO_2e)	Road transport	120	288
	Air	479	962
	Rail	42	44
	Paper	5	5
	Upstream T&D losses and excavation and transport of fuels (location-based)	576	540
	Upstream T&D losses and excavation and transport of fuels (market-based)	294	432
Total – Scope 3 (location-based) (tCO_2e)		1,222	1,839
Total – Scopes 1, 2 & 3 (location-based) (tCO_2e)		2,851	3,561
Intensity ratio (location-based)	tCO_2e per Employees (FTE)	0.56	0.77
	tCO_2e per £m of turnover	5.09	7.56
Total – Scopes 1,2 & 3 (market-based)* (tCO_2e)		1,952	2,964
Intensity ratio (market-based)	tCO_2e per Employees (FTE)	0.39	0.64
	tCO_2e per £m of turnover	3.48	6.29

* Includes all Scope 1, Scope 2 Electricity (market-based) and Scope 3 Road transport, Air, Rail, Paper and Upstream T&D losses and excavation and transport of fuels (market-based).

Restated figures

As a result of further data being made available, the use of the residual fuel mix conversion factor, and the inclusion of additional Scope 3 emissions (such as paper and the emissions from business travel by air, rail and taxis), we have provided restated 2020 figures (if above a 5% change) to allow for better comparability to the current year figures.

We have also included emissions from other fuels in our Scope 1 reporting.

In 2020 the market-based emissions for Scope 2 purchased electricity were calculated using the average UK grid fuel mix. However, in 2021 we calculated market-based emissions using the residual fuel mix for the UK. To ensure comparison 2020 figures have been updated and shown in restated figures.

We identified that previously reported figures for Scope 3 emissions for road transport included owned and leased vehicles within Scope 3 emissions. We have restated the comparative figure to appropriately classify these as Scope 1 emissions.

The story so far

The following environmental management measures and projects have been completed or implemented since the baseline:

- Our environmental management system across the UK is UKAS certified to ISO 14001 and is audited annually. It focuses on objectives and actions on areas that will have the most significant environmental impact both in the short and long term.
- We undertook energy audits as part of the Energy Savings Opportunity Scheme Phase II in 2019.
- We report to CDP (formally the Carbon Disclosure Project) annually.
- We procure certified 100% renewable electricity contracts for all our owned supplies.
- Procedures were put in place in unoccupied offices, during the global pandemic, to ensure minimal energy consumption whilst continuing to meet health and safety requirements.
- In 2021 two of our offices relocated to buildings with renewable electricity and low carbon heating systems.

To ensure we contribute to achieving the Intergovernmental Panel on Climate Change recommended goal of limiting global warming to 1.5%, we have set short-term science-based targets, committing to reducing our emissions by 21% by 2023 from our original 2018 baseline. These have been verified and published by the Science Based Targets initiative (SBTi). We commit to reaching real Net-Zero and will be following the SBTi Net-Zero Corporate Standard with a revised baseline in place.

The Energy and carbon report was authorised for issue and signed on behalf of the members of Grant Thornton UK LLP on 31 March 2022:

Dave Dunckley	Malcolm Gomersall
Chief Executive Officer	Chief Operating Officer

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

Opinion

We have audited the financial statements of Grant Thornton UK LLP (the ‘LLP’) and its subsidiaries (the ‘Group’) for the year ended 31 December 2021 which comprise the following:

- Consolidated statement of comprehensive income,
- Consolidated statement of financial position,
- Consolidated statement of changes in equity,
- Consolidated statement of cash flows,
- Parent entity statement of financial position,
- Parent entity statement of changes in equity, and
- Notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the LLP’s financial statements is applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 101, 'Reduced Disclosure Framework'.

In our opinion, the Group and LLP financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships and:

- give a true and fair view of the state of the Group’s and of the LLP’s affairs as at 31 December 2021 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied to limited liability partnerships; and
- The LLP’s financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members’ use of the going concern basis of accounting in the preparation of the Group and LLP’s financial statements is appropriate.

Our audit procedures to evaluate the members’ assessment of the Group and the LLP’s ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the LLP's ability to continue as a going concern;
- Evaluating the methodology used by the members to assess the Group and the LLP's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the members' going concern assessment;
- Reviewing the members' going concern assessment, which incorporated severe but plausible scenarios, evaluating the key assumptions used and judgements applied;
- Examining the projected minimum committed facility headroom and projected covenant compliance, and evaluating whether the management's conclusion that liquidity headroom and covenant compliance remained in all events was reasonable; and
- Reviewing the appropriateness of the members' disclosures in the financial statements.

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

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

Key audit matters

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

Key audit matter	How our scope addressed this matter
Revenue recognition and the value of contract assets The Group's accounting policy in respect of revenue recognition is set out in Note 1.3 '*Revenue recognition*' on page 22, with the commentary on the related judgements and estimates set out in Note 2 '*Revenue recognition*' on page 31. Contract assets are included on the statement of financial position within Trade and other receivables. Under the Group's revenue recognition accounting policy, the amount of revenue recognised in a period will represent Group's entitlement to consideration in respect of professional services provided in that period. In determining the entitlement to consideration, engagement teams estimate both the proportion of each engagement that is complete at the period-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 engagement costs, and hence over profitability. The Advisory business has a higher concentration of such contracts and accounts for 74% (2020: 72%) of contract assets at the period end. There is a risk that the complex and bespoke revenue recognition policies adopted for specialist areas of the business are not in accordance with IFRS 15 '*Revenue from Contracts with Customers*'.	Our audit procedures over revenue recognition and contract assets included general procedures on the methodology adopted, certain controls and the related control environment and substantive testing on a sample of engagements. General procedures included, but were not limited to: • assessing the design and implementation of controls that we considered to be key in the determination of revenue to be recognised; • testing the operating effectiveness of certain controls relating to timesheets and year end contract asset valuation; • considering the appropriateness of the methodology adopted, with reference to IFRS15; and • testing the integrity of revenue recognition models utilised for complex engagements. Substantive procedures included: • selection of a sample of engagements, focusing on but not limited to longer term and more complex engagements; and • for each sample engagement: o assessing the right to consideration by reference to contractual terms; and

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

Reflecting the judgemental nature of the assessments required by engagement teams and the complex nature of some contractual arrangements, we have identified the occurrence, accuracy and cut-off of revenue recognition and the associated valuation of contract assets, in particular in relation to longer term and more complex engagements, as a significant risk that requires special audit consideration.

  - discussing and challenging the assumptions and estimates applied by engagement teams in determining the occurrence and accuracy of revenue recognised, cut-off, and the related contract asset value.

Our observations:

Our sample-based audit work indicated that revenue has been recognised when a right to consideration had been obtained through performance of the agreed services.

Overall, our assessment is that the methodology and models used in estimating the level of revenue and the valuation of contract assets are appropriate and in accordance with IFRS 15, and that the level of revenue and value of contract assets are appropriate.

Provisions for professional negligence claims and regulatory matters

The Group's accounting policy in respect of provisions for professional negligence claims and regulatory matters is set out in Note 1.6 '*Provisions*' on page 24 and the commentary on the related judgements and estimates is set out in Note 2 '*Claims provision*' on page 31.

The Group makes a provision for regulatory matters and for uninsured and self-insured costs for settling negligence claims as '*Claims provisions*' within '*Provisions*', as set out in Note 2 '*Claims provision*' on page 31. The determination of provisions required can be highly judgemental. Generally, the level of provision in respect of claims are provided in full, with an associated insurance asset recognised where recovery is virtually certain. The level of provision for regulatory matters is determined on an assessment of the merits of any notification and past experience.

Claims provisions is a key audit matter because of the potential financial impact that a major claim or regulatory proceeding could have on the Group and because of the uncertainties involved, including the need to exercise judgement.

Our audit procedures included, but were not limited to:

- confirming the nature and level of insurance in place by reference to insurance certification;
- assessing and reviewing the provision methodology;
- assessing the professional claim notification procedures;
- considering significant ongoing regulatory matters and a sample of claims in progress, reviewing publicly available information and information held in-house, and challenging the Group's legal team on the level of provision made; and
- considering the outturn of regulatory matters and claims settled during the period.

Our observations:

Based on our audit work, we consider the judgements made by management in determining the provision for claims and regulatory proceedings to be reasonable.

Valuation of defined benefit pension scheme liabilities and partners' annuities

The Group's accounting policy in respect of the defined benefit pension scheme is set out in Note 1.5 '*Defined benefit pension*' on page 24 and the commentary on the related judgements and estimates set out in Note 2 '*Defined benefit pension scheme*' on page 32. The Group's accounting policy in respect of partners' annuities is set out in Note 1.6 '*Provisions*' on page 24.

There is a significant liability recorded in respect of the Grant Thornton Pension Fund, included on the consolidated statement of financial position as '*Pensions*'. Details of the assumptions used, and the calculation of the liabilities are included on Note 10.2 '*Pensions and other employee obligations*' on page 40.

The Group's obligations under partners' annuity arrangements give rise to a material provision which is included on the Consolidated statement of financial position as '*Retirement annuities to former members*' within '*Provisions*', with further details set out in Note 21 '*Provisions*' on page 66.

The calculation of the liabilities in respect of the valuation of defined benefit pension scheme and partners' annuities, is performed by Grant Thornton's internal actuarial team and is subject to complex assumptions that involve significant judgement.

Our audit procedures included, but were not restricted to:

- assessing the qualification and objectivity of the Grant Thornton internal actuarial team, and the scope of their work;
- in conjunction with our internal actuarial specialists, considering the appropriateness of the valuation methodologies and challenging the Grant Thornton actuarial team and management on the appropriateness of the valuation assumptions;
- assessing the appropriateness of information sources used for the valuation of scheme liabilities; and
- reviewing the associated financial statement disclosures in the context of the requirements of IAS 19.

Our observations:

Based on our audit procedures, we found the actuarial assumptions to be consistent with the expectations of our internal actuarial specialists when considered individually and when taken as a suite of assumptions. The valuation of the defined benefit pension scheme and partners' annuities was considered reasonable.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality that, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality aspect	Response
Group and LLP's overall materiality	£7.2m (2020: £6.5m)
How we determined it	We determined materiality to represent approximately 6.5% (2020: 9%) of the profit before members' remuneration and profit shares.
Rationale for benchmark applied	We establish materiality by reference to the profit before members' remuneration and profit shares, which we consider to be one of the principal considerations of the members' in assessing the financial performance of the Group.
Group and LLP's performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality was determined to be £5.8m (2020: £5.2m), being 80% of overall materiality.
Reporting threshold	We agreed with the Risk and Audit Committee that we would report to them misstatements identified during our audit above £0.2m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the members made subjective judgements, such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Group and LLP, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit included an audit of the financial statements of the LLP, together with audits for Group reporting purposes of its principal subsidiary undertakings. 98% of Group revenues and 94% of Group total assets attributable to members were subject to audit based upon Group materiality, with the remaining Group net assets being subject to targeted audit procedures or analytical review. Substantially all the subsidiary undertakings are subject to audit by us, directly, as the Group auditor.

At the LLP level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of members

As explained more fully in the Statement of members' responsibilities in respect of the report to members and the financial statements set out on page 5 the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the LLP and the professional services sector, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pensions legislation, employment and health and safety regulation, anti-bribery, corruption and fraud, regulation regarding professional responsibilities, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated the members' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the members and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and LLP which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both the Risk and Audit Committee and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to fraud. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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

Use of the audit report

This report is made solely to the LLP's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body for our audit work, for this report, or for the opinions we have formed.

Neale Bussey

William Neale Bussey (Senior Statutory Auditor)

for and on behalf of Mazars LLP,

Chartered Accountants and Statutory Auditor

Tower Bridge House, St Katharine's Way, London, E1W 1DD

31 March 2022

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2021 £'000	2020 £'000
Revenue	3	570,272	496,446
Client expenses and disbursements		(27,050)	(22,580)
Net revenue		543,222	473,866
Other operating income	4	1,019	527
Operating expenses	5	(426,375)	(386,913)
Operating profit		117,866	87,480
Share of profit/(loss) from equity accounted investments	17	543	(55)
Finance costs	6	(3,086)	(4,025)
Finance income	6	470	1,339
Profit before tax		115,793	84,739
Taxation charge for the year	7	(3,795)	(3,600)
Profit for the year from continuing operations		111,998	81,139
Profit and gain from discontinued operations before members' remuneration	8	-	3,218
Members' remuneration charged as an expense	9	(12,657)	(15,157)
Profit for the year available for discretionary division among members		99,341	69,200
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains/(losses) on the defined benefit obligations	10	33,169	(15,797)
Items that may be reclassified subsequently to profit or loss			
Fair value through other comprehensive income - financial assets gains		-	2
Share of other comprehensive income of joint ventures accounted for using equity method	17	(289)	-
Exchange differences on translating foreign operations		(68)	(125)
Other comprehensive income/(expense) for the year		32,812	(15,920)
Total comprehensive income for the year		132,153	53,280

Consolidated statement of financial position

as at 31 December

ASSETS	Note	2021 £'000	2020 £'000
Non-current assets			
Goodwill	11	12,851	13,009
Other intangible assets	12	7,415	8,122
Property, plant and equipment	13	11,935	12,899
Right-of-use assets	14	41,907	45,938
Right-of-use assets held as investment property	15	945	1,611
Other long-term financial assets	20.1	2,227	294
Investments accounted for using the equity method	17	1,962	1,059
Trade and other receivables	18	2,567	3,565
Total non-current assets		81,809	86,497
Current assets			
Trade and other receivables	18	290,598	246,070
Restricted fixed-term call deposits	20.1	10,880	5,207
Cash and cash equivalents	19	28,046	24,190
Total current assets		329,524	275,467
Total assets		411,333	361,964

EQUITY & LIABILITIES	Note	2021 £'000	2020 £'000
Equity			
Members' other interests – other reserves classified as equity	9	35,798	(39,365)
Translation reserve	9	1,301	1,658
Revaluation reserve	9	-	(318)
Total equity		37,099	(38,025)

Consolidated statement of financial position (continued)

as at 31 December

EQUITY & LIABILITIES	Note	2021 £'000	2020 £'000
Non-current liabilities			
Pensions	10.2	52,882	99,951
Lease liabilities	14	30,256	32,870
Provisions	21	49,633	51,999
Total non-current liabilities		132,771	184,820
Current liabilities			
Loans and other debts due to members within one year			
Members' capital classified as a liability	9	46,450	40,375
Other amounts due to members	9	24,627	33,285
		71,077	73,660
Other current liabilities			
Borrowings	20.2	20,000	36,000
Trade and other payables	22	136,843	90,466
Lease liabilities	14	11,421	13,178
Provisions	21	1,958	-
Current tax liabilities		164	1,865
Total current liabilities		241,463	215,169
Total liabilities		374,234	399,989
Total equity and liabilities		411,333	361,964

The financial statements of Grant Thornton UK LLP (Registered no. OC307742) on pages 15 to 70 were approved and authorised for issue on 31 March 2022 by the Designated Members of Grant Thornton UK LLP and were signed on their behalf by:

Dave Dunckley

Chief Executive Officer

Malcolm Gomersall

Chief Operating Officer

Consolidated statement of changes in equity

for the year ended 31 December

	Revaluation reserve £'000	Translation reserve £'000	Other reserves £'000	Total equity £'000
Balance as at 1 January 2021	(318)	1,658	(39,365)	(38,025)
Allocated profits in respect of the prior year	-	-	(57,529)	(57,529)
Tax adjustments on payment of annuities to former members	-	-	500	500
Transactions with members	-	-	(57,029)	(57,029)
Profit for the financial year available for discretionary division among members	-	-	99,341	99,341
Other comprehensive (expense)/income	-	(357)	33,169	32,812
Reclassification of revaluation reserve to other reserves	318	-	(318)	-
Total comprehensive income/(expense) for the year	318	(357)	132,192	132,153
Balance as at 31 December 2021	-	1,301	35,798	37,099

	Revaluation reserve £'000	Translation reserve £'000	Other reserves £'000	Total equity £'000
Balance as at 1 January 2020	(320)	1,783	(30,189)	(28,726)
Allocated profits in respect of the prior period	-	-	(63,003)	(63,003)
Tax adjustments on payment of annuities to former members	-	-	424	424
Transactions with members	-	-	(62,579)	(62,579)
Profit for the financial year available for discretionary division among members	-	-	69,200	69,200
Other comprehensive income/(expense)	2	(125)	(15,797)	(15,920)
Total comprehensive income/(expense) for the year	2	(125)	53,403	53,280
Balance as at 31 December 2020	(318)	1,658	(39,365)	(38,025)

Consolidated statement of cash flows

for the year ended 31 December

	Note	2021 £'000	2020 £'000
Operating activities			
Profit for the year for discretionary division among members		99,341	69,200
Members' remuneration charged as an expense	9	12,657	15,157
Taxation	7	3,795	3,600
Non-cash adjustments	23	21,776	20,563
Contributions to defined benefit plans	10.2	(15,102)	(7,227)
Net changes in working capital	23	(9,146)	15,767
Net cash from operating activities before tax paid and discontinued operations		113,321	117,060
Taxes paid		(5,512)	(3,600)
Net cash from operating activities		107,809	113,460
Investing activities			
Purchase of property, plant and equipment		(2,204)	(755)
Proceeds from disposal of property, plant and equipment		447	771
Purchase of other intangible assets	12	(992)	(615)
Proceeds from discontinued operation	8	3,184	-
Acquisition of other long-term assets		(1,892)	(294)
Acquisition of investments accounted for using the equity method	17	(381)	(514)
Purchase of restricted fixed term call deposits		(10,880)	(5,207)
Proceeds from disposal of restricted fixed term call deposits		5,207	4,203
Interest received		470	1,339
Net cash used in investing activities		(7,041)	(1,072)

Consolidated statement of cash flows (continued)

for the year ended 31 December

	Note	2021 £'000	2020 £'000
Financing activities			
Proceeds from borrowings		20,000	36,000
Repayments of borrowings and lease liabilities		(49,695)	(80,459)
Interest paid		(1,884)	(2,304)
Payments to members		(63,950)	(47,985)
Capital contribution by members	9	8,600	4,075
Annuity payments to former partners		(2,007)	(1,796)
Repayments to former members		(8,012)	(12,492)
Net cash used in financing activities		(96,948)	(104,961)
Net change in cash and cash equivalents		3,820	7,427
Cash and cash equivalents, beginning of year		24,190	16,886
Exchange differences on cash and cash equivalents		35	(123)
Cash and cash equivalents, end of year		28,045	24,190

Notes to the consolidated financial statements

1 Accounting policies

1.1 Basis of preparation

The principal activities of Grant Thornton UK LLP (the LLP) and its subsidiary entities (together the Group) are the provision of audit, tax and advisory services largely (but not exclusively) within the UK. The LLP, the Group's ultimate parent entity, is a limited liability partnership registered and incorporated in England and Wales. Its registered office is 30 Finsbury Square, London, EC2A 1AG.

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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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

Consolidation

The Group financial statements consolidate those of the LLP and all entities over which the LLP has control as at 31 December 2021. All Group entities have a reporting date of 31 December.

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

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

Foreign currency considerations

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

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

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Going concern

At 31 December 2021, the Group's financing arrangements consisted of a revolving credit facility of £111m (of which £91m was undrawn) which expires in December 2023 along with members' capital of £46m and net amounts due to members of £19m. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Group will be able to operate within the level of its facilities and in compliance with all covenants for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements. Further detail is provided in the Report to members.

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

1.2 Changes in accounting policies

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

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

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Employee remuneration

A restatement to the prior year disclosure in Note 10 of costs in respect of Salaries and Pensions has been made. The restatement of £13.2m of salary sacrifice pension costs which were previously included within Pensions have been moved to Salaries. This restatement does not impact any of the primary statements or other disclosures within the financial statements.

1.3 Revenue recognition

The Group's revenue streams involve the provision of professional services.

To determine when to recognise revenue, the Group follows the IFRS 15 five step process:

1. Identifying the contract with a client;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

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

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

Audit fees are typically fixed fees plus any variable consideration for work performed which is over and above any agreed minimum fee. Tax and Advisory services can involve fixed, variable and contingent fees. All of the Group's services follow the IFRS 15 five step process, detailed in this accounting policy.

Performance obligations

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

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

Transaction price

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

Where there are multiple performance obligations within a contract, the transaction price is allocated either by using an estimation of the costs to complete a performance obligation plus a margin or in proportion to their relative stand-alone selling prices.

Revenue in respect of variable consideration performance obligations, which is over and above any agreed minimum fee, is included in the transaction price when it is highly probable that there will be no significant reversal of the revenue. Revenue above the agreed minimum fee may be constrained by the probability that there will be no significant reversal of the revenue. The probability is based on historical evidence. Variable revenue is based on the expected value approach.

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 the input method. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group typically uses percentage of completion calculations for the input method which are based on labour hours expended and, therefore, costs incurred. This is a faithful representation of the completion status because the labour hours expended, and expenses incurred, are an accurate record of the work performed.

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 Deals & Business Consulting – Advisory, Large & Complex – 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 as follows:

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

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

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

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

1.4 Short-term employee benefits

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

1.5 Defined benefit pension

The Group takes professional advice from its own actuaries to arrive at assumptions used to value the Group’s obligations under the scheme. Key assumptions include the discount rate to be applied to liabilities, inflation rates and mortality rates.

The Group’s obligation is calculated by estimating the amount of future retirement benefit that eligible employees have earned in return for their services. That benefit which is payable in the future is discounted to today’s value (the defined benefit obligation) and then the fair value of the scheme assets at the year-end is deducted, which results in the defined benefit pension deficit recognised in the statement of financial position. No corresponding deferred tax asset is recorded in these accounts as it can only be recorded in the accounts of a taxable entity.

The defined benefit obligation of the ongoing plan is measured by discounting the best estimate of future cash flows to be paid using the ‘projected unit’ method. This method is an accrued benefits valuation method which makes allowance for projected earnings of members in the future up to retirement. These calculations are performed annually by qualified actuaries and involve many judgements and estimates, the main assumptions are set out in Note 10 along with an indication of sensitivity of the principal assumptions. Movements in assumptions during the period are called ‘remeasurement gains and losses’ and these are recognised in the period in which they arise through other comprehensive income.

The 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 defined benefit obligation and is essentially determined by multiplying the discount rate by the defined benefit obligation at the beginning of the year and updated for contributions to the scheme and benefit payments made by the scheme. The interest expense is recognised through net finance costs in the income statement.
- Remeasurement gains and losses arise from experience adjustments and changes in actuarial assumptions (demographic and financial). Experience adjustments arise from comparing assumptions made when estimating the obligations to actual experience.
- Benefits paid out to pension scheme members by the plans reduce the obligation.

1.6 Provisions

Recognition and measurement

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

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

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

1.7 Goodwill

Goodwill recognition and impairment review

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

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

- Allocating goodwill to those cash generating units (CGU's) that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill;
- Calculating the recoverable amount of that CGU. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use; and
- Reviewing the recoverable amount for each CGU by comparing it to the carrying amount of both goodwill and corporate assets assigned to the CGU, and recognising an impairment loss where the carrying value of the CGU is higher than its recoverable amount.

Any impairment losses identified are first applied to the goodwill in that CGU and then pro-rated to the other assets in the cash-generating unit.

1.8 Investments

Investments in joint ventures and associates are accounted for using the equity method. The investment is initially recognised at cost and the carrying value adjusted to recognise the Group's share of the profit or loss of the jointly controlled entity or associate after the date of acquisition. The Group's share of profit or loss is recognised in the income statement with a corresponding adjustment to the carrying value of the investment. Further details relating to each of these investments are contained in Note 17.

1.9 Intangible assets

Initial recognition of other intangible assets

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

- The development costs can be measured reliably;
- The project is technically and commercially feasible;
- The Group intends to and has sufficient resources to complete the project;
- The Group has the ability to use or sell the other intangible asset;
- The software will generate probable future economic benefits;
- Development costs not meeting these criteria for capitalisation are expensed as incurred; and
- Directly attributable costs include employee costs incurred on the other intangible asset development along with an appropriate portion of relevant overheads.

Amortisation

Amortisation is recognised on a straight-line basis to write down the value of an asset from cost to its estimated residual value over its estimated useful economic life. The useful life for software has been estimated at between 2 and 10 years and is amortised over this period.

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs less residual values are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing should indicators of impairment arise.

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

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

Subsequent measurement

Subsequent expenditure on the maintenance is expensed as incurred.

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

1.10 Property, plant and equipment

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

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

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

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the income statement within operating expenses.

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

Repairs and maintenance costs arising on property, plant and equipment are charged to the income statement as incurred.

The following useful lives are applied:

Category	Useful economic life
Leasehold improvements	Period of the lease
Furniture and equipment	5-8 years
Office equipment	3-5 years
Motor cars	4 years

1.11 Leases

Leased assets

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

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

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

Measurement and recognition of leases as a lessee

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

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

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease, and if not available the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate and any payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

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

The Group has applied judgement to determine the lease term for those contracts that include a renewal or break option. The assessment of whether the Group is reasonably certain to exercise a renewal option or not exercise a break option can impact the value of the lease liability and right-of-use assets recognised on the statement of financial position. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause. Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised). Considerations include, but are not limited to, ongoing assessment of the office portfolio and its suitably for the Group, including the effects of the COVID-19 pandemic where this has resulted in 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.

Judgement is required in determining the discount rate when the rate is not implicit in the lease, which is based on the incremental borrowing rate, only when it is relevant. The judgement applied required a consideration of the appropriate factors to take into account when assessing the incremental borrowing rate of the Group. An increase in the discount rate would result in a lower value of the initial right-of-use asset and lease liability, lower depreciation expense and higher interest expense over the term of the lease.

The Group as lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Right-of-use assets held as investment property

Right-of-use assets held as investment properties are properties held by the Group as lessee that are subleased to third parties on operating leases to earn rentals and are accounted for using the cost model. Cost is the most reliable approximation of fair value.

The Group depreciates right-of-use assets held as investment properties on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses right-of-use assets held as investment property for impairment when such indicators exist.

1.12 Members' interests

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

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

Depreciation and profits or losses on disposal of cars used by members, together with members' other motor expenses, are charged through the income statement in arriving at profit before members' remuneration 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 income statement in arriving at profit available for discretionary division among members.

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

Other equity reserves

Other components of equity include the following:

- Revaluation reserve – comprises gains and losses from the revaluation of restricted fixed term call deposit investments.
- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Pounds Sterling.

1.13 Financial instruments

Recognition and derecognition

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

Classification and initial measurement of financial assets

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

Financial assets, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

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

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in the income statement. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The broad range of information is used for the assessment of the different stages.

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.

Trade and other receivables and contract assets

The Group's trade receivables, other receivables and contract assets are carried at amortised cost less provisions for lifetime estimated credit losses and impairments. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.
The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics.

Other receivables

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

Amounts due from members

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

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are 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.

Fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

1.14 Tax

In relation to the income tax payable by the members of Grant Thornton UK LLP, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. This means that no deferred tax asset is recorded against the firm's pension liabilities. Sums set aside in respect of members' tax obligations are included in the statement of financial position within loans and other debts due to members or set against amounts due from members as appropriate.

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

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

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

2 Significant management judgements or estimates

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. 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 Critical 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.

Claims provision

In assessing the potential outcome of a claim or regulatory investigation management makes a judgement to assess the probable outcome of the matter, using both internal and external legal opinion to support the basis of the judgement. A different judgement may affect both the timing and extent of the recognition of expenses and liabilities as well as the disclosures within these financial statements.

No separate disclosure is made of the detail of such claims and proceedings, the manner in which the amount provided has been estimated, the uncertainties relating to the range of possible outcomes considered or the costs recoverable by insurance, where, in management's view, as to do so could seriously prejudice the position of the Group.

2.2 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. 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. A 5% movement in contract assets would result in a £5.9m change in revenue.

Claims provision

Provisions for professional negligence claims and any related regulatory proceedings are inherently difficult to estimate. In making any provision management make estimates by reference to:

- The number of claims and proceedings notified at the period end. In establishing this number, the legal team canvases the member and director population quarterly to establish whether any new notifications are expected; and
- An estimate of any likely outflow. This is based on an assessment of the merits of any notification and past experience.

These estimates depend on the outcome and timing of future events and may need to be revised as circumstances change. A different assessment of the likely outcome of each case or of the probable cost involved may result in a different level of provision recognised.

The firm insures itself against professional negligence claims though policies underwritten by its captive insurance subsidiary and by the external insurance market. All claims are subject to a policy excess (also referred to a self-insured deductible amount) which is borne by the Group. Further details in respect of the degree of estimation uncertainty can be found in Note 21.

Defined benefit pension scheme

The Group's obligation involves estimating the amount of future retirement benefits that eligible scheme members have earned in return for their service. These calculations are performed annually by qualified actuaries and involve many assumptions and estimates. The assumptions are set out in detail in Note 10.2, including sensitivity analysis on the three most critical estimates.

3 Revenue

3.1 Disaggregation of revenue

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

Year ended 31 December 2021	United Kingdom £'000	Rest of Europe £'000	Rest of World £'000	Total £'000
Audit	157,771	3,531	2,817	164,119
Deals & Business Consulting – Advisory	134,765	8,525	8,990	152,280
Large & Complex – Advisory	135,921	8,221	16,729	160,871
Tax	80,226	7,363	5,413	93,002
	508,683	27,640	33,949	570,272

Year ended 31 December 2020	United Kingdom £'000	Rest of Europe £'000	Rest of World £'000	Total £'000
Audit	137,931	2,128	1,688	141,747
Deals & Business Consulting – Advisory	98,532	5,326	4,978	108,836
Large & Complex – Advisory	135,559	8,389	13,360	157,308
Tax	77,123	6,990	4,442	88,555
	449,145	22,833	24,468	496,446

Included within the Large & Complex and Deals & Business Consulting service lines is £14.5m (2020: £11.1m) of tax related services. Included within the Deals & Business Consulting service line is £45.3m (2020: £27.3m) of revenue recognised at a point in time. The remainder of revenue in this and the other service lines is recognised over time.

3.2 Contract balances

Revenue of £28.1m (2020: £14.0m) has been recognised during the current financial year that was included in the contract liability balance as of 31 December 2020.

The typical timing of payment from the raising of invoices is 39 days (2020: 36 days). Payments from 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.

The Group has applied the practical expedient in IFRS 15 not to disclose information in respect of partially completed contracts where the period of the contract is one year or less. The expected credit losses are detailed in Note 20.3.

As at 31 December 2021 there are no (2020: none) material contract costs that have been capitalised.

The Group's contract related balances are detailed in Notes 18 and 22.

4 Other operating income

	2021 £'000	2020 £'000
Other operating income		
Property sub-let income	908	233
Commissions	104	231
Other	7	63
Total other operating income	1,019	527

5 Operating expenses

	2021 £'000	2020 £'000
Cost of services rendered		
Employment and related costs of fee earners	242,529	240,100
Other cost of services rendered – contractor costs	25,353	17,750
Other cost of services rendered	1,945	-
Total cost of services rendered	269,827	257,850
Other operating costs		
Employment and related costs of non-fee earners	60,335	56,631
Premises costs – including property service charges and lease-related expenditure	11,968	13,845
Technology and other equipment	15,296	13,702
Depreciation, amortisation and impairment of non-financial assets	19,968	20,690
(Profit)/loss on disposal of non-financial assets	(217)	350
Other operating costs	49,198	23,845
Total other operating costs	156,548	129,063
Total operating expenses	426,375	386,913

Operating expenses are stated after charging:

	2021 £'000	2020 £'000
Auditor's remuneration (including disbursements)		
Audit services – Group and LLP	187	195
Other services – subsidiary LLP and company audits	55	55

6 Finance costs and finance income

Finance costs for the reporting periods consisting of the following:

	2021 £'000	2020 £'000
Interest expense for borrowings at amortised cost:		
Bank loans	766	1,309
Other borrowing at amortised cost	5	18
	771	1,327
Interest expense for lease arrangements	1,022	751
Net interest expense on defined benefit liability	1,202	1,721
Unwinding of the discount relating to former member annuity provisions	91	226
	2,315	2,698
Finance costs	3,086	4,025

Finance income for the reporting periods consists of the following:

	2021 £'000	2020 £'000
Other interest income	470	1,339

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

7 Tax expenses

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

	2021 £'000	2020 £'000
Profits on ordinary activities before tax	115,793	84,739
Profits of LLPs not subject to corporation tax	(76,647)	(48,324)
	39,146	36,415
Domestic tax rate	19.00%	19.00%
Expected tax expense	7,438	6,919
Profits taxed at zero percent or exempt from tax	(720)	(2,373)
Pension cost charge less than pension cost relief	(2,641)	(1,046)
(Over)/under provision in current/prior years	(282)	100
Total tax expense	3,795	3,600

8 Discontinued operations

On 26 June 2019, Grant Thornton UK LLP disposed of its Wealth Advisory business to 1825, Abrdn's wholly owned financial planning and advice business. During the prior year an additional £3.0m of consideration that was contingent on performance in 2020 was earned and recognised, along with the release of a provision for costs of £0.2m. There have been no further transactions in the current year.

The statement of cash flow includes £3.2m (2020: £nil) relating to the discontinued operations.

9 Members' interests

	Revaluation reserve	Translation reserve	Other reserves	Total members' other interests	Loans and other debts due to/(from) members	Total members' interests
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2021	(318)	1,658	(39,365)	(38,025)	55,614	17,589
Members' remuneration charged as an expense	-	-	-	-	12,657	12,657
Profit for the financial year available for discretionary division among members	-	-	99,341	99,341	-	99,341
Members' interests after profit for the year	(318)	1,658	59,976	61,316	68,271	129,587
Allocated profits in respect of the prior year	-	-	(57,529)	(57,529)	57,529	-
Tax adjustments on payment of annuities to former members	-	-	500	500	-	500
Members' capital introduced	-	-	-	-	8,600	8,600
Other amounts introduced by members	-	-	-	-	322	322
Drawings (including tax payments)	-	-	-	-	(62,518)	(62,518)
Transfer of capital to former members' balances	-	-	-	-	(2,525)	(2,525)
Transfer of other amounts to former members' balances	-	-	-	-	(4,525)	(4,525)
Pension scheme actuarial gain	-		33,169	33,169	-	33,169
Reclassification of revaluation reserve to other reserves	318	-	(318)	-	-	-
Share of other comprehensive income of joint ventures accounted for using equity method	-	(289)	-	(289)	-	(289)
Exchange differences on translation of foreign operations	-	(68)	-	(68)	-	(68)
As at 31 December 2021	-	1,301	35,798	37,099	65,154	102,253

Members’ interests (continued)

	Revaluation reserve £’000	Translation reserve £'000	Other reserves £’000	Total members' other interests £'000	Loans and other debts due to/(from) members £'000	Total members' interests £'000
As at 1 January 2020	(320)	1,783	(30,189)	(28,726)	32,020	3,294
Members’ remuneration charged as an expense	-	-	-	-	15,157	15,157
Profit for the financial year available for discretionary division among members	-	-	69,200	69,200	-	69,200
Members’ interests after profit for the year	(320)	1,783	39,011	40,474	47,177	87,651
Allocated profits in respect of the prior period	-	-	(63,003)	(63,003)	63,003	-
Tax adjustments on payment of annuities to former members	-	-	424	424	-	424
Members’ capital introduced	-	-	-	-	4,075	4,075
Other amounts withdrawn by members	-	-	-	-	(446)	(446)
Drawings (including tax payments)	-	-	-	-	(46,430)	(46,430)
Transfer of capital to former members’ balances	-	-	-	-	(6,250)	(6,250)
Transfer of other amounts to former members' balances	-	-	-	-	(5,515)	(5,515)
Pension scheme actuarial loss	-	-	(15,797)	(15,797)	-	(15,797)
Movement in unrealised gains on investments	2	-	-	2	-	2
Exchange differences on translation of foreign operations	-	(125)	-	(125)	-	(125)
As at 31 December 2020	(318)	1,658	(39,365)	(38,025)	55,614	17,589

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

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

The loans and other debts due to or from members are shown as loans and other debts due to members within one year in the statement of financial position and can be analysed as follows:

	2021 £'000	2020 £'000
Members' capital classified as a liability	46,450	40,375
Amounts due to members – profits	24,627	33,285
Loans and other debts due to members	71,077	73,660
Amounts due from members included in trade and other receivables	(5,923)	(18,046)
	65,154	55,614

The LLP does not finalise the division of profits amongst members until after the financial statements have been finalised and approved by the members. Profits are shared among members in accordance with agreed profit-sharing arrangements. The average profit per member for the current year totalled £611,000 (2020: £451,000). The average profit per member is calculated by dividing the profit for the financial year before members' remuneration, tax and profit shares by the average number of full-time equivalent members. The profit attributable to the member with the largest entitlement was £2.8m (2020: £2.7m) and to the partnership's key management was £12.4m (2020: £7.0m).

10 Employee remuneration

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

	2021 £'000	Restated 2020 £'000
Salaries	247,326	227,048
Social security costs	26,206	23,745
Pensions	15,092	14,408
	288,624	265,201

10.1 Employee numbers

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

	2021	2020
Members (of whom 57 are entitled to a fixed amount of profit share – 2020: 63)	190	188
Fee earning	3,563	3,391
Non-fee earning	1,139	1,133
	4,892	4,712

10.2 Pensions and other employee obligations

The liabilities recognised for pensions and other employee remuneration are:

	2021 £'000	2020 £'000
Non-current:		
Defined benefit liability (net)	52,882	99,951
Former members annuities (Note 21)	14,200	15,189
	67,082	115,140
Current:		
Other short term employee obligations*	2,977	3,099

*Included within accruals in trade and other payables in Note 22.

Defined contribution plans

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

The Group's obligation to make fixed contributions to the defined contribution plans is recognised as an operating expense in the statement of comprehensive income as the services are received from the scheme members. For 2021 total contributions in respect of such plans recognised as an expense were £13.3m (2020 restated: £12.5m).

Defined benefit plan

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

The assets of the continuing plan are administered by trustees in pension funds independent and legally separate from the assets of the Group. It is the responsibility of the trustees of the plan to manage and invest the assets of the plan. The trustees of the plan are required to act in the best interest of the fund and be guided by the Fund's Trust deed and rules dated 1 March 2011. The Group has no representation on the boards of the fund.

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

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

Defined benefit obligation

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

	2021 £'000	2020 £'000
Defined benefit obligation as at 1 January	472,551	432,722
Interest expense	6,038	8,510
Remeasurements – actuarial losses from changes in demographic assumptions	15,478	1,699
Remeasurements – actuarial (gains)/losses from changes in financial assumptions	(30,193)	52,872
Remeasurements - actuarial losses/(gains) from experience	9,945	(8,727)
Benefits paid	(16,298)	(14,525)
Defined benefit obligation as at 31 December	457,521	472,551

Plan assets

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

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

The actual return on plan assets including interest income was £33.2m in 2021 (2020: £36.8m).

	2021 £'000	2020 £'000
Fair value of plan assets as at 1 January	372,600	343,062
Interest income	4,836	6,789
Return on scheme assets excluding amounts included in interest income	28,399	30,047
Employer contributions	15,102	7,227
Benefits paid	(16,298)	(14,525)
Fair value of plan assets as at 31 December	404,639	372,600

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

Total plan assets	2021 £'000	2020 £'000
Equities	106,670	143,847
Bonds and liability driven investments	191,249	161,448
Alternative investments	88,560	37,204
Hedge funds	-	11,028
Cash	2,396	2,146
Buy in policy*	15,764	16,927
	404,639	372,600

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

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

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

Significant actuarial assumptions

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

	2021 %	2020 %
Rate of revaluation of accrued and deferred pensions	2.55	2.40
Rate of increase in pensions in payment – pre 1 July 2006	3.20	2.95
Rate of increase in pensions in payment – post 30 June 2006	2.10	2.00
Discount rate	1.90	1.30
Retail price inflation	3.45	3.10
Consumer price inflation	2.55	2.40
Mortality assumption	100% S3PA*	110% S2PA Light*

**Mortality rates were assumed to follow the 100% S3PA (2020: 110% S2PA Light), incorporating the CMI_2019 projections with a long-term rate of improvement of 1.25% (2020: 1%) per annum for past and future years.*

Life expectancy	2021	2020
Male - Currently aged 65	87.1	87.0
Male - Aged 65 in 20 years	88.5	87.9
Female - Currently aged 65	89.4	88.0
Female - Aged 65 in 20 years	90.9	89.3

Changes in the significant actuarial assumptions

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

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

	Impact on plan liability increase £'000
0.5% decrease to discount rate	39,747
0.5% increase to inflation	24,991
One year increase to life expectancy	16,013

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

Defined benefit plan expenses

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

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

	2021 £'000	2020 £'000
Net interest expense	1,202	1,721
Total expenses recognised in income statement	1,202	1,721

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

	2021 £'000	2020 £'000
Actuarial loss - changes in demographic assumptions	(15,478)	(1,699)
Actuarial gain/(loss) - changes in financial assumptions	30,193	(52,872)
Actuarial (loss)/gain – experience	(9,945)	8,727
Return on assets excluding amounts included in interest expense	28,399	30,047
Total income/(expense) recognised in other comprehensive income	33,169	(15,797)

Other defined benefit plan information

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

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

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

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

The duration of the Fund liabilities is around 17 years.

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

The obligation to the continuing scheme is reflected in the statement of financial position of Grant Thornton Services LLP as the participating employer. The obligations are not reflected in the individual entity statement of financial position of Grant Thornton UK LLP because, no obligation or liability in connection with the scheme or the contributions payable to it exist within the individual entity either to the scheme or the principal/participating employers at the reporting date.

Pension ageing

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

Defined benefit pensions future funding obligations

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

As a result of the actuarial deficit of £52.9m the Group agreed to a Recovery plan to eliminate the deficit by 31 December 2026 by increasing annual contributions to £8.5m per annum from 1 October 2021, in addition to making a lump sum contribution of £15m prior to 31 January 2022. This recovery plan shortens the recovery period compared to the previous plan by 2 years.

11 Goodwill

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

	2021 £'000	2020 £'000
Gross carrying amount		
Balance as at 1 January	13,009	13,009
Exchange differences	(158)	-
Balance as at 31 December	12,851	13,009

Goodwill has not been impaired in the year ending 31 December 2021 or in any prior period.

The recoverable amount for goodwill has been determined based on value in use, being the present value of future cash flows based on one-year budgeted cash flows which takes in to account the impact of COVID-19. Terminal value cash flows calculations for the periods beyond existing one-year budgets have been extrapolated using a 1.7% external long-term growth rate (2020: 3%). Cash flow scenarios with nil growth show no indication of impairment. The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 9.3% (2020: 8.0%), which reflects the risks of all the CGUs being in line with the Group in aggregate.

Estimates have been used in calculating the one-year financial budgets.

Growth rates

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

Cash flow assumptions

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

Discount rates

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

Sensitivity analysis

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

Cash Generating Units (CGU)

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

The smallest CGUs reviewed by the chief operating decision maker, have been identified and considered annually for impairment by comparing their carrying value to the forecast future cashflows based on the following year budget and growth assumptions.

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

	2021 £'000	2020 £'000
Robson Rhodes	9,404	9,562
Other	3,447	3,447
	12,851	13,009

12 Other intangible assets

	Software £'000	Assets under development £'000	Total £'000
Gross carrying amount			
Balance as at 1 January 2021	17,952	-	17,952
Additions	718	274	992
Disposals	(37)	-	(37)
Balance as at 31 December 2021	18,633	274	18,907
Amortisation and impairment			
Balance as at 1 January 2021	9,830	-	9,830
Amortisation	1,699	-	1,699
Disposals	(37)	-	(37)
Balance as at 31 December 2021	11,492	-	11,492
Carrying amount as at 31 December 2021	7,141	274	7,415

	Software £'000	Assets under development £'000	Total £'000
Gross carrying amount			
Balance as at 1 January 2020	16,190	-	16,190
Additions	-	5,443	5,443
Transfers	5,740	(5,443)	297
Disposals	(3,978)	-	(3,978)
Balance as at 31 December 2020	17,952	-	17,952
Amortisation and impairment			
Balance as at 1 January 2020	11,335	-	11,335
Amortisation	2,473	-	2,473
Disposals	(3,978)	-	(3,978)
Balance as at 31 December 2020	9,830	-	9,830
Carrying amount as at 31 December 2020	8,122	-	8,122
Carrying amount as at 31 December 2019	4,855	-	4,855

13 Property, plant and equipment

	Leasehold property improvements £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance as at 1 January 2021	18,523	5,834	976	5,015	463	30,811
Additions	-	143	76	1,733	2,005	3,957
Transfer	955	-	186	-	(1,141)	-
Disposals	(2,198)	(396)	(93)	(1,085)	-	(3,772)
Net exchange differences	4	3	-	-	-	7
Balance as at 31 December 2021	17,284	5,584	1,145	5,663	1,327	31,003
Depreciation and impairment						
Balance as at 1 January 2021	11,684	3,263	835	2,130	-	17,912
Disposals	(2,198)	(396)	(94)	(719)	-	(3,407)
Depreciation	2,391	1,114	114	940	-	4,559
Net exchange differences	4	-	-	-	-	4
Balance as at 31 December 2021	11,881	3,981	855	2,351	-	19,068
Carrying amount as at 31 December 2021	5,403	1,603	290	3,312	1,327	11,935

	Leasehold property improvements £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance as at 1 January 2020	19,831	6,123	1,420	5,820	4	33,198
Initial application of IFRS 16	-	-	(443)	(430)	-	(873)
Adjusted balance as at 1 January 2020	19,831	6,123	977	5,390	4	32,325
Additions	-	17	4	1,090	756	1,867
Transfer to Intangibles	-	-	-	-	(297)	(297)
Disposals	(1,293)	(301)	-	(1,465)	-	(3,059)
Net exchange differences	(15)	(5)	(5)	-	-	(25)
Balance as at 31 December 2020	18,523	5,834	976	5,015	463	30,811
Depreciation and impairment						
Balance as at 1 January 2020	10,539	2,496	710	2,127	-	15,872
Initial application of IFRS 16	-	-	-	-	-	-
Adjusted balance as at 1 January 2020	10,539	2,496	710	2,127	-	15,872
Disposals	(814)	(262)	-	(681)	-	(1,757)
Depreciation	1,973	1,034	130	684	-	3,821
Net exchange differences	(14)	(5)	(5)	-	-	(24)
Balance as at 31 December 2020	11,684	3,263	835	2,130	-	17,912
Carrying amount as at 31 December 2020	6,839	2,571	141	2,885	463	12,899
Carrying amount as at 31 December 2019	9,292	3,627	710	3,693	4	17,326

14 Leases

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

Except for short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 13).

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

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position for the year ended 31 December 2021:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with break/ termination options
Property leases	23	0-14 years	4 years	-	-	12
Office equipment leases	3	1-3 years	2 years	2	1	-
Motor car leases	13	0-3 years	1 year	-	6	-

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

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position for the year ended 31 December 2020:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with break/ termination options
Property leases	28	1-12 years	3 years	-	-	13
Office equipment leases	3	2-5 years	3 years	2	1	-
Motor car leases	24	1-4 years	1 year	-	14	-

Right-of-use assets

Net Book Value	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 1 January 2021	44,739	831	368	45,938
Additions/(disposals)	9,071	-	(58)	9,013
Depreciation for the year	(12,565)	(312)	(167)	(13,044)
Balance as at 31 December 2021	41,245	519	143	41,907

Net Book Value	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 31 December 2019	-	-	-	-
Adjustment on initial application of IFRS 16	54,532	1,142	478	56,152
Adjusted balance as at 1 January 2020	54,532	1,142	478	56,152
Additions	4,906	-	76	4,982
Transfer to investment property	(1,187)	-	-	(1,187)
Depreciation for the year	(13,157)	(311)	(186)	(13,654)
Net impairment charge on assets	(355)	-	-	(355)
Balance as at 31 December 2020	44,739	831	368	45,938

For income from subletting office premises, refer to Note 15.

Lease liabilities

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

	2021 £'000	2020 £'000
Current	11,421	13,178
Non-current	30,256	32,870
	41,677	46,048

	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 1 January 2021	44,946	797	305	46,048
Created during the year	8,651	-	12	8,663
Amounts paid	(13,166)	(304)	(224)	(13,694)
Lease finance costs	645	5	10	660
Balance as at 31 December 2021	41,076	498	103	41,677

	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 31 December 2019	-	-	-	-
Adjustment on initial application of IFRS 16	57,885	1,093	380	59,358
Adjusted balance as at 1 January 2020	57,885	1,093	380	59,358
Created during the year	-	-	121	121
Amounts paid	(13,681)	(304)	(209)	(14,194)
Lease finance costs	742	8	13	763
Balance as at 31 December 2020	44,946	797	305	46,048

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

	2021 £'000	2020 £'000
Not later than three months	3,138	3,431
Between three to six months	2,924	3,423
Between six months and one year	5,901	6,804
In more than one year but less than two years	10,241	11,830
In more than two years but less than three years	7,434	9,935
In more than three years but less than four years	2,946	6,517
In more than four years but less than five years	1,956	2,032
In more than five years	9,201	3,699
	43,741	47,671
Effect of discounting (finance charge)	(2,064)	(1,623)
Lease liability	41,677	46,048

Total cash outflow for leases for the year ended 31 December 2021 was £13.7m (2020: £14.2m).

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets (low value being less than £5,000). Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2021 £'000	2020 £'000
Expense relating to short-term leases	359	682
Expense relating to leases of low value assets	1,445	1,638

15 Right-of-use assets held as investment property

Investment property includes real estate properties that are subleased to third parties on operating leases.

Net Book Value	Total £'000
Balance as at 1 January 2021	1,611
Depreciation for the year	(666)
Balance as at 31 December 2021	945

Net Book Value	Total £'000
Balance as at 31 December 2019	-
Adjustment on initial application of IFRS 16	811
Adjusted balance as at 1 January 2020	811
Transfer from Right-of-use assets	1,187
Depreciation for the year	(387)
Balance as at 31 December 2020	1,611

Rental income from subleasing of £0.9m (2020: £0.2m) is shown within other operating income and direct operating expenses of £1.4m (2020: £0.5m) are reported within operating expenses.

Although the risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

The lease contracts are all non-cancellable for 2 to 7 years from the commencement of the lease. The average lease term remaining as at the year-end was 1.5 years (2020: 2.5 years).

Future undiscounted minimum lease rentals are as follows:

	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	After 5 years £'000
As at 31 December 2021	801	323	-	-	-	-
As at 31 December 2020	669	801	323	-	-	-

16 Group interests

Interest in subsidiaries

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

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

As at 31 December 2021, the Group also held 100% of the ordinary share capital of, or interest in, the following companies and LLPs incorporated or registered in England, which are either dormant or non-trading:

Dormant or non-trading subsidiaries at 31 December 2021	
Grant Thornton Advisory Limited	Grant Thornton Personal Financial Planning Limited[3]
Grant Thornton Consulting Limited[3]	Grant Thornton Property Nominees[2]
Grant Thornton Corporate Finance Limited[3]	Grant Thornton Trust Company Limited
Grant Thornton Contracts LLP[1]	GTN1 Limited
Grant Thornton Employee Benefits Consultancy LLP[1]	GTN2 Limited
Grant Thornton Forensic Services Limited	GTPN1 Limited
Grant Thornton Management Consultants Limited	GTPN2 Limited
Grant Thornton Nominees[2]	Thornton Baker Limited[3]
Grant Thornton Pension Trustees Limited	

1) directly owned by Grant Thornton UK LLP. 2) unlimited liability nominee companies in which Grant Thornton UK LLP has a 100% interest.
3) in the process of being struck off the Companies House register as of 31 December 2021 and dissolved on 18 January 2022.

The following Group entities were dissolved during the year on 23 March 2021: Barfreston Limited, Carnoustie Consultants Limited, Geniac Holdings Limited, Geniac UK Limited, Inderies Limited, Local Knowledge (UK) Limited and The Local Futures Group Limited.

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

- Fulwood Insurances Limited - PO Box 33, Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT.
- Grant Thornton (British Virgin Islands) Limited - Intertrust Fiduciary Services BVI Limited, Ritter House, Wickhams Cay II, P.O. Box 4041, Road Town, Tortola, British Virgin Islands VG1110.
- Grant Thornton Specialist Services (Cayman) Limited - HSM Corporate services Ltd, PO Box 31726, 68 Fort Street, George Town, Grand Cayman KY1 1207.
- GTSS Corporate Director No. 1, No. 2 and No. 3 - HSM Corporate services Ltd, PO Box 31726, 68 Fort Street, George Town, Grand Cayman KY1 1207.
- Grant Thornton Advisory Limited - 110 Queen Street, Glasgow, Scotland, G1 3BX.

The Group also has investments in joint ventures and associates as disclosed in Note 17.

17 Investments accounted for using the equity method

Associates

The Group has two associates:

- a 49% (2020: 49%) shareholding of Grant Thornton Specialist Services (Cyprus) Limited, an intermediate holding company registered in Cyprus. The registered office is 41-49 Agiou Nicolaou Street, Nimeli Court, Block C, Engomi 2408, 1687 Nicosia, Cyprus.
- shares in Grant Thornton E.U. Services NV, giving the Group an 7% (2020: 8%) equity interest. The registered office of Grant Thornton E.U. Services NV is Haren (1130 Brussels), Metrologielaan 10 box 15.

Neither associate is material to the Group.

Joint ventures

Investment in Grant Thornton Debt Solutions Limited

During the prior year the Group held a 50% interest in Grant Thornton Debt Solutions Limited in the form of a joint venture which was initially and subsequently measured at fair value. On 4 December 2020 Grant Thornton UK LLP's shareholding rights, title and interest in this was sold to Grant Thornton Holdings Limited which is part of the Grant Thornton member firm in Ireland. It did not have a carrying value on disposal.

Investment in Grant Thornton Singapore HoldCo Limited

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

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

	Investment in joint ventures £'000	Investment in associates £'000	Total equity accounted investments £'000
Carrying amount of equity accounted investments as at 1 January 2021	993	66	1,059
Additional equity investments made	381	-	381
Share of profit from equity accounted investments	526	17	543
Share of other comprehensive income – translating foreign operations	(289)	-	(289)
Exchange adjustments	268	-	268
Dividends received	-	-	-
Carrying amount of equity accounted investments as at 31 December 2021	1,879	83	1,962

	Investment in joint ventures £'000	Investment in associates £'000	Total equity accounted investments £'000
Carrying amount of equity accounted investments as at 1 January 2020	578	22	600
Additional equity investments made	514	-	514
Share of (loss)/profit from equity accounted investments	(99)	44	(55)
Dividends received	-	-	-
Carrying amount of equity accounted investments as at 31 December 2020	993	66	1,059

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

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

	2021 £'000	2020 £'000
Non-current assets	3,110	4,101
Current assets (a)	7,220	6,172
Total assets	10,330	10,273
Non-current liabilities (b)	(4,016)	(3,962)
Current liabilities (c)	(2,554)	(4,324)
Total liabilities	(6,570)	(8,286)
Net assets	3,760	1,987
(a) Includes cash and cash equivalents	3,414	428
(b) Includes non-current financial liabilities (excluding trade and other payables and provisions)	(2,462)	(3,873)
(c) Includes current liabilities (excluding trade and other payables and provisions)	(1,447)	(1,607)
Trading:		
Revenue	11,984	10,376
Profit and total comprehensive income for the year	531	548
Depreciation	(1,005)	(1,057)
Tax	24	(19)

Review of the carrying value:

	2021 £'000	2020 £'000
Net assets	3,760	1,987
Ownership	50%	50%
Carrying value	1,879	993

18 Trade and other receivables

Trade and other receivables consist of the following:

	2021 £'000	2020 £'000
Due within one year:		
Trade receivables, gross	76,585	77,427
Allowance for credit losses on trade receivables	(2,186)	(3,939)
Trade receivables, net	74,399	73,488
Contract assets, gross	117,651	101,380
Allowance for credit losses on contract assets	(235)	(253)
Contract assets, net	117,416	101,127
Amounts due from members	5,923	18,046
Other receivables	65,564	24,705
Financial assets	263,302	217,366
Prepayments	27,296	28,704
Non-financial assets	27,296	28,704
Trade and other receivables due within one year	290,598	246,070
Due after more than one year:		
Financial assets – fully and compulsory convertible debentures	1,478	2,930
Non-financial assets – prepayments	1,089	635
Trade and other receivables due after more than one year	2,567	3,565
Total trade and other receivables	**293,165**	**249,635**

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

19 Cash and cash equivalents

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

	2021 £'000	2020 £'000
Cash at bank and in hand:		
GBP	22,057	14,450
USD	5,812	9,070
Euro	177	670
	28,046	24,190

20 Financial assets and liabilities

20.1 Financial assets at year end

Note 1.13 provides a description of each category of financial assets and the related accounting policies. The carrying amounts of trade and other receivables and cash and cash equivalents is considered a reasonable approximation of fair value.

31 December 2021	Fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Non-current assets			
Other long-term financial assets	2,227	-	2,227
Trade and other receivables	1,478	-	1,478
Total non-current assets	3,705	-	3,705
Current assets			
Trade and other receivables	12,434	250,868	263,302
Restricted fixed term call deposits	-	10,880	10,880
Cash and cash equivalents	-	28,046	28,046
Total current assets	12,434	289,794	302,228
Total assets	**16,139**	**289,794**	**305,933**

31 December 2020	Fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Non-current assets			
Other long-term financial assets	294	-	294
Trade and other receivables	2,930	-	2,930
Total non-current assets	3,224	-	3,224
Current assets			
Trade and other receivables	12,067	205,299	217,366
Restricted fixed term call deposits	-	5,207	5,207
Cash and cash equivalents	-	24,190	24,190
Total current assets	12,067	234,696	246,763
Total assets	15,291	234,696	249,987

Level 3 Financial assets at FVTPL have increased as follows:

	Long-term financial assets £'000	Trade and other receivables £'000	Level 3 Financial assets £'000
Financial assets at FVTPL as at 31 December 2020	294	14,997	15,291
Amount recognised in profit or loss – operating expenses	-	26	26
Amount recognised in profit or loss – revenue	-	(3,118)	(3,118)
Other movements	1,933	2,007	3,940
Financial assets at FVTPL as at 31 December 2021	2,227	13,912	16,139

	Long-term financial assets £'000	Trade and other receivables £'000	Level 3 Financial assets £'000
Financial assets at FVTPL as at 31 December 2019	-	5,416	5,416
Amount recognised in profit or loss – operating expenses	-	1,750	1,750
Amount recognised in profit or loss – revenue	-	8,025	8,025
Other movements	294	(194)	100
Financial assets at FVTPL as at 31 December 2020	294	14,997	15,291

The total amount included in profit or loss for unrealised losses on Level 3 instruments is £nil (2020: £nil).

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

Trade and other receivables

The trade and other receivables financial assets consist of £3.0m (2020: £2.9m) in respect of fully and compulsory convertible debentures. £1.5m (2020: £nil) is included within other receivables due within one year, and £1.5m (2020: £2.9m) is included in amounts due after more than one year. Trade and other receivables also consist of £11.0m (2020: £12.1m) in respect of litigation funding.

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

The significant unobservable inputs are the outcomes of future litigation. At 31 December 2021, should the value of litigation funding have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the balance would have increased and decreased respectively by £1.1m (2020: £1.2m).

There are no inputs or variables to which the values of the litigation funding are correlated.

Investment in Grant Thornton Asset Recovery Fund Limited

The fair value is determined based on future cash flow modelling that takes into account the investee's expected future performance. The significant unobservable inputs are the future performance of the entities. The balance as at 31 December 2021 in respect of this is £2.2m (2020: £0.3m) and is included within Other long-term financial assets. At 31 December 2021, should the value of the investment in Grant Thornton Asset Recovery Fund Limited have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the balance would have increased and decreased respectively by £0.02m (2020: £0.03m). There are no inputs or variables to which the values of the investment in Grant Thornton Asset Recovery Fund Limited are correlated.

20.2 Financial liabilities at the year end

The carrying amounts of trade and other payables is considered a reasonable approximation of fair value. Bank borrowings are initially recognised at fair value and then subsequently they are recognised at amortised cost. Borrowing costs are expensed as incurred. The below amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date for liabilities held at amortised cost.

	2021 £'000	2020 £'000
Non-current financial liabilities		
Lease liabilities	31,778	34,013
Total non-current financial liabilities	31,778	34,013
Current financial liabilities		
Loans and other debts due to members within one year	71,077	73,660
Current borrowings	20,000	36,000
Lease liabilities	11,963	13,658
Trade payables	5,568	5,899
Accruals	37,641	31,306
Other payables	49,505	4,385
Amounts due to former members	2,041	3,003
Total current financial liabilities	197,795	167,911
Total financial liabilities	229,573	201,924

As at 31 December 2021, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2021	Not later than three months £'000	Between three to six months £'000	Between six months and one year £'000	Later than one year and not later than five years £'000	Later than five years £'000	Total £'000
Bank borrowings	20,000	-	-	-	-	20,000
Lease obligations	3,138	2,924	5,901	22,577	9,201	43,741
Trade payables	5,568	-	-	-	-	5,568
Accruals	14,651	22,990	-	-	-	37,641
Other payables	49,505	-	-	-	-	49,505
Amounts due to former members	2,041	-	-	-	-	2,041
Loans and other debts due to members	52,261	18,816	-	-	-	71,077
Total	147,164	44,730	5,901	22,577	9,201	229,573

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

31 December 2020	Not later than three months £'000	Between three to six months £'000	Between six months and one year £'000	Later than one year and not later than five years £'000	Later than five years £'000	Total £'000
Bank borrowings	36,000	-	-	-	-	36,000
Lease obligations	3,431	3,423	6,804	30,314	3,699	47,671
Trade payables	5,899	-	-	-	-	5,899
Accruals	17,464	13,842	-	-	-	31,306
Other payables	4,385	-	-	-	-	4,385
Amounts due to former members	3,003	-	-	-	-	3,003
Loans and other debts due to members	50,411	23,249	-	-	-	73,660
Total	120,593	40,514	6,804	30,314	3,699	201,924

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

20.3 Financial instruments risk

Risk management objectives and policies

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

The main types of risks are market risk, credit risk and liquidity risk.

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

Market risk analysis

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

Foreign currency sensitivity

Currency risk exists when a financial transaction is denominated in a currency other than that of the functional currency of the LLP and arises from the change in price of one currency in relation to another. The majority of the Group's transactions are carried out in Pounds Sterling (GBP) and as such currency risk does not exist on these transactions. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD) and Euros (EUR).

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

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

	Short term exposure EUR £'000	Short term exposure USD £'000	Long term exposure USD £'000
31 December 2021			
Financial assets - other long-term financial assets	-	-	2,227
Financial assets - trade and other receivables	305	3,772	1,478
Financial assets - cash and cash equivalents	177	5,812	-
Financial liabilities – trade and other payables	(999)	(409)	-
Total exposure – 31 December 2021	(517)	9,175	3,705
31 December 2020			
Financial assets - other long-term financial assets	-	-	294
Financial assets - trade and other receivables	1,053	1,688	2,930
Financial assets - cash and cash equivalents	600	5,965	-
Financial liabilities – trade and other payables	(1,608)	(273)	-
Total exposure – 31 December 2020	45	7,380	3,224

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

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

The following table illustrates the sensitivity of the Group's financial assets and financial liabilities to movements in the USD/GBP exchange rate and EUR/GBP exchange rate 'all other things being equal'. It assumes a +/- 5% change of the GBP/USD and GBP/EUR exchanges rate for the year ended 31 December 2021 (2020: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the GBP had strengthened against the USD by 5% (2020: 5%) and EUR by 5% (2020: 5%) respectively then this would have had the following impact:

Impact on profit for the year	USD £'000	EUR £'000
31 December 2021	644	26
31 December 2020	530	2

Interest rate sensitivity

The Group's policy is to minimise cash flow interest rate risk and volatility on long-term financing. As at 31 December 2021, the Group is exposed to changes in market interest rates through bank borrowings on its revolving credit facilities (1.4% over LIBOR (2020: 1.4%)); and members' capital (5.0% over Bank of England Base Rate, (2020: 5.0%). The effect of interest rate benchmark reform will result in a change from LIBOR to SONIA from 1 January 2022. There is no material impact as a result of this transition on the Group's financial instruments, and as such there are no transition risks that require managing or additional disclosure.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1% (2020: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Impact on profit for the year	Bank borrowings £'000	Members' capital £'000
31 December 2021	133	436
31 December 2020	380	429

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. In the current low interest rate environment, the principal financial risk associated with trade receivables is credit risk.

The Group is exposed to this risk on receivables from clients, and cash at bank. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December 2021.

Credit risk management

The credit risk is managed on a Group basis based on the Group's credit risk management policies and procedures.

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

The Group continuously monitors the credit quality of clients and other counterparties, identified either individually or collectively, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on clients and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The credit terms for clients as negotiated with clients are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per client.

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

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

Impairment of financial assets

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

- trade receivables; and
- contract assets.

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

Trade receivables and contract assets

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

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

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

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

On the above basis the expected credit loss for trade receivables and contract assets as at 31 December 2021 were determined as follows:

	Expected credit loss rate 2021	2021 £'000	Expected credit loss rate 2020	2020 £'000
Current	0.20%	45,959	0.25%	45,191
More than 30 days	0.55%	13,990	0.45%	15,672
More than 60 days	1.33%	4,788	1.13%	5,523
More than 90 days	16.49%	11,848	33.45%	11,041
Trade receivables		76,585		77,427
Contract assets	0.20%	117,651	0.25%	101,380
Total trade receivables and contract assets		194,236		178,807
Expected credit losses for trade receivables and contract assets		(2,421)		(4,192)
Trade receivables and contract assets		191,815		174,615

The expected credit losses have decreased year on year in reflection of the revised information available about past and current conditions and a forecast of the future economic conditions. The expected credit loss assumptions as at 31 December 2020 included a fully impaired specific contract. The positive economic conditions and the decreased credit risks as at 31 December 2021 has also led the Group to reassess the specific credit loss, resulting in a reduction to the allowance of credit losses when compared to 31 December 2020.

The closing balance of the trade receivables loss allowance as at 31 December 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	2021 £'000	2020 £'000
Balance as at 31 December 2020	4,192	3,416
Net (decrease)/increase in allowance	(1,274)	2,543
Amounts written off	(497)	(1,767)
Balance as at 31 December 2021	2,421	4,192

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations as they fall due. The Group manages its liquidity needs by periodically undertaking reviews of short, medium and long term financing requirements as well as continually monitoring working capital usage. A significant part of the Group's funding is from members' capital and a revolving credit facility of £111m in place through to December 2023. Members' capital is only repayable following retirement. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient.

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

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its trade receivables and cash and cash equivalents as detailed in Notes 18 and 19. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

The Group's capital management objectives are:

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

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

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

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

	2021 £'000	2020 £'000
Cash and cash equivalents	28,046	24,190
Bank borrowings	(20,000)	(36,000)
Net cash/(debt) (excluding lease liabilities)	8,046	(11,810)
Members' total interests	102,253	17,589
Pension deficit	52,882	99,951
Total members' interests (pension deficit added back)	155,135	117,540
Percentage of net cash/(debt) to members' interests (pension deficit added back)	5%	(10%)

The Group has honoured its covenant obligations during the year and after the year-end.

21 Provisions

	Claims provision £'000	Property provision £'000	Provision for foreseeable losses on revenue contracts £'000	Retirement annuities to former members £'000	Total £'000
Balance as at 1 January 2021	29,085	7,725	-	15,189	51,999
Reclassification of provision (to)/from trade and other payables	(3,881)	-	1,474	-	(2,407)
New annuity obligations	-	-	-	722	722
Amortisation of discount	-	371	-	91	462
Settlements during the year	(5,057)	-	-	(2,507)	(7,564)
Change in assumptions and experience losses	-	-	-	705	705
Released to profit and loss account	(902)	(45)	(305)	-	(1,252)
Provided during the year	8,710	216	-	-	8,926
Balance as at 31 December 2021	27,955	8,267	1,169	14,200	51,591

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

	2021 £'000	2020 £'000
Current	1,958	-
Non-current	49,633	51,999
	51,591	51,999

Claim provisions

The Group maintains professional indemnity insurance and premiums are expensed as they fall due. Reimbursements are recognised as they become receivable. Where a potential outflow of resources becomes probable and can be reliably estimated it is included within the Claims provision. The inherently subjective nature of the issues involved means the timing of the utilisation of those provisions is inherently difficult to predict. No details of all known claims and regulatory matters for which a provision has been recognised has been given as to do so would, in management's opinion, be potentially seriously prejudicial to the interests of both the Group and the LLP. For the same reason, the basis upon which the provisions have been measured together with the uncertainties relating to the range of possible outcomes have also not been disclosed.

Property provisions

Property provisions relate to dilapidations and dismantling costs for leased properties, and these are explicitly excluded from the measurement of lease labilities in accordance with IFRS 16. Utilisation of these provisions are incurred in conjunction with the profile of the leases to which they relate. The longest property provision will unwind over the next 15 years. Management use past experience with similar property provisions and the relative size of each property to determine an appropriate provision. Further details of profile of lease terms for right-of-use assets are disclosed in Note 14.

Provision for foreseeable losses on revenue contracts

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Retirement benefits of former members and partners of the predecessor firm

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

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

The obligation for annuities to former members include elements that are dependent on the life expectancy of the former members. Mortality rates are assumed to follow the 100% S3PA mortality base table (2020: 110% S2PA Light mortality base table). The annuity provision has been actuarially calculated using a discount rate of 1.6% (2020: 0.7%) based on Government bonds and estimates of the expected payment period covered by the annuities. The inflation rate of 4.00% (2020: 3.25%) is based on current actuarial benchmarks and management's historical experience.

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

The sensitivity analysis based on a change in one assumption while all other assumptions are kept the same for the discount rate and inflation rate does not have a significant effect on the annuities provision. This analysis may not be representative of the actual change in the annuity provision as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

	2021 £'000	2020 £'000
In less than one year	1,958	2,353
After one and within five years	4,874	5,396
After five years and within ten years	3,759	3,808
After ten and within twenty-five years	3,492	3,545
In more than twenty-five years	117	87
Balance as at 31 December	14,200	15,189

22 Trade and other payables

Trade and other payables consist of the following:

	2021 £'000	2020 £'000
Contract liabilities	26,711	29,986
Trade payables	5,568	5,899
Social security and other taxes	14,423	14,256
Other payables	49,505	4,385
Accruals	37,641	31,306
Deferred income	954	157
Provisions for foreseeable losses	-	1,474
Amounts due to former members	2,041	3,003
Total trade and other payables	136,843	90,466

23 Operating cash flow adjustments

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

	2021 £'000	2020 £'000
Net changes in working capital		
Change in trade and other receivables	(13,754)	(6,158)
Change in trade and other payables	1,073	17,147
Change in provisions	3,535	4,778
Total changes in working capital	(9,146)	15,767
Non-cash adjustments		
Depreciation, amortisation, and impairment of non-financial assets	19,968	20,690
(Profit)/loss on disposal of property, plant, and equipment	(82)	350
Interest income	(470)	(1,339)
Interest expense	1,884	2,304
Gain on disposal of non-financial assets	(135)	(3,218)
Result from equity accounted associate	(543)	55
Net interest on defined benefit liability	1,202	1,721
Unrealised exchange differences	(48)	-
Total non-cash adjustments	21,776	20,563

24 Changes in liabilities arising from financing activities

		As at 31 December 2020 £'000	Net cash repaid in financing activities £'000	Net cash proceeds from financing activities £'000	Other non-cash £'000	Re-allocation £'000	As at 31 December 2021 £'000
Borrowings	Current	36,000	(36,000)	20,000	-	-	20,000
Lease liabilities	Current	13,178	(13,695)	-	-	11,938	11,421
	Non-current	32,870	-	-	9,324	(11,938)	30,256
		82,048	(49,695)	20,000	9,324	-	61,677
Members' interests		55,614	(63,950)	8,600	71,940	(7,050)	65,154
Former members		3,003	(8,012)	-	-	7,050	2,041
Annuities to former members		15,189	(2,007)	-	1,018	-	14,200
		155,854	(123,664)	28,600	82,282	-	143,072

		As at 31 December 2019 £'000	Net cash repaid in financing activities £'000	Net cash proceeds from financing activities £'000	Other non-cash £'000	Re-allocation £'000	As at 31 December 2020 £'000
Borrowings	Current	66,248	(66,248)	36,000	-	-	36,000
	Non-current	479	-	-	(479)	-	-
Lease liabilities	Current	-	(14,211)	-	-	27,389	13,178
	Non-current	-	-	-	60,259	(27,389)	32,870
		66,727	(80,459)	36,000	59,780	-	82,048
Members' interests		32,020	(47,985)	4,075	79,273	(11,769)	55,614
Former members		3,726	(12,492)	-	-	11,769	3,003
Annuities to former members		15,813	(1,796)	-	1,172	-	15,189
		118,286	(142,732)	40,075	140,225	-	155,854

25 Related party transactions

Transactions with associates

During the year to 31 December 2021, the Group provided services to Grant Thornton Specialist Services Cyprus Limited valued at £96,000 (2020: £96,000). There are no outstanding balances with Grant Thornton Specialist Services Cyprus Limited.

Transactions with joint ventures

During the years to 31 December 2021 and 31 December 2020 none of the joint ventures entered into any direct related party transactions with the Group.

The Group entered in to related party transactions with subsidiary trading entities of Grant Thornton Singapore HoldCo Limited. During the year, the Group provided services valued at £282,000 (2020: £361,000), with £123,000 outstanding as at 31 December 2021 (2020: £45,000), and the Group received services valued at £nil (2020: £318,000), with £nil outstanding as at 31 December 2021 (2020: £15,000).

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

No adjusting or significant non-adjusting events have occurred between the 31 December 2021 and the date of authorisation of these financial statements.

26.1 Other financial commitment

The Group has a financial commitment of USD10m (2020: USD13m) to invest additional monies into its Asset Recovery Fund Limited Partnership, a Cayman Islands registered entity, which is not recognised as a liability. This is a loan commitment that is scoped out of IFRS 9, the impairment of which is considered immaterial. This commitment relates to certain live claims and the expectation is that no further amounts are to be committed until June 2022 in respect of these claims.

26.2 Contingent assets

Further compensation on the disposal of Grant Thornton House is expected and is considered to be a contingent asset as at 31 December 2021. The timing and magnitude of this compensation is the subject to ongoing negotiations with HS2 Limited.

26.3 Contingent liabilities

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

Parent entity statement of financial position

as at 31 December

	Note	2021 £'000	2020 £'000
Fixed assets			
Goodwill	28	11,936	11,936
Other intangible assets	29	7,415	8,122
Tangible assets	30	11,751	12,823
Right-of-use asset	14	41,907	45,938
Right-of-use asset held as investment property	15	945	1,611
Investments in subsidiaries and associates	31	9,867	2,350
		83,821	82,780
Current assets			
Debtors due: amounts falling due within one year	32	290,017	236,714
Debtors due: amounts falling due after more than one year	32	2,567	3,565
Cash at bank and in hand		13,087	16,079
		305,671	256,358
Creditors: amounts falling due within one year	33	(169,552)	(132,378)
Provisions for liabilities	35	(1,958)	-
Net current assets		134,161	123,980
Total assets less current liabilities		217,982	206,760
Creditors: amounts falling due after more than one year	33	(30,256)	(32,870)
Provisions for liabilities	35	(40,730)	(48,682)
Net assets excluding amounts due to members		146,996	125,208

Parent entity statement of financial position (continued)

as at 31 December

	Note	2021 £'000	2020 £'000
Loans and other debts due to members within one year	36	46,450	40,375
Members' capital classified as a liability	36	24,627	33,285
Members' other interests – profit for the year	36	81,400	77,471
Members' other interests – other reserves classified as equity	36	(5,481)	(25,923)
Total equity and amounts due to members		146,996	125,208

In accordance with the exemptions permitted by section 408 of the Companies Act 2006 as applicable by LLPs, the statement of comprehensive income of the LLP has not been presented. Profit for the year available for discretionary division among members totalled £81.4m (2020: £77.5m).

The financial statements of Grant Thornton UK LLP (Registered no: OC307742) on pages 71 to 80 were approved by the Designated Members, signed on their behalf and authorised for issue on 31 March 2022 by:

Dave Dunckley

Chief Executive Officer

Malcolm Gomersall

Chief Operating Officer

Parent entity statement of changes in equity

as at 31 December

	Other reserves £'000	Total equity £'000
Balance as at 1 January 2021	51,548	51,548
Allocated profits in respect of the prior period	(57,529)	(57,529)
Tax adjustments on payment of annuities to former members	500	500
Transactions with members	(57,029)	(57,029)
Profit for the financial year before members' remuneration charged as an expense	94,057	94,057
Members' remuneration charged as an expense	(12,657)	(12,657)
Total comprehensive income for the year	81,400	81,400
Balance as at 31 December 2021	**75,919**	**75,919**

	Other reserves £'000	Total equity £'000
Balance as at 1 January 2020	36,656	36,656
Allocated profits in respect of the prior period	(63,003)	(63,003)
Tax adjustments on payment of annuities to former members	424	424
Transactions with members	(62,579)	(62,579)
Profit for the financial year before members' remuneration charged as an expense	92,628	92,628
Members' remuneration charged as an expense	(15,157)	(15,157)
Total comprehensive income for the year	77,471	77,471
Balance as at 31 December 2020	51,548	51,548

Notes to the parent entity financial statements

27 Basis of preparation – Parent entity

The principal accounting policies adopted in the preparation of the parent financial statements together with the critical accounting judgements and key sources of estimation are the same as those set out in Notes 1 and 2 of the consolidated financial statements. Any accounting policies in addition to those applied in the preparation of the consolidated financial statements are detailed below. These polices have been consistently applied throughout the year and the preceding year. The true and fair override has been taken in respect of the non-amortisation of goodwill, which would otherwise have been £0.1m (2020: £0.2m), due to the consideration that the goodwill has an indefinite useful economic life.

Basis of accounting

Grant Thornton UK LLP (the "LLP") meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements for Grant Thornton UK LLP have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) "Reduced Disclosure Framework" and in conformity with the requirements of the Companies Act 2006 as applicable by LLPs.

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

Investments in subsidiaries and associates

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

Disclosure exemptions adopted

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

- A statement of cash flows and related notes for the LLP;
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group;
- Disclosure of key management personnel compensation;
- Presentation of comparative reconciliations for intangible and tangible fixed assets;
- Disclosure requirements relating to Goodwill impairment testing;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraphs 10(d), 10(f), 16, 38(a) to (d), 40 (a) to (d), 111 and 134-136 of IAS 1 Presentation of Financial Statements; and
- IFRS 7 disclosure requirements.

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

28 Goodwill

There has been no movement in goodwill during the year. The gross carrying amount was £11.9m as at 31 December 2021 (2020: £11.9m).

29 Other intangible assets

	Software £'000	Assets under construction £'000	Total £'000
Gross carrying amount			
Balance as at 1 January 2021	17,952	-	17,952
Additions	718	274	992
Disposals	(37)	-	(37)
Balance as at 31 December 2021	18,633	274	18,907
Amortisation			
Balance as at 1 January 2021	9,830	-	9,830
Charge for the year	1,699	-	1,699
Disposals	(37)	-	(37)
Balance as at 31 December 2021	11,492	-	11,492
Carrying amount as at 31 December 2021	**7,141**	**274**	**7,415**
Carrying amount as at 31 December 2020	8,122	-	8,122

30 Tangible assets

	Leasehold property improvements £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance as at 1 January 2021	18,101	5,687	822	5,015	463	30,088
Additions	-	-	61	1,733	2,006	3,800
Transfers	955	-	186	-	(1,141)	-
Disposals	(2,199)	(337)	-	(1,085)	-	(3,621)
Balance as at 31 December 2021	16,857	5,350	1,069	5,663	1,328	30,267
Depreciation and impairment						
Balance as at 1 January 2021	11,305	3,136	693	2,131	-	17,265
Provided in the year	2,365	1,097	103	941	-	4,506
Disposals	(2,198)	(337)	-	(720)	-	(3,255)
Balance as at 31 December 2021	11,472	3,896	796	2,352	-	18,516
Carrying amount as at 31 December 2021	**5,385**	**1,454**	**273**	**3,311**	**1,328**	**11,751**
Carrying amount as at 31 December 2020	6,796	2,551	129	2,884	463	12,823

31 Investments in subsidiaries and associates

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

	Cost £'000	Impairment £'000	Net book value £'000
Carrying amount as at 1 January 2021	2,556	(206)	2,350
Additional equity investments made in the year	7,500	-	7,500
Share of profit from equity accounted investments	17	-	17
Disposals	(206)	206	-
Carrying amount as at 31 December 2021	9,867	-	9,867

A list of investments held by the LLP is set out in Note 16 and Note 17 of the consolidated financial statements.

32 Debtors

	2021 £'000	2020 £'000
Due within one year		
Trade debtors	73,543	71,313
Contract assets	113,312	98,401
Amounts owed by group undertakings	6,335	-
Other debtors	62,849	20,862
Amounts due from members	5,923	18,046
Fully and compulsory convertible debentures	1,478	-
Prepayments and accrued income	26,577	28,092
	290,017	236,714
Due after more than one year		
Fully and compulsory convertible debentures	1,478	2,930
Prepayments and accrued income	1,089	635
	2,567	3,565

33 Creditors

	2021 £'000	2020 £'000
Due within one year		
Bank loans	20,000	36,000
Contract liabilities	26,711	29,986
Trade creditors	5,497	5,802
Amounts owed to group undertakings	40,662	24,839
Taxation and social security	6,307	7,064
Lease liabilities	11,421	13,178
Other creditors	47,185	1,629
Amounts due to former members	2,041	3,003
Provisions for foreseeable losses	-	1,474
Accruals and deferred income	9,728	9,403
	169,552	132,378
Due after more than one year		
Lease liabilities	30,256	32,870
	30,256	32,870

34 Leases

The carrying amount of right-of-use assets, right-of-use assets held as investment properties and lease liabilities and the related movements during the year are substantially the same as those disclosed for the Group. Details of the Group's leasing arrangements, including the maturity analysis of lease liabilities, are also substantially the same. Details can be found in Notes 14 and 15.

35 Provisions for liabilities

	Claims provision £'000	Property provision £'000	Provision for foreseeable losses on revenue contracts £'000	Former members' annuities £'000	Total £'000
Balance as at 1 January 2021	25,768	7,725	-	15,189	48,682
Reclassification of provision (to)/from creditors	(3,881)	-	1,474	-	(2,407)
New annuity obligations	-	-	-	722	722
Amortisation of discount	-	371	-	91	462
Settlement of obligations during year	(4,850)	-	-	(2,507)	(7,357)
Change in assumptions and experience losses	-	-	-	705	705
Released to income statement	(902)	(45)	(305)	-	(1,252)
Provided during the year	2,917	216	-	-	3,133
Balance as at 31 December 2021	19,052	8,267	1,169	14,200	42,688

	2021 £'000	2020 £'000
Current	1,958	-
Non- current	40,730	48,682
Balance as at 31 December	42,688	48,682

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

	2021 £'000	2020 £'000
In less than one year	1,958	2,353
After one and within five years	4,874	5,396
After five and within ten years	3,759	3,808
After ten and within twenty-five years	3,492	3,545
In more than twenty-five years	117	87
Balance as at 31 December	14,200	15,189

Details of the provisions are included in the Group financial statements as detailed in Note 21.

36 Members' interests

	Members' other interests – Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members interests £'000
Balance as at 1 January 2021	51,548	55,614	107,162
Members' remuneration charged as an expense	-	12,657	12,657
Profit for the financial year available for discretionary division among members	81,400	-	81,400
Members' interests after profit for year	132,948	68,271	201,219
Allocated profits in respect of the prior year	(57,529)	57,529	-
Tax adjustments on payment of annuities to former members	500	-	500
Members' capital introduced	-	8,600	8,600
Other amounts withdrawn by members	-	322	322
Drawings (including tax payments)	-	(62,518)	(62,518)
Transfer of capital to former members' balances	-	(2,525)	(2,525)
Transfer of other amounts to former members' balances	-	(4,525)	(4,525)
Balance as at 31 December 2021	75,919	65,154	141,073

	Members' other interests – Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members interests £'000
Balance as at 1 January 2020	36,656	32,020	68,676
Members' remuneration charged as an expense	-	15,157	15,157
Profit for the financial year available for discretionary division among members	77,471	-	77,471
Members' interests after profit for year	114,127	47,177	161, 304
Allocated profits in respect of the prior period	(63,003)	63,003	-
Tax adjustments on payment of annuities to former members	424	-	424
Members' capital introduced	-	4,075	4,075
Other amounts withdrawn by members	-	(446)	(446)
Drawings (including tax payments)	-	(46,430)	(46,430)
Transfer of capital to former members' balances	-	(6,250)	(6,250)
Transfer of other amounts to former members' balances	-	(5,515)	(5,515)
Balance as at 31 December 2020	51,548	55,614	107,162

Members' interest (continued)

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

	2021 £'000	2020 £'000
Members' capital classified as a liability	46,450	40,375
Amounts due to members – profits	24,627	33,285
Loans and other debts due to members	71,077	73,660
Amounts due from members included in trade and other receivables	(5,923)	(18,046)
	65,154	55,614

37 Related party disclosures

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

Transactions with joint ventures

During the year to 31 December 2021, the LLP provided services to Grant Thornton Specialist Services Cyprus Limited valued at £96,000 (2020: £96,000). There are no outstanding balances with Grant Thornton Specialist Services Cyprus Limited.

During the year to 31 December 2021 and 31 December 2020 none of the joint ventures entered into any direct related party transactions with the LLP.

The LLP entered into related party transactions with subsidiary trading entities of Grant Thornton Singapore HoldCo Limited during the year. The LLP provided services valued at £282,000 (2020: £361,000), with £123,000 outstanding as at 31 December 2021 (2020: £45,000) and the LLP received services valued at £nil (2020: £318,000), with £nil outstanding as at 31 December 2021 (2020: £15,000).

38 Contingent liabilities

The LLP has an agreement with its bankers to provide an unlimited cross guarantee in respect of two of its indirectly held subsidiaries, Grant Thornton Business Services and Grant Thornton Services LLP.

Grant Thornton

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