

Transparency report

Grant Thornton UK LLP year ended
31 December 2022

April 2023

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Chief Executive Officer (CEO)



2022 was another strong year for the firm including our Audit line of service in particular. We have seen continued focus on our Audit quality whilst supporting our people in the new hybrid world of work. This continued focus on quality is critical to meeting the firm's objectives and those of our stakeholders.



Dave Dunckley
CEO

Inclusion and Diversity

Our people are key to our success from both a quality and commercial perspective and we believe strongly that we need to have an inclusive and diverse group of people within Grant Thornton. We are focused on being “the best firm at valuing diversity through everyday inclusion”. We have a clear strategy focusing on this aim with clear targets across a range of diversity strands (gender, ethnicity, social economic background (SEB), sexual orientation and disability). We have a range of programs and activities across the I&D agenda with some specific developments in 2022 including:

- We gifted our people two extra days of leave in 2022 (one for their wellbeing and another in celebration of their birthdays)
- We introduced flexible public holiday, which enables our people to take this leave on the dates that are most meaningful to them
- Continued to grow and upskill our network of Inclusion Allies.

We engage with our people through frequent and regular communications to help ensure they understand our firm's strategy and their role in achieving it.

Digital

We are investing in our digital capabilities to ensure we have the skills and capabilities to audit our clients today and those we have in the future. Our people are able to access learning to enhance their own digital skills, as well as tap into expert advice through our Digital Hub. The Digital Audit Team is giving our audit teams access to high-quality applications, training and guidance to improve the quality and efficiency of the audit. We will continue this investment working together across the firm and with third parties to support our people and to deliver even better audits.

Independence and reputation

Our continuing journey to improve the quality of our Ethics Function over the last two years has allowed us to move our governance of the FRC's non-financial sanction (NFS) from a dedicated Ethics Board (EB) to oversight by the firm's Partnership Governance Board (PGB) and Public Interest Committee (PIC). We continue to invest and develop our Ethics Function, which is allowing us to respond to more queries from our people and on a more timely basis.

We continue to focus heavily on the types of organisations that we perform audit and assurance work. Where management does not appreciate the importance of a quality audit or are unable to deliver sufficient high quality audit evidence, our teams are challenging them about what high-quality information, ready for audit looks like. Where necessary after appropriate consultation, we have disengaged, delayed the signing or issued necessary qualifications in our audit reports.

Governance

During the year, we engaged a specialist third party to perform a review of the PGB and our overall governance structure. This process has helped to confirm the strength of our governance structure and provide useful areas for further improvement.

The future

Although 2022 has been a good year, the future brings ongoing challenges and opportunities; an uncertain economic environment; growing focus on Environmental, Social and Governance (ESG) policies and rapid digital developments. By staying focused on our firm's strategy, we will continue to deliver the highest quality to our clients.

Dave Dunckley
Chief Executive Officer

Head of Audit



2022 has been another strong year for the audit practice. We continue to focus on our commitment to improving audit quality whilst ensuring a sustainable audit practice which provides a high quality and interesting career for our people and operating in the public interest.



Fiona Baldwin
Head of Audit

We are delighted to see that the significant investment we have made in recent years has helped us to achieve our recent FRC results, 100% of our files were assessed as Good or with limited improvements in the FRC’s July 2022 report. This is very positive but is not a result we are complacent about. There is a continued need to focus on maintaining and improving quality year on year. Our 2025 strategy focusses on creating an inclusive environment to grow and deliver high quality audits by:

Creating an environment which allows us to excel in our chosen markets, consistently, which means we will make intentional choices where we will seek to lead and where we will be a challenger



Deliver exceptional results in four key areas:

- Quality
- I&D
- ESG
- People experience



Invest in talent, technology and infrastructure continually which supports us to re-invest in the very best people, technology and infrastructure to create a culture of continuous improvement supporting us to excel our chosen markets.



Culture

Having the right culture remains crucial for the delivery of our strategy and particularly quality audits. We engage regularly with the audit practice to understand views and perspectives on our culture. Our ongoing Culture program continues to work with the practice

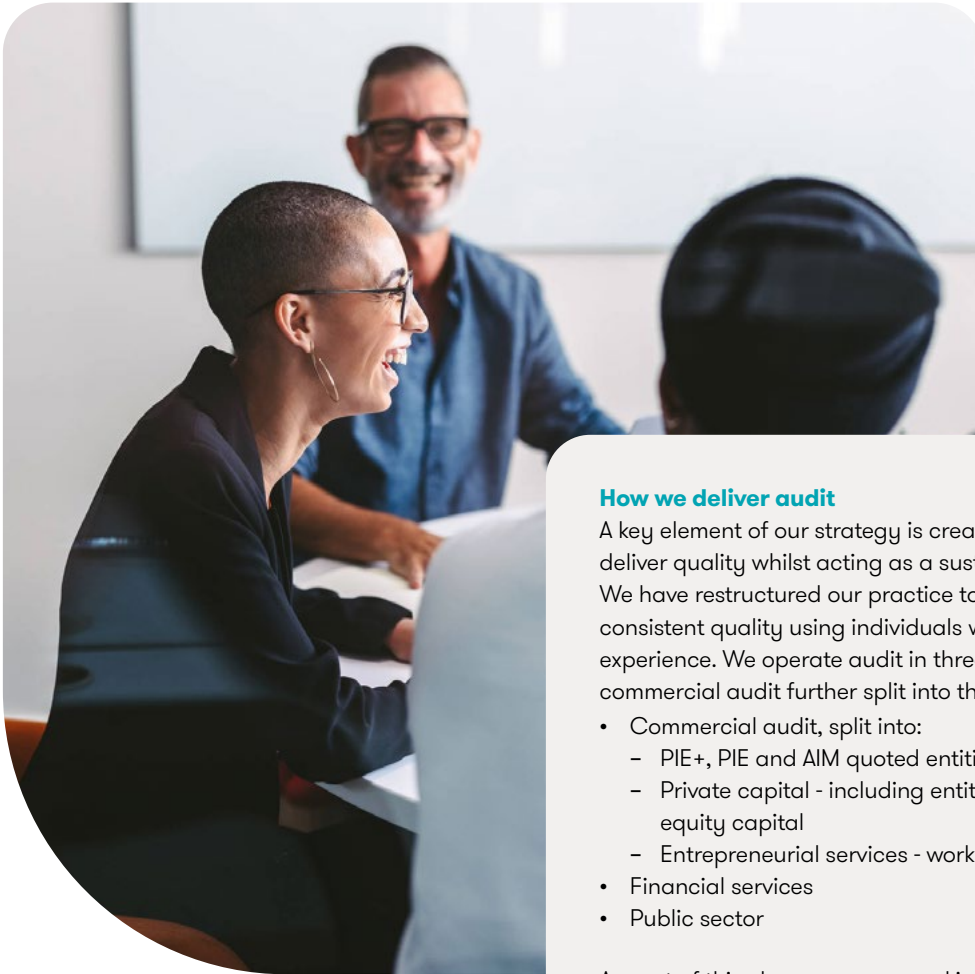
- continuing our focus on “speaking up” with the practice to ensure people are comfortable and actually do speak up when necessary
- completion of three, third party led, reviews of our speak up culture within audit
- further training on the application of professional scepticism and challenge in the audit process
- working to improve inclusivity and diversity as well as supporting wellbeing and the embedding of the hybrid working model.

The mission of the audit practice includes:

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

The business purpose of the audit practice remains:

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



How we deliver audit

A key element of our strategy is creating an environment to deliver quality whilst acting as a sustainable audit practice. We have restructured our practice to ensure we deliver consistent quality using individuals with strong sector experience. We operate audit in three core areas with our commercial audit further split into three areas:

- Commercial audit, split into:
 - PIE+, PIE and AIM quoted entities
 - Private capital - including entities funded by private equity capital
 - Entrepreneurial services - working with our smaller clients
- Financial services
- Public sector

As part of this change we are working more closely with our network firms in India and the Philippines who provide resource to support our UK based audit teams.

Quality auditing

We continue to believe that it is important that management and those charged with governance understand and value the audit process and are equally committed to the importance of audit quality and how they directly contribute and influence this. We have spent time with current and prospective clients to understand the expectations of delivering a high quality audit including:

- the volume and range of high-quality audit evidence that we require and the implications if this is not available
- the expectation that we will be challenging of this evidence and the estimates and judgements entities have made in their financial statements
- the impact the above has on the cost and time required to perform a high-quality audit.

We have seen several situations where the above have not been met which has resulted in delays to us being able to sign our audit report as well as the ending of some of our audit relationships. We are proud that where necessary our teams have the confidence to make the right decisions, even if those decisions are not always easy.

We have strengthened our acceptance and continuance processes; including all significant audit proposals being subject to central bid/no bid decisions. We have introduced a new audit categorisation and linked risk model to provide greater clarity on the nature and risks related to our audit portfolio.

We believe we have a responsibility, as a mid-tier/challenger firm, to reflect on the current regulatory desire for more competition in the FTSE 350 and other listed audit market. We are mindful of the need to balance our decisions, when potentially bidding and winning new FTSE 350 audits, to meet the needs of our various stakeholders (including our partners, people, clients, shareholders, suppliers, regulators and funders). We are now bidding for FTSE 350 and other work but will only do so where we believe we are working with high quality clients who value audit, value the challenge a robust audit provides and are governed appropriately.



People

Our people are critical to our strategy and the delivery of quality. I want our people to have a differentiated experience working in high performing, inclusive and diverse teams. In order to achieve our overall strategy we have and will continue to invest in our people. Our approach seeks to ensure we have a sustainable, inclusive and diverse group of individuals.

Throughout 2022 we have continued to maintain our level of training and education with a comprehensive training program. This is led by our flagship three day annual training over the summer months, using actors to play the role of management at clients to create real life simulation experiences for our teams to practice and develop their skills around challenge, scepticism and communication. We are working to structure all our teams to ensure we can develop our people, an enjoyable role with challenging opportunities whilst maintaining quality.

Digital and global

The new GTIL audit software “Leap” has been piloted in the UK with positive results. Leap is a proprietary cloud-based tool which has been designed to enhance quality, improve delivery and enrich our peoples experience. We will be rolling out Leap more widely into the audit practice over the next 12 months. Leap will provide a high-quality audit tool to support all of our audit work.

Our ongoing work with third-party providers continues to allow our teams access to a range of tools that allow for higher quality audit as well as improving analysis and documentation. Our Digital Audit Team work with our other digital teams as part of the Digital Hub as well as third parties. The team continue to develop tools which support audit teams to focus work more effectively, provide assurance across more transactions as well as delivering improved experience for teams and clients.

We are pleased with the developments we have made during 2022 and the progress we are already making during 2023 towards delivering our strategy.

Fiona Baldwin

Head of Audit

Independent chair of the Audit Quality Board (AQB)

As Chair of the AQB it is my role to continue to advise the Strategic Leadership Team (SLT) on maintaining and improving the firm's levels of audit quality and to support the firm's consideration of the public interest nature of audit. 2022 has been another good year for the firm's quality journey.



Philip Johnson
Independent chair of the AQB

It remains clear to me that the firm continues to improve its overall performance with a clear wish to deliver high quality audits across its audit base.

I meet with Fiona Baldwin as Head of Audit along with other senior individuals in the firm's leadership team throughout the year. The AQB receives a regular update on key projects impacting quality, this includes regular reporting on Audit Quality Indicators (AQIs), actions from internal and external regulatory reviews and other ongoing quality matters.

On 1 February, I was delighted to be joined on the AQB by Faried Chopdat as a second Independent Member of the AQB. Faried brings a range of experience to the AQB.

The FRC's report issued in July 2022 showed that 100% of the files reviewed were assessed as good or limited improvements required. This is an excellent result and although a relatively small sample shows the progress the firm has made in improving quality.

We have met with the FRC on several occasions during the year and they have attended two of our AQB meetings as observers.

The new audit strategy, set out by Fiona Baldwin, shows the continued focus on those areas that impact quality including:

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

Independent Non-Executive chair of the Partnership Governance board (PGB) and the Public interest committee (PIC)



Independent Non Executive (INE) chair of the Partnership Governance Board (PGB) and the Public Interest Committee (PIC). This is my second report as chair of the PGB and is made at the end of a year which has seen continued improvements to quality.



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

I chair two key groups in the firm, the PGB and the PIC. The PGB is the primary governance group of the firm and as INEs we sit as non-voting members. In our role we can oversee and challenge key decisions whilst maintaining independence from the firm's leadership. We have a fundamental responsibility to stakeholders both within the firm and externally. These obligations include:

- the promotion of audit quality
- helping the firm secure its reputation more broadly, including in its non-audit areas
- overseeing the process adopted by the firm to reduce the risk of firm failure.

The PGB and its subcommittees supports these obligations through regular meaningful and constructive challenge to the firm's leadership across a range of matters. The CEO and relevant members of the SLT present to the PGB on key developments within the firm, including operational, legal, financial and structural matters. In 2022 we have remained active in bringing our expertise to the firm and discharging our responsibilities. From April Deena Mattar and I have been supported in this by our new INE Paula Dillon. Paula chairs the Remuneration and Profit Share Committee (Remco) as well as being focused on people matters where her career in professional services gives her invaluable insight into the issues and challenges faced by the firm.

The work of the PGB includes meetings without the SLT being present to allow for an open and thorough debate about all matters relating to the firm including SLT activities, key risks and events. The effectiveness of the PGB was considered during the year through an independent third party review.

A key part of our responsibilities is to ensure the firm meets its obligations under the Audit Firm Governance Code (AFGC). We have contributed to the FRC's consultation on revising the AFGC 2022 which is now applicable.

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

- receiving updates from the Head of Audit, chair of the AQB and Ethics Partner at each meeting
- consideration of people and culture matters including meeting with the firm's CLEAR representatives ([see "People and Culture"](#))
- reviewing complaints, whistleblowing issues and other legal matters
- monitoring the actions arising out of the non-financial sanctions agreed with the FRC in relation to Ethics.

Promote audit quality

As members of the PGB we receive regular updates on the audit practice including quality. Over the course of the year, we receive, scrutinise and constructively challenge the leadership's strategic plans and activities, both holistically and at a service line level. Quality is a fundamental part of this conversation.

There are several specific ways we are particularly focused on audit quality:

- Philip Johnson as Chair of the AQB and Fiona Baldwin as Head of Audit attend each PIC meeting to provide a comprehensive update on audit and allow us to discuss and challenge relevant matters
- Deena Mattar as Chair of the Risk and Audit Committee (RAC) receives updates on the firm's internal quality review, updates from the Head of Audit and Ethics Partner as well as the Transparency Report. During the current year this has included the ongoing implementation of the [Quality Management Approach \(QMA\)](#)
- Paula Dillon focuses on people matters across the firm with particular focus on the Audit service line
- the PIC meet with the Head of People and Culture to consider how quality is embedded into the firm's culture, performance management and reward policies
- independence is a key element of audit quality and as such the Ethics Partner provides an update on key matters and developments at each PIC meeting
- annually we review the results of the Root Cause Analysis (RCA) work undertaken by the RCA team in audit.

Securing our reputation

We seek to support this through consideration of a range of reports and topics at our meetings (as noted above) and engagement with specific activities. During the year, we have also contributed to the firm's response in respect of the proposed revisions to the Audit Firm Governance Code, we believe this is a useful tool to support quality and the firm will be compliant with the requirements of the new code.

We work closely with the SLT and other individuals in the firm to ensure that we bring our challenge and expertise to bear in supporting the firm's reputation. Since joining as an INE Paula Dillon has taken a particular interest in the people and cultural aspects of the firm.

Our membership of the PGB and subcommittees allows us good visibility over key matters. We also invite to the PIC and have regular contact with the non-executive members of the AQB Philip Johnson as Chair and Faried Chopdat. This approach allows all the firm's INEs to bring their experience in securing its reputation.

Reduce the risk of firm failure

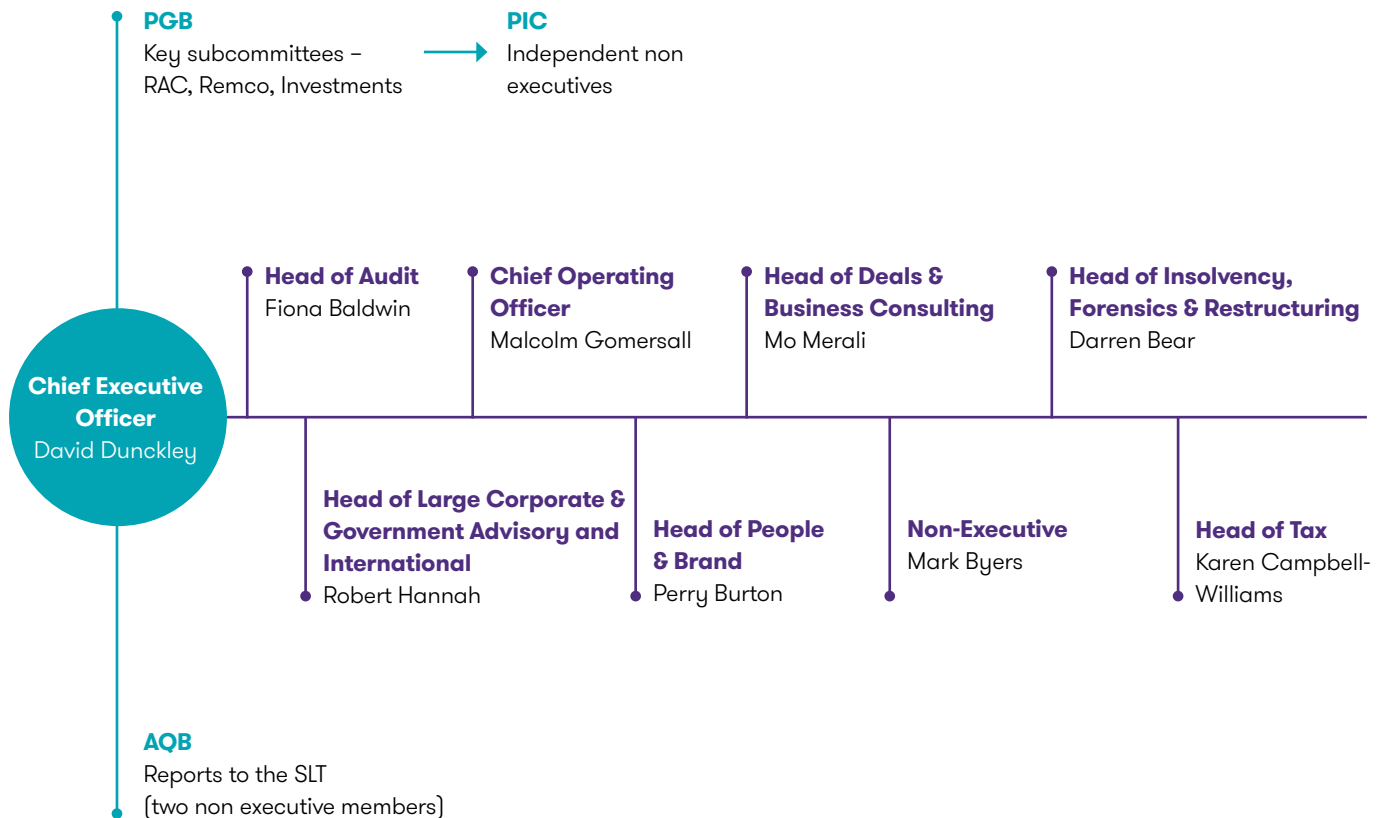
The PGB meetings consider a range of matters that could influence the firm's ongoing stability. This includes consideration of financial results and key matters which have, or could have, a significant financial impact on the business or its reputation. The INEs are also involved in the consideration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

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

Leadership and governance



The firm is owned by its partners and has two principal leadership and governance groups, the SLT and the PGB. In addition, the AQB focuses on audit quality. Each group works together to provide us with a best practice governance structure. During the year we have undertaken an externally led governance review. We remain committed to and comply with the provisions of the AFGC. The full terms of references for each group can be found on our website at Leadership and governance. At the date of publication our governance structure is as follows:



Details of the governance structures, including the rights and obligations of partners, are set out in our Membership Agreement, this was last updated in 2022.

SLT

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

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

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

The CEO is nominated by the PGB for a four-year period with a maximum tenure of two four-year periods. The appointment is subject to an all-partner vote.

PGB

The PGB includes a group of our partners who have been elected by the partnership. The role of the PGB is to oversee the stewardship, accountability and leadership of the firm and to provide clear sighted counsel on our strategic direction and alignment to our Statement of Principles. Membership consists of:

- partners who are elected for a three-year period and who may serve no more than two consecutive terms
- our INEs except for the AQB Independent members
- the CEO as an ex officio member and up to two further ex officio individuals appointed by the CEO.

The PGB is chaired by Imogen Joss, one of our INEs. The PGB carries out its role seeking to balance the interests of the multiple stakeholders and to ensure we are successful and have a sustainable future.

The focus of the PGB activity is:

- to ensure that we have an appropriate strategy that is consistent with the public interest and overseeing the development and delivery of this strategy by the SLT
- to oversee good financial and cultural governance (including setting the tone from the top on culture and ethics) in the firm
- to ensure we have the best possible executive leadership.

During the year a specialist third party undertook a detailed effectiveness review of the PGB which included the firm's partners. All SLT and PGB members were interviewed, key documents reviewed and key governance meetings attended by the review team. A number of recommendations were made which the PGB and SLT are actioning.

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

**Risk and Audit
Committee (RAC)**

**Remuneration and
Profit Share Committee
(RemCo)**

**Public Interest Committee
(PIC)**

**Investments
Committee (IC)**

RAC

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

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

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

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

RemCo

The RemCo reviews the remuneration of the leadership team, partner profit-share process, associated diversity indicators and partner exits. The committee meets at least four times a year and consists of all INE members of the PGB and at least two elected members of the PGB. It is chaired by an INE.

Its specific duties include:

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

IC

The IC considers specific circumstances relating to capital and investment expenditure disposals and property matters over £2.5m. The committee agrees with the SLT what constitutes capital and investment. The committee meets generally monthly and has a minimum of the three elected PGB members and/or INEs together with an observer from the elected members of the PGB.

PIC

The committee comprises the INEs with the CEO, the Ethics Partner and Head of Audit in attendance at meetings. The chair of the AQB is also invited to attend and provide an update on its activities. The Independent members of the AQB are also invited to attend the meetings.

The primary purpose of the committee is to enhance stakeholder confidence in the public interest aspects of our activities. As such, the committee oversees our policies and procedures promoting audit quality, ensuring the protection of our reputation and reducing the risk of firm failure. The PIC is also responsible for engaging with our leadership groups, in dialogue with our Regulators.

The committee:

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

Following discussions with the FRC and the agreement of the PGB, from 1 July 2022 the PIC is also acting as the governance oversight body for the remaining period of the ethics Non-financial sanction (NFS).

Quality focused groups

AQB

The AQB provides independent oversight on all matters of audit quality with the objective of making the production of high-quality audit work sustainable. The board meets generally monthly and is independently chaired by Philip Johnson. In addition to Philip the board members are Faried Chopdat, our CEO, Head of Audit and Head of NAS (National Assurance Services). There are also four observers from the practice.

The board has a number of key functions including:

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

On 1 February 2022 we announced Faried Chopdat as the second Independent member of the AQB.

Ethics Board (EB)

The EB was established during 2020, comprising senior leaders from within the firm and a non-executive chair (Deena Mattar). The chair of the EB reported primarily to the PIC. The EB provided updates to the PIC at its meetings and reported to the PGB on its work annually. The purpose of the EB was to aid, through oversight and support, the SLT and the Ethics Partner in meeting their responsibilities under the UK Ethical Standard. The EB monitored progress against the Ethics Strategic Implementation plan (E-SIP) and against action plans developed in response to internal and external reviews.

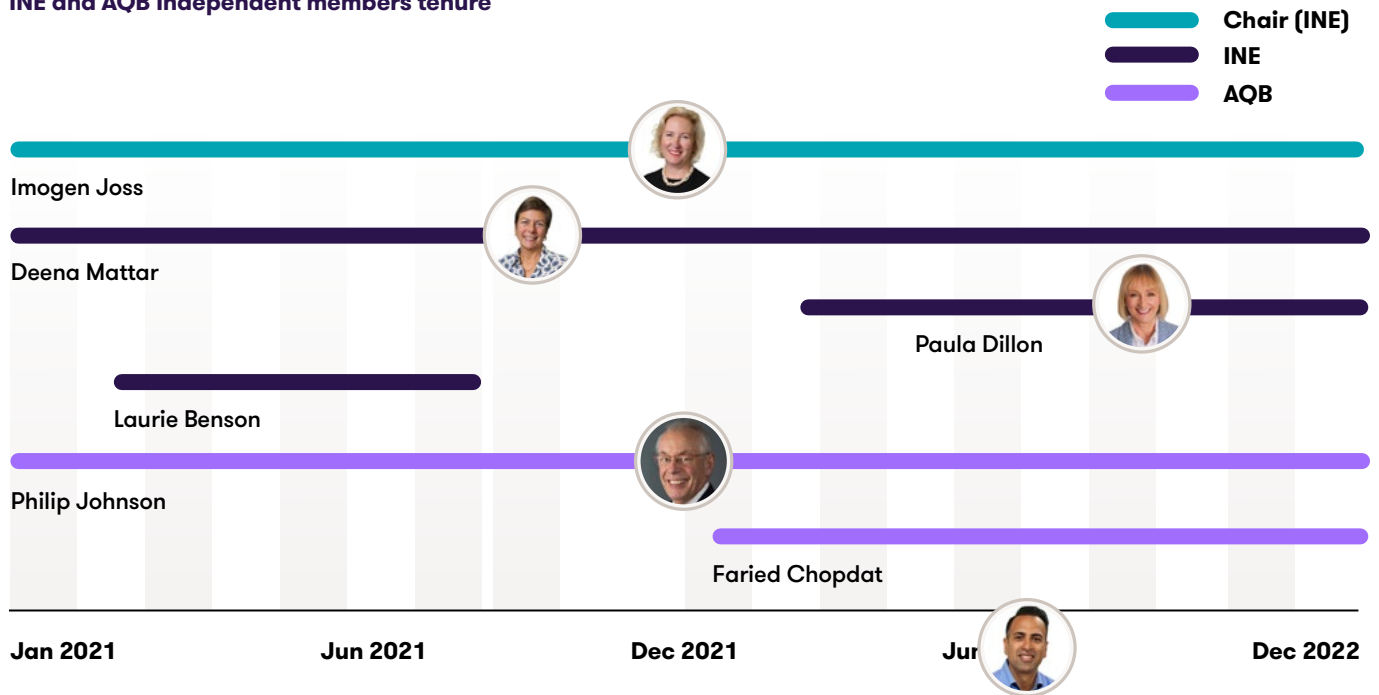
During 2022 the firm consulted with the FRC and explored the evolution of governance of the Ethics Function. The topics being brought to the EB during 2022 meetings were increasingly of an operational and detailed nature. This reflected the considerable progress made within the Ethics Function since the establishment of the EB in 2020. The Ethics Function was moving to business as usual with incremental improvements. The significant remediation work having been completed. The E-SIP was more narrative-based reporting that evolved from the original Ethics Implementation Plan (EIP) which set out the detailed actions to address the non-financial measures (NFM).

On 6 June 2022 the FRC's Executive Counsel agreed to the disbandment of the EB and to the necessary variation of the terms of the NFM.

It was agreed by the PGB at their meeting on 28 June 2022 that governance oversight for the remaining period of the NFM will fall under the remit of PGB via the PIC (as an authorised Sub Committee of the PGB) at their meetings (held three times a year). The Ethics Partner attends every PIC meeting (three times per year) and provides an annual update to the PGB. After the disbandment of the EB, ongoing actions from the archived EIP were absorbed into business-as-usual activity as well as a programme of strategic project delivery led by the Ethics Function Operations Lead.

INEs

INE and AQB Independent members tenure



As part of our commitment to operate under best practice guidance we have appointed several INEs. As a matter of policy, all of our key governance groups are chaired by INEs including the RAC and Remco. We believe that this level of independence from the leadership of the firm best serves the public interest by helping to ensure audit quality. We position our INEs to be non-voting members of the PGB as this group is our main governance group. This allows our INEs to bring their experience to bear at this key oversight group.

Our INEs primary remit is restricted to our public interest responsibilities, approach to quality (particularly, but not exclusively, in audit) and our reputation and risk management. This includes oversight of our policies and processes for:

- promoting audit quality
- helping us to secure our reputation more broadly, including in our non-audit businesses
- reducing the risk of firm failure.

In April 2022 Paula Dillon joined the PGB, as a third INE.

Our INEs are also invited to key partner meetings and have regular meetings with the CEO, members of the SLT, our staff via the CLEARRR reps and our regulators.

INE appointments are for an initial term of three years. INEs spend a minimum of 30 days per annum on matters relating to the role. They can be re-appointed by the elected members for additional terms up to a maximum of nine years.

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

In addition to our firm wide INEs, Philip Johnson acts as our independent chair of the AQB and was joined on the AQB by Faried Chopdat in February 2022.

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

Broader Independent Experience (PGB and AQB)

Paula Dillon (PGB)

On 4 April 2022 Paula Dillon joined as our third Independent Non Executive. Paula is a highly qualified real estate development and investment lawyer who specialised in the sector for more than 30 years

Outside of her extensive legal career, Paula served on the board of Opera North between 2009 and 2017 before stepping down to become the first female President of the Leeds Chamber of Commerce in 2017.

Paula currently serves as a NED of Vernon Building Society and Capital plc.

Faried Chopdat (AQB)

On 1 February 2022 we announced the appointment of Faried Chopdat as a second Independent member of the AQB.

Faried has experience within audit, risk management, finance, and business transformation. His career includes significant international experience in multi-national organisations such as SABMiller plc, Travelex, Finabl plc and Deloitte.

He has a passion for coaching and mentoring others to reach their full potential leading him to be a professional and executive coach.

Membership of governance groups, attendance at meetings and further information

Details of the members of our governance groups, meeting attendance and length of service can be found in Appendix C. Biographies of the members of our governance groups can be found in Appendix D.

The terms of reference for our governance groups can be found on our website at: [grantthornton.co.uk/en/about-us/leadership-and-governance](https://www.grantthornton.co.uk/en/about-us/leadership-and-governance)

Further information on the remuneration of audit partners and directors is included in Appendix F.

Complaints and claims

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

Investor and external dialogue

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

We participate in events and consultations organised by the FRC, the Institute of Chartered Accountants in England and Wales (ICAEW), the Policy and Reputation Group (PRG) the International Forum of Independent Audit Regulators (IFIAR) and the International Auditing and Assurance Standards Board (IAASB).

We hold regular meetings with our regulators. Our Transparency Report is sent to the Audit Committee chairs for our PIE and Major Audits. Whilst we continue to seek to engage with the wider investor committee, getting engagement is challenging as noted by the FRC “evidence suggests limited appetite, in particular among investors, for engagement on governance matters with Firms or their INEs.”¹

We continue, particularly through our Grant Thornton Governance Institute to publish a range of reports and thought leadership in respect of governance themes and other matters throughout the year.

Governance and audit Key Performance Indicators (KPIs)



Our governance KPIs remain broadly consistent with prior year with the exception of the addition of one KPI “Independent members should chair all key governance groups except the SLT” which has been added. The groups to which the relevant KPIs apply are: SLT, PGB, PIC, RAC, RemCo, IC and AQB.

Area of the AFGC	KPI	Response																											
Leadership	Terms of reference are present for each key governance body. These include details of the scope/matters reserved for the body and membership	Terms of reference are in place and are available on our website at grantthornton.co.uk/en/about-us/leadership-and-governance/																											
	Terms of reference are reviewed at least every year for the AQB, PIC and key PGB sub committees	This has been complete.																											
	The PGB shall include at least one practicing audit partner	Three practising audit partners were members of the PGB throughout the year																											
	Independent members should chair all key governance groups	<table border="1"> <thead> <tr> <th>Group</th> <th>Chair</th> </tr> </thead> <tbody> <tr> <td>PGB</td> <td>Imogen Joss</td> </tr> <tr> <td>PIC</td> <td>Imogen Joss</td> </tr> <tr> <td>RAC</td> <td>Deena Mattar</td> </tr> <tr> <td>RemCo</td> <td>Paula Dillon</td> </tr> </tbody> </table> <p>The SLT and IC are chaired by Dave Dunckley and Philip Secrett respectively these groups are not governance bodies</p>	Group	Chair	PGB	Imogen Joss	PIC	Imogen Joss	RAC	Deena Mattar	RemCo	Paula Dillon																	
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The minimum average attendance target for each group is 80% on a rolling 12-month basis		<table border="1"> <thead> <tr> <th>Group</th> <th>Target met</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>SLT</td> <td>Yes</td> <td>97%</td> </tr> <tr> <td>PGB</td> <td>Yes</td> <td>100%</td> </tr> <tr> <td>PIC</td> <td>Yes</td> <td>100%</td> </tr> <tr> <td>AQB</td> <td>Yes</td> <td>91%</td> </tr> <tr> <td>EB</td> <td>Yes</td> <td>86%</td> </tr> <tr> <td>RAC</td> <td>Yes</td> <td>83%</td> </tr> <tr> <td>Remco</td> <td>Yes</td> <td>100%</td> </tr> <tr> <td>IC</td> <td>Yes</td> <td>97%</td> </tr> </tbody> </table>	Group	Target met	Rate	SLT	Yes	97%	PGB	Yes	100%	PIC	Yes	100%	AQB	Yes	91%	EB	Yes	86%	RAC	Yes	83%	Remco	Yes	100%	IC	Yes	97%
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		See Appendix C for details																											

Area of the AFGC	KPI	Response
	Members of our governance groups are subject to a formal annual appraisal	All members of the governance groups, including the INEs were subject to a performance appraisal during 2022
	There should be at least three INEs who maintain their independence throughout their appointment	<ul style="list-style-type: none"> • We had two INEs until 4 April 2022 when Paula Dillon was appointed bringing the number of INEs to three • In addition, Philip Johnson acted as the independent chair of the AQB throughout the year. • On 1 February 2022, Faried Chopdat was appointed as an additional independent member of the AQB
Operations	The PGB and/or PIC receive updates from each of the following during the year: <ul style="list-style-type: none"> • Head of Audit • Ethics Partner • chair of the RAC 	These updates were provided during the year
	The chair of the RAC provides updates to the PGB throughout the year	These updates were provided during the year
	At least annually the SLT and RAC review the effectiveness of our structure of internal control	This was completed as part of the approval process for this transparency report
Reporting	The SLT and RAC review the financial statements and this Transparency report	This has been completed
	The SLT and PIC should receive updates on complaints and whistle-blower matters during the year	These were considered at each PIC meeting during the year
	The PIC reviews compliance with the AFGC	This has been completed
	A formal external evaluation of the effectiveness of the PGB is undertaken at least every three years	This has been completed
Dialogue	The INEs consider our engagement with investors and other stakeholders	This is discussed on page 21

Risk management, quality and internal control

Risk management

Each service line and business function are responsible for the ongoing identification, remediation and monitoring of their risks. Risks are reported in a consistent manner against set criteria considering the likelihood of occurrence and potential impact on the business. These risks are categorised in accordance with our risk taxonomy which establishes six primary risk levels reflecting our operating model.

The Risk and Resilience board is positioned between our Central Risk Team and the SLT and meets quarterly. The board's purpose is to support the SLT in relation to enterprise risk management and operational resilience. The membership includes three members of the SLT, our Finance Partner, Head of Information Security, Audit Risk Director, Head of Risk and Resilience and the Operational Resilience Lead.

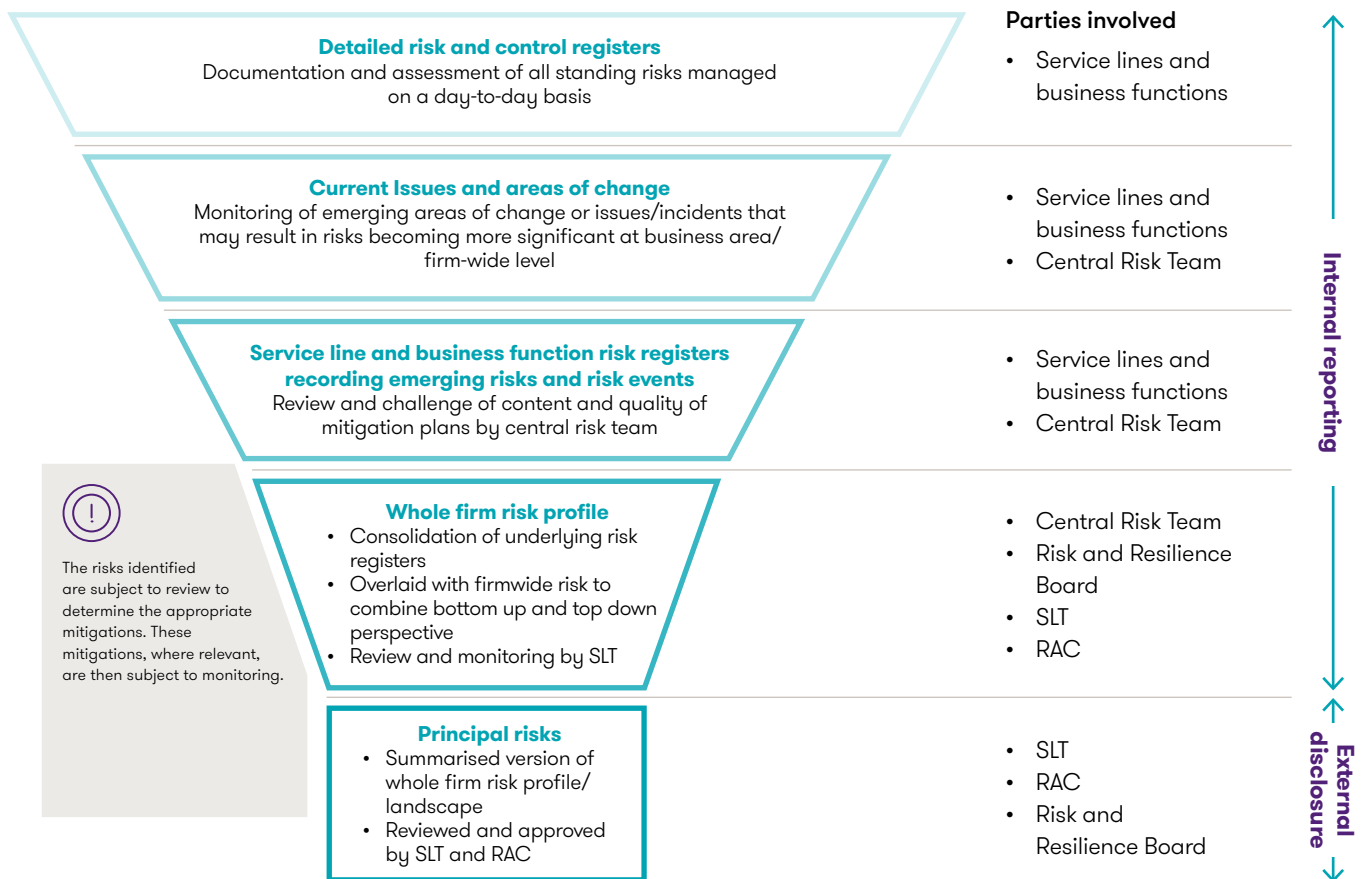
At the highest level the purpose of this group is to support the SLT in meeting their responsibilities in relation to enterprise risk management and operational resilience including:

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

We have also continued to strengthen our team as well as reassessing our risk appetite across each of our areas of risk. We have quarterly reporting by the Risk and Resilience Team and regular risk discussions with the SLT and RAC.

Our Whole Firm Risks and Principal Risks (Appendix B) are reviewed and approved by the SLT and RAC.

Our approach to risk management



Quality

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

Quality Components

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



Culture

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



Reputation

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



Leadership and governance

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



Technology and data

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



People

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



Take on

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



Risk assessment, mitigation and resilience

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



Delivery

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



Operating environment and new initiatives

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



Monitoring, reporting and root cause analysis

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

Situation in Ukraine

At the start of 2022 the war in Ukraine changed some of our risk management processes. These have involved not only the UK firm but also the wider network and take into account the new and changing sanction regimes particularly in the UK and across the world.

On 1 March 2022 GTIL announced that, FBK, the Grant Thornton member firm in Russia was leaving the network with immediate effect.

Our Financial Crime team supported a detailed project to understand any potential sanctioned entities/ individuals with whom we have relationships. We considered our audit base in detail and made necessary changes considering ownership, client operations and trading in Russia and Belarus as well as any audit reporting requirements. We also considered any of our audits with significant trading/ engagement with the area.

Quality processes and improvements in the year

Within Audit, we have a range of quality processes supported by our NAS team. NAS is the centre of excellence for our specialists in audit and accounting. Providing support to the audit practice through the provision of training and guidance, a suite of working paper templates and audit software. We continue to adopt a culture of openness and encourage all members of the practice to consult with colleagues, NAS and other teams. This sharing of knowledge and experience is key to the delivery of audit quality and is supported by specific requirements for teams to consult with NAS on key judgmental and complex issues. Our policies, processes and guidance support teams to ensure our audits, including group audits, comply with relevant requirements.

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

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

Key developments in the year include:

- development and piloting of our new Leap audit tool developed by GTIL
- launch of a new audit categorisation and risk model to support the identification of risks in our audit clients from a firm wide and delivery perspective
- Implementation of the QMA
- continued focus on the development of our digital audit tools
- launch of a further tranche of template working papers
- ongoing refinement and development of our audit quality indicators
- introduction of pioneering Root Cause Analysis reviews whilst audits are ongoing
- continued expansion of technical support based in our local offices.

Quality Management Approach (QMA)

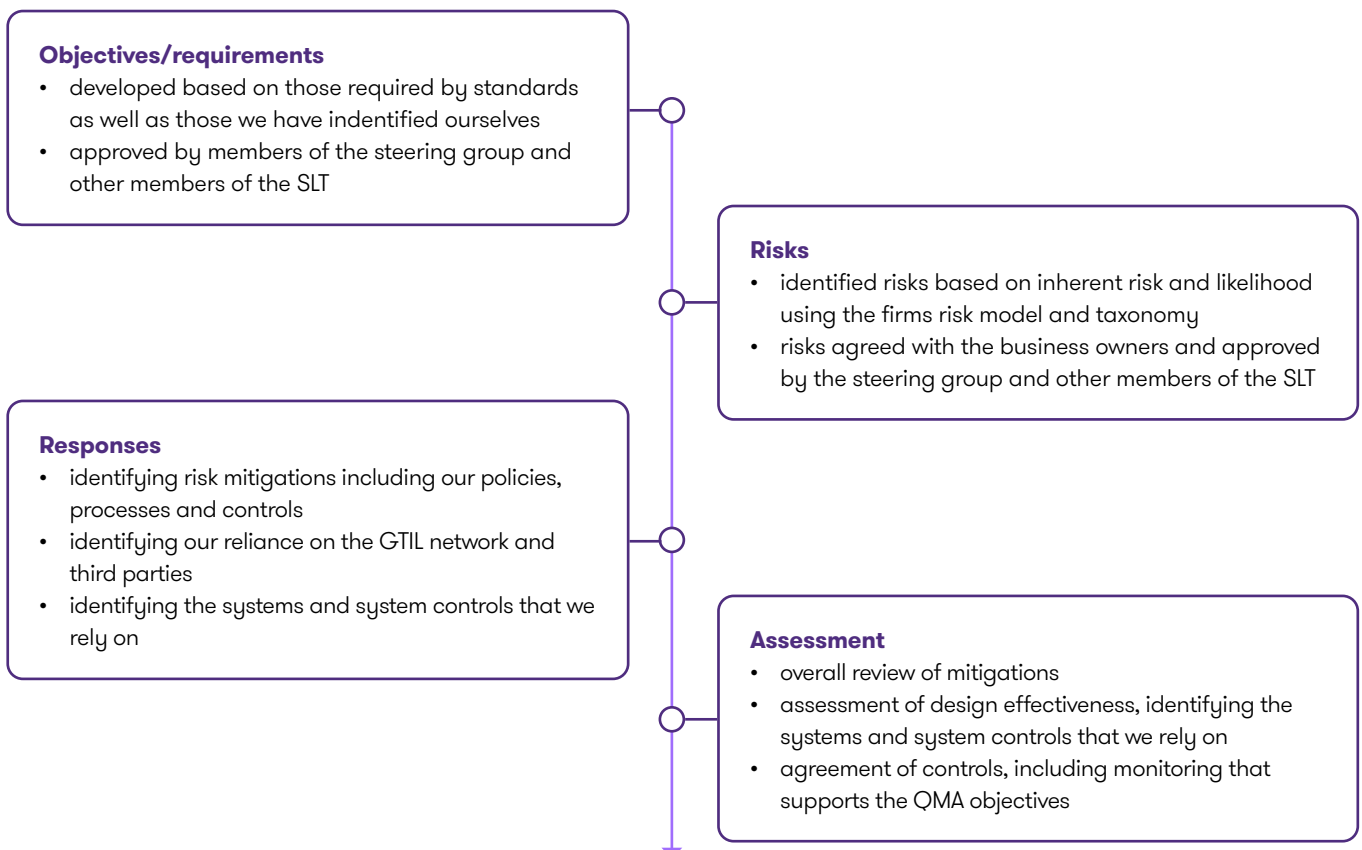
During the year we implemented the QMA. This is our approach to quality management that ensures we deliver quality work and meet the requirements of various regulations including International Standard on Quality Management (UK) 1 (ISQM 1). The QMA is designed around a series of components that cover all the areas of the business that we believe impact quality. The implementation is being led by a steering committee, which is chaired by Fiona Baldwin as Head of Audit. The other members of the steering committee are:

- Chief Operating Officer (COO) – SLT member
- Head of People and Brand – SLT member
- Ethics Partner
- Quality Operations Partner
- Head of NAS
- Head of Audit risk
- Head of Risk & Resilience (joined September 2022)

The objectives we have set for the QMA, are:

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

Our approach to ensure implementation by 15 December 2022 has been through a series of stages, fully engaging with those who operate our quality processes, as well as our steering group. The implementation process has also been reported to the AQB and RAC.



We will be implementing our testing of the QMA the Quality Management Evaluation (QME) during 2023. This will be performed in conjunction with our testing over the firms key internal controls which is led by the firms Risk and Resilience team.

Internal control

The CEO and SLT have ultimate responsibility for our quality management system and to establish an appropriate structure of internal control to manage our risks. As part of our annual procedures and in compliance with the AFGC, to assess the effectiveness of the system of internal control, we have considered the process undertaken to update the Risk Register for principal risks, controls and monitoring mechanisms and have also:

- validated the firm's principal risks and summarised version of the whole firm risk landscape
- reviewed the management and monitoring of risks
- reviewed the work of internal audit
- reviewed the reports and findings from regulatory reviews
- reviewed the reports of the external auditors
- reviewed the complaints register and any new litigation
- reviewed the consolidated risk register which is based on the risk registers for the underlying businesses.

Separately during the year, we have also completed reviews of our internal quality control systems as required by the International Standard on Quality Control (UK) 1 (ISQC 1) and ICAEW audit regulations this was completed in July and has been updated focusing on the more significant areas to cover the period to the end of 2022. We continue to focus on improving our internal controls particularly through the implementation of the QMA. Where findings or weaknesses have been identified but not remediated, plans have been developed and have been or will be implemented. On this basis, the SLT is satisfied that the firm's internal controls and quality control systems are robust and operating effectively.

Digital Audit Team



Grant Thornton is enhancing the quality of its audits through its investment in Digital Audit.

This starts with the application of our Leap global audit methodology, delivered on our cloud-based tool. We complement Leap by procuring high quality third party automation and analytics solutions, working with organisations that share our goal to deliver better audits. Where any gaps remain, we build and deploy our own in-house solutions to offer auditors innovative alternatives to traditional manual processes.

We cut complexity by providing practical methodology guidance on using digital solutions, delivering high quality training and launching intuitive out of the box solutions.

Where work is more specialised, our dedicated support desk works on proposals, will join audit teams as a specialist and troubleshoot problems.

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

What we do

Digital methodology

- Digital evolution of our methodology
- Practical auditing guidance

Digital support

- Specialist in-flight support to audit teams
- Client specific data solutions

Digital innovation

- Turning ideas into solutions
- Continuous improvement

Digital Implementation

- Monitor success of rollouts
- Train the practice

Our innovation approach

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

- 1 **Ideation** – the best ideas often come from the teams delivering audits and our internal network of auditors and Digital Champions initiate many of our most successful ideas. Every new idea undergoes an impact assessment at the outset to rate its impact on audit quality, and is further tested via our New Initiatives process with our Digital Hub and feasibility assessed by our IS team.
- 2 **Market assessment** – there is a growing market of technology businesses with innovative products that can benefit our profession – we assess each idea to decide if the appropriate approach is to buy from a third party vendor, or build in-house.
- 3 **Governance** – an idea can only go into development following approval from the Digital Governance group, a panel of audit partners led by our Head of Audit. Governance approval is sought at each major milestone to ensure that any solution developed meets the quality goals. Progress reports are delivered every two months to the firm's Audit Quality Board.
- 4 **Development** – all solutions are developed using coding best practice under Grant Thornton's Data Work Products Methodology. ISQC1 documentation is produced as part of the development process to ensure focus is placed on quality throughout the build.
- 5 **Rollout** – once a solution is complete our dedicated Digital Implementation team will facilitate rollout through a standardised communication and training programme.
- 6 **Monitoring** – all solutions are internally reviewed to ensure quality control and to comply with the requirements of ISQM1. We prioritise continuous improvement by tracking usage, seeking feedback from the practice, going back into development to roll out improvements and where appropriate failing fast and retiring seldom used solutions.

During 2022 our audit teams have contributed over 60 ideas into our Ideas Hub, 24 of which have been developed and rolled out to the practice. Solutions produced by the Digital Audit Team were used over 55,000 times by Grant Thornton audit teams during 2022.

Our key third party providers are Inflo (who support us with their Collaborate client portal, general ledger data ingestion, journal entry testing and revenue data analytics), Circit (our provider of open banking solutions), Datasnipper (an excel add-in supporting machine reading of common document templates such as invoices), and KNIME (a low-code analytics platform). This combination of self-serve solutions at every auditor's disposal enables the delivery of sustainable high quality audit work.

Ethics, independence and compliance



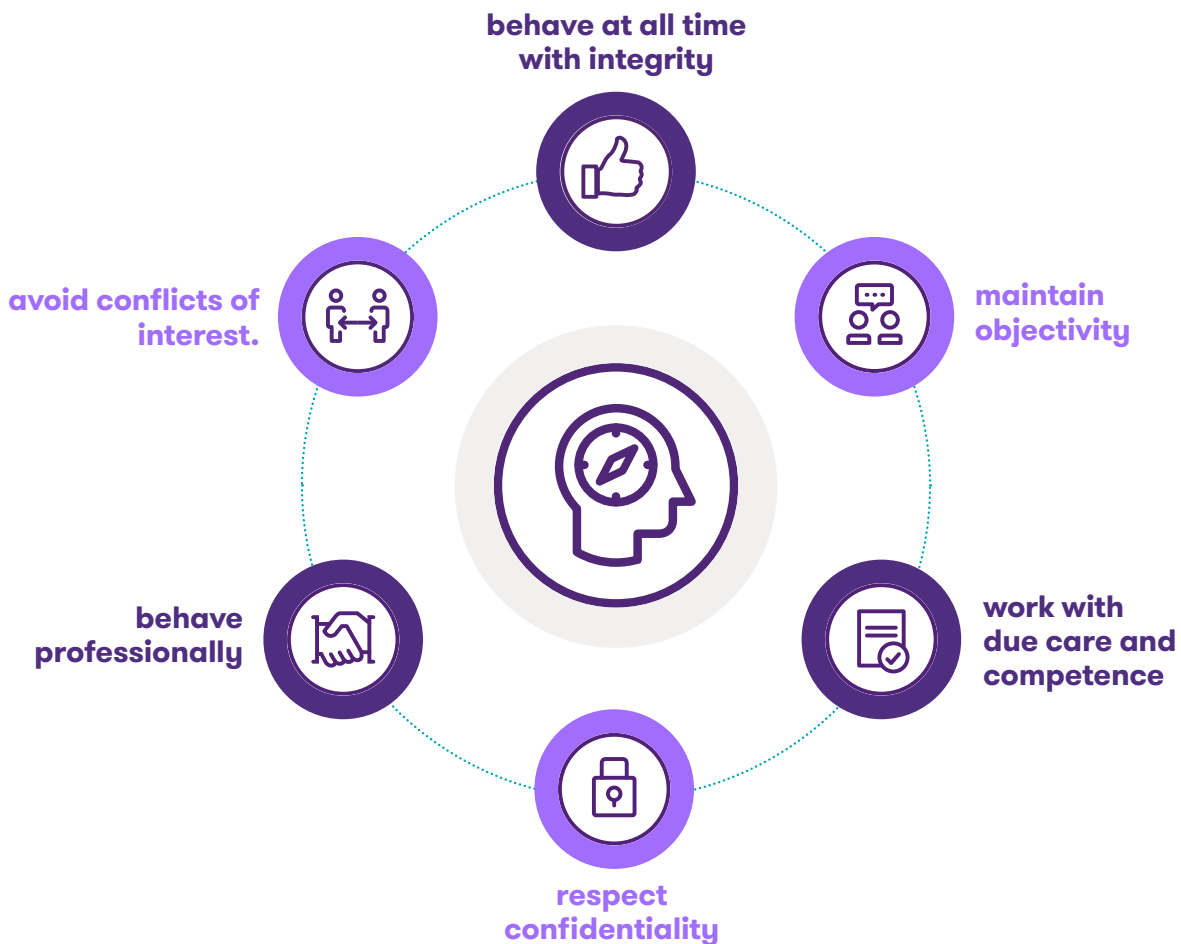
Our partners and people are expected to uphold the highest level of ethics and independence by “doing what’s right, ahead of what’s easy”. We continue to focus on supporting all our people to do this. The way that the business interacts with the Ethics Function has evolved over the last three years. Confidence in the Ethics Function has improved, we have demonstrated that we understand our business and its needs and are making better quality decisions as a result.



Andy Wood
Ethics Partner

Code of conduct

All our partners and people are required to comply with the fundamental principles for professional accountants:



These requirements are not new and are key to how our people work. We continue to focus on ensuring these principals are second nature. The principles form the background to our code of conduct which sets out the expectations of all our people and supports our wider purpose of “doing what’s right, ahead of what’s easy”.

The code is also based on our CLEARR principals (See section “People and culture”) and structured into six areas:

- | | |
|-----------------------------------|---------------------------|
| 1 a purpose-driven firm | 4 working together |
| 2 behaving with integrity | 5 protecting the business |
| 3 working with clients and others | 6 getting support |

While it cannot govern every possible situation the code is a key part of our wider stewardship, governance and risk management culture. The code is available to all on our website at grantthornton.co.uk/united-kingdom/pdf/code-of-conduct.pdf

Policies, guidance and learning

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

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

All managers and above are required to maintain details of their investments and those of persons closely associated to them on our GIS. This system also tracks the financial interests of the firm and its affiliates.

Our new joiners are provided with access to and training relating to:

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

During 2022, we continued our investment in training in relation to ethics and independence.

Conflicts of interest and relationships

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

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

Financial interests

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

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

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

Supplier and third party relationships

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

Gifts, hospitality and favours

Our people are not permitted to accept, or give audit clients, suppliers or third parties any gifts, favours or hospitality that might, or might be seen to, prejudice our integrity and objectivity in relation to our current or prospective clients. Consideration is given not only to the monetary amounts but also non-monetary considerations for example, the nature, frequency, context and parties involved in this assessment. We have clear limits on what may be accepted or given as gifts, favours and hospitality – these are aligned to the requirements of the Ethical Standard. Above de minimis limits all gifts, favours or hospitality must be recorded in our systems and prior approval must be obtained from the Ethics Function and potentially the SLT for certain activities.

Client and engagement take-on

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

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

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



Audit specific matters

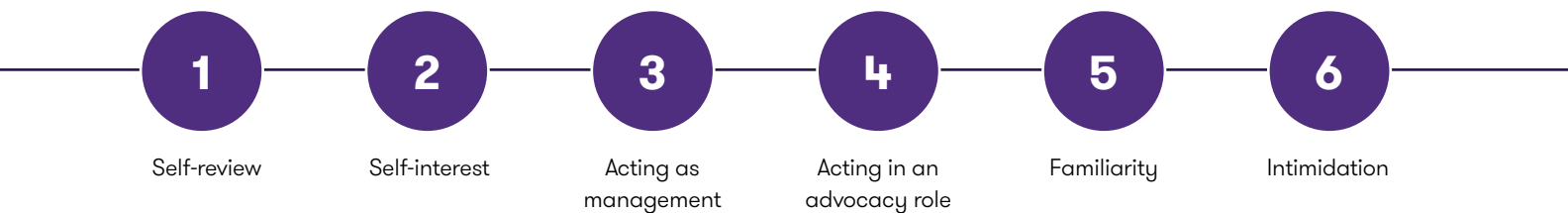
Non-audit services (including other assurance services)

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

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

Audit independence assessment

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



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

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

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

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

Support to teams

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

Take-On team

We have a centralised Take-On team to support our Acceptance and Continuance process. This is led by a partner and contains over 60 people. The team is responsible for undertaking key Take-On checks, on behalf of client facing teams. These occur at the time of acceptances and on an ongoing basis supporting the wider Beyond Compliance approach.

Financial crime team

We are committed to preventing financial crime and maintain a zero tolerance towards any conduct involving financial crime. We have implemented policies and procedures with the primary objective of preventing our services being used by those who wish to commit crime.

Our Financial crime team is led by our Money Laundering Reporting Officer, Steven Wilson. The team supports us in number of ways including:

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

Regulation

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

The Ethics Function

The Ethics Function is fundamental in supporting the practice to meet the requirements of the various independence standards including the FRC's Ethical Standard. The Ethics Function continued to undergo transformational change during the year to meet its vision which is aligned to the firm's overall purpose and strategy of being "A digitally enabled Ethics Function, respected by regulators and trusted by our partners and people".

The Ethics Function continues to provide support in the application of both external and internal guidance as well as providing consultation support, training and, where relevant, approval across the range of independence matters.

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

There have been a number of key developments in the year:

- we have changed the way the function oversees and tracks regulatory action plans
- we have made substantially overhauled our systems for approval of non-audit services with further enhancements and development included on our digital roadmap for 2023
- we have stabilised our headcount and our focus is now on ensuring the right people with the right skills are doing the right work at the right time. We are very proud of the inclusivity and diversity in our team and the geographical coverage of our people across the UK
- we have delivered a number of Ethics Roadshows delivered across the country and virtually.

The Ethics Function has been subject to several internal and external reviews during the year. Where findings have been raised these have been subject to action plans being developed and implemented.

INEs independence

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

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

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

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

People and culture



People are key to all that we do we put people first in a culture that is collaborative, inclusive and agile. We believe that a culture of audit quality is key to supporting our people and delivering audit quality. Our culture continues to be underpinned by our CLEARR values.



Our people are our business

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

- moving to an established hybrid model that works for all
- continued focus on wellbeing for all including increased training and focus around I&D
- flexibility for people to choose the dates they take their public holidays so that they can be taken when they are most meaningful to them, rather than on the fixed bank holiday dates
- Development of new/refurbished offices in Birmingham and Reading to provide a more flexible working environment.

I&D

Diversity of thought, background and experience is vital to us. It brings better decision-making, improves the quality of our delivery and helps us to meet the needs of our clients. Building an inclusive culture, where we value difference and respect our colleagues, is the right thing to do, helps our people to perform at their best and grow to their full potential. Through everyday inclusion we can embrace diversity and in several areas, we have made good progress but there remains work to do to meet our strategic aim that by 2025 we are the best firm at valuing diversity through everyday inclusion.

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

Recruitment

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

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

Promotion, development, and remuneration

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

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

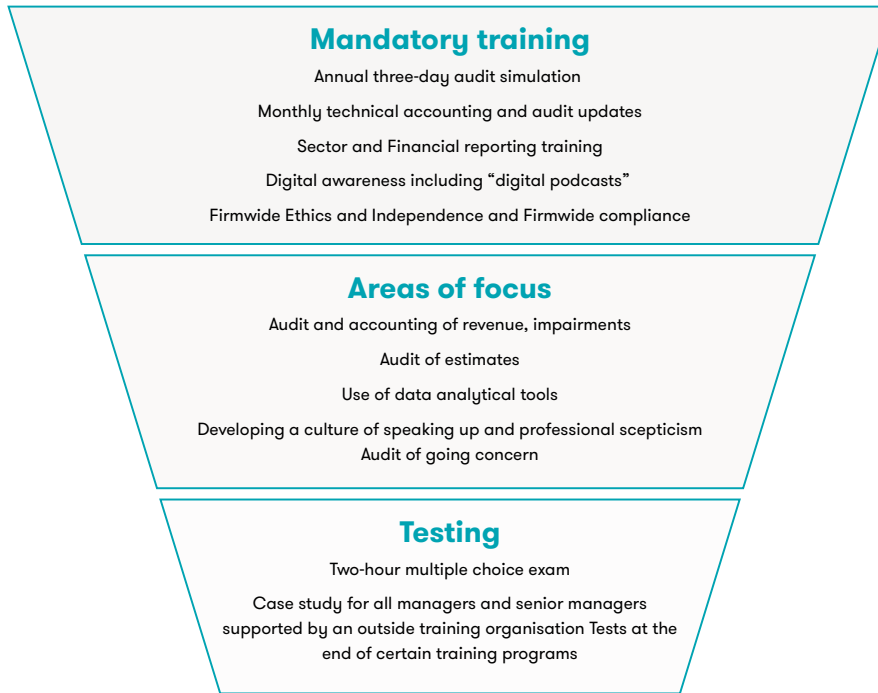
Learning

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

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

During the year, the average number of training hours for partners and qualified people was 107 (2021 – 110).

Audit Training



People metrics

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

	2022	2021	2020
I am encouraged and supported by my team to deliver high-quality work*	93%	93%	86%
I have sufficient time and resources to deliver high quality*	53%	46%	35%
The training and development I receive from the firm has prepared me to do high quality work*	79%	74%	66%
Producing quality work is a top priority in our firm	97%	94%	89%
I feel able to challenge or speak up when something doesn’t feel right in my work	89%	76%	86%

Monitoring



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

External monitoring

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

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

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

Our CEO, Head of Audit, Philip Johnson and Faried Chopdat as independent members of the AOB, and other members of the firm have met the FRC on several occasions during the year. We have continued to work with the FRC and have appreciated the time they have spent with us and we remain committed to maintaining a positive dialogue with the FRC.

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

Annual report from the FRC – overall assessment for corporate audits

"The firm has continued to respond positively to and made good progress on actions to address our previous findings in relation to its audit execution and firm-wide procedures. This year, it is pleasing that 100% of the audits inspected were assessed as good or limited improvements required. This is the second year that there has been an improvement in the number of audits requiring no more than limited improvements compared to the number of such audits identified in both our 2019/20 and 2018/19 public reports. Given the small sample size (which has reduced to five, to reflect the fall in the number of audits within the scope of the FRC) as well as the firm's approach of de-risking its audit portfolio, this may not be a trend across its whole portfolio. Never-the-less, the firm's progress is very encouraging."

"...the results from the firm's internal quality monitoring process (covering both PIE and non-PIE audits), also showed an improvement. Over a similar period, the firm's internal quality monitoring process assessed 86% of audits as meeting its highest quality standard. The Quality Assurance Department of the ICAEW (QAD), which is weighted towards higher risk and complex audits of non-PIE audits (within ICAEW scope), did not undertake any inspections in the current year, although we note that their most recent inspection year (2020/21) also showed an improvement."

"It is important that the firm keeps up momentum on quality issues and that it also finds ways in which it can further extend its more effective audit quality initiatives used for audits within the scope of the FRC (including processes such as regular audit leadership discussions, oversight and challenge and second line of defence support) into the wider audit practice. There must also be continued focus on further improvement in the challenge and corroboration of key judgements and estimates in conjunction with firm-wide findings. In response to this year's findings, we will take the following actions:

- Assess the extent to which initiatives have been extended beyond FRC scope entities
- Continue to focus on the adequacy of audit teams' assessments of key judgements and estimates
- Require all actions to be included in a Single Quality Plan (SQP), subject to formal reporting and regular review by the FRC.

Our response to the report was:

“We are pleased that this year’s FRC reviews (along with our own internal quality reviews) demonstrate that we have made significant progress in evidencing high quality audit work. Our reviews this year spanned a broad range of audits, from FTSE250 to small AIM entities and private entities and not all of the files reviewed had the additional processes and reviews that our most complex audits benefit from. Notwithstanding this, we continue to extend our approach to quality to all of our non-PIE engagements as we believe audit quality throughout our entire audit base is paramount.”

“We believe this represents a positive trend across quality in our entire audit base, whilst recognising that, as a people profession reliant on professional judgement, there will always be instances where isolated issues may drive quality points on individual files. We have built in additional training and support (both technical training and softer skills training) for our teams to assist them in further developing their professional scepticism, challenge of management and speaking up as part of them being high quality auditors. In addition, we continue to strengthen our second line of defence activities and are continuing our ongoing improvements to the depth and quality of the interrogation and interpretation of our root cause analysis activities.”

“We have a thorough and comprehensive Root Cause Analysis programme and each of the findings (both from external and internal file reviews) has been explored and has been factored into our activities and action plans where appropriate.”

“We are also pleased to see good practice points across each of the planning, execution and completion phases and, as an action, will continue to ensure the practice are aware of these so that we can ensure such actions are taken on all of our audits to promote high quality.”

“Our culture workstream within our Audit Investment Plan remains of high priority for us. Audit is a people centric activity, and any people centric activity brings the risk of human error. Our approach to culture across audit within Grant Thornton is specifically designed to ensure each of our team members has a range of processes available to them to “speak up” if they are uncomfortable with any aspects of their audit role so that other, more experienced individuals, can support them through their tasks to achieve a high quality audit. In addition to this, we have commenced a bespoke training programme around holding “difficult conversations” with our teams to equip them both with the knowledge of what sort of matters they should speak up about, how to challenge clients effectively and robustly, how to manage difficult conversations and also how and what channels to use to speak up and gain more support in challenging clients.”

“In addition to the above we have continued to update our mandatory workpapers factoring in learnings from prior year external and internal reviews to enable audit teams to better identify and better evidence their areas of challenge. We have also focused our flagship annual audit training on professional scepticism, challenge of management, communication and speaking up as well as the technical content of that three day annual training programme.”

“We have continued to invest in both our client and technical teams over the last 12 months and will continue to do so and will continue to survey our audit practice, both as part of firmwide and audit specific surveys so that we can continue to grow our client base without putting undue pressure on our teams. Since Q1 2021, we have grown our audit team by over 12% (headcount) and continue to attract high quality people to our firm which then enables us to both perform higher quality work, give our teams a better work/life balance (which in itself is good for quality as well as wellbeing) but also allows us capacity to grow in a managed, risk focused way to continue to bring even more high quality companies into our client base and work with them successfully for many years. Our last survey indicated an increase of 11% in the response to the question “I have sufficient time and resources to deliver high quality” demonstrating we are making progress in this key area, although there is still more to achieve here through our action plans.”

“Our overall audit wide action plan is fully tailored to address each of our firm wide findings and individual file findings and is carefully monitored by our AQB, which includes two Independent Audit Non-Executives (one of which is the Chair). That board monitors and provides governance around all key quality actions we undertake, both proactive and reactive.”

“As a firm, we have worked extremely hard and with unrelenting focus on audit quality since 2019. The pride that our auditors take from our strong file reviews (both FRC, ICAEW and internal file reviews) is a feeling that we, collectively, are keen to sustain. As such, we remain fully committed to audit quality, our Audit Investment Plan, root cause analysis, our audit wide action plan and further developing the culture we have within our audit practice. We will continue to invest in our teams to ensure consistent, sustained high quality audits are maintained in parallel with our successful ongoing growth of our complex client base.”

Grant Thornton Assessment and Review (GTAR)

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

Other regulatory reviews

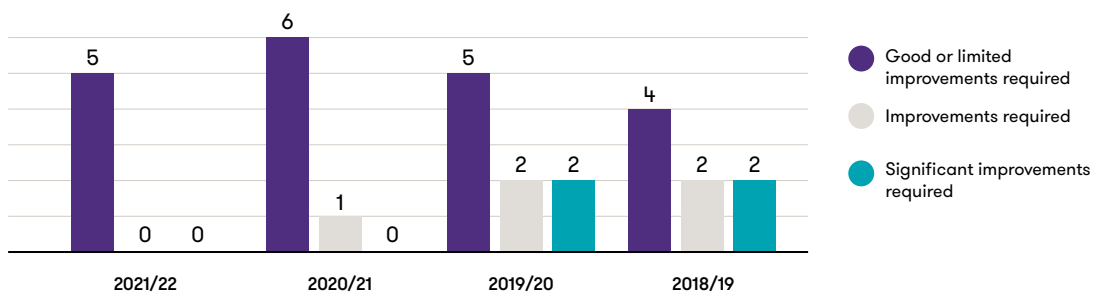
We are subject to review in respect of audit quality by several other regulatory bodies.

Body	Review in 2022
ICAEW – QAD team	Corporate audits not in FRC scope Certain public sector bodies
PCAOB	The last review was completed in 2015 and published in May 2016. This report is available on the PCAOB website
CPAB	The last review was completed in 2016 and finalised in January 2017
Audit Scotland	Scotland Central Government bodies, Local authorities, NHS bodies
Audit Wales	Wales Local authorities, NHS bodies

Engagement reviews - external

FRC

The AQR reviewed five files (2020: seven) as part of the review reported in July 2022.



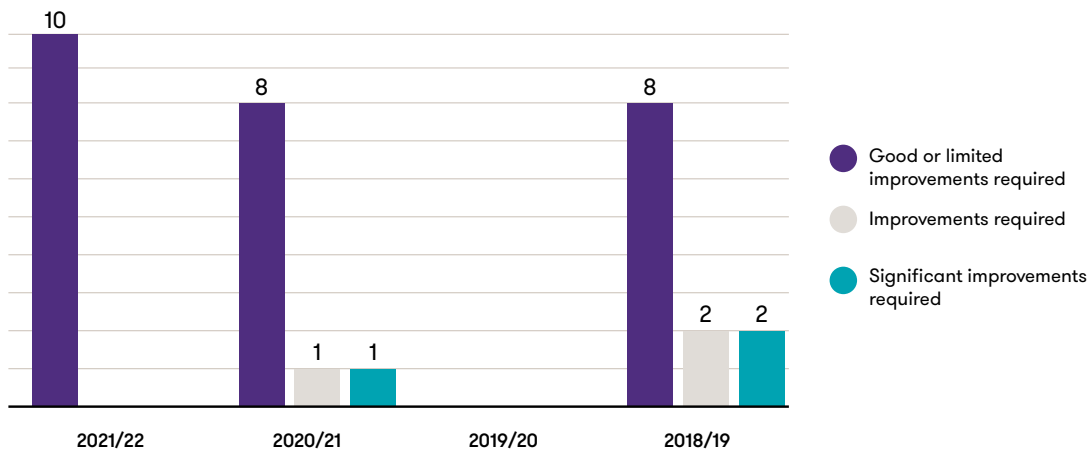
The FRC identified a need to “improve the challenge and corroboration of key judgements and estimates...”

We have undertaken root cause analysis and developed actions to address this finding. There were a several areas of good practice also identified in the report:

- setting client expectations at planning
- audit of long-term contracts
- derivatives and use of experts
- impairment indicators
- journals approach
- audit report on a delayed audit

QAD

The QAD visited during the year grading nine files and following up on one prior year file.



Engagement reviews – internal

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

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

Consideration is given in the timing of reviews to those engagement leaders who are subject to external reviews in the year.

Total engagement reviews (including public sector)

During the 2022 review cycle 115 reviews have been conducted comprising both internal and external reviews.

Number of reviews	2022	2021	2020	2019
External review	32	23	34	15
NAR	40	43	47	45
Pulse Review	43	37	26	43
GTAR	-	10	-	-
Total	115	113	107	103
Percent of relevant engagement leaders reviewed	100%	99%	86%	79%

Findings	Internal reviews				All reviews			
	2022	2021	2020	2019	2022	2021	2020	2019
Good or Good limited improvements required	75%	90%	85%	74%	79%	88%	75%	71%
Improvements required	15%	4%	7%	16%	12%	7%	16%	17%
Significant improvement required	10%	6%	8%	10%	9%	4%	9%	12%

Firm-wide monitoring

External

The FRC in their annual report detail their firm wide work which is based on the requirements of ISQC 1. The FRC review some areas on an annual basis and others on a three-year rotational basis. The focus for the year as reported in July 2022 was:

- relevant ethical requirements – Implementation of the FRC’s Revised ethical Standard (2019)
- engagement performance – EQCR, consultations and audit documentation
- audit methodology
- monitoring – internal quality monitoring

We have also received the following (non-engagement specific) reports in the year:

Grant Thornton specific	Profession wide reviews
Partner and Staff Matters	Acceptance and continuance
Offshore delivery centers	Cash and cashflow statements benchmarking
Payments process methodology	
Resourcing	

When the FRC raise findings or recommendations these are assessed by senior individuals, including the Head of Audit, and actions plans developed as required.

Internal

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

Internal ethics and independence

During 2022 the key monitoring mechanisms were:

- individual NAR file reviews consider how the engagement team addressed ethical and independence matters
- the Annual Declaration process is a comprehensive declaration from all partners and people in respect of understanding and compliance with our policies and procedures in respect of ethics, independence, confidentiality, gifts and hospitality and other regulations
- testing of 20% of partners and 5% of managers and above to check the accuracy and completeness of disclosed financial investments
- consideration of ongoing consultations from engagement teams
- the pre-approval of non-audit services to audit clients
- ensuring that rotation requirements are met at the individual and firm level
- pre-approval of gifts, favours and hospitality above de minimus limits and monitoring against expenses
- review of ethics and independence matters for higher risk audits at planning and completion.

Action plans

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

Audit Quality Indicators (AQIs)

As an audit service line we utilise a number of AQI's to support wider monitoring.



We now have in place two AQI dashboards:

- 1 engagement leader dashboard – each audit engagement leader has their own dashboard with 15 AQIs to help them consider quality on their live audit engagements.
- 2 Firmwide AQI dashboard – Head of Audit has access to 21 AQIs to assist with broader operational management. These AQIs are reported on a quarterly basis to the AQB.

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

AQI area	Location in report
Details of internal and external reviews	See above in this section
External Investigations related to audit	Disciplinary and enforcement matters
Investment in Audit	Training hours – People and Culture Wider investment in quality processes see risk management, quality and internal control .
Partner and staff surveys — Three questions based on: <ul style="list-style-type: none"> • firm's commitment to quality • sufficient time and resources to deliver quality • training and development 	People and Culture
Investor liason	Investor and external dialogue

Root Cause Analysis (RCA)

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

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

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

Number of reviews covered by RCA	2021/22	2020/21
External file reviews	14	27
Internal file reviews	30	34

The team has also undertaken RCAs on prior period adjustments, ethical breaches, corporate reporting reviews and themes that impact our overall audit quality, including financial statements findings. We have also continued with our programme of working on audit engagements that have just been completed to identify potential challenges faced by teams on a more timely basis, named “warm reviews”.

The results of the RCA are reported to the AQB and PIC. The key themes identified in the 2021/22 cycle were

Technical expertise, particularly in relation to revenue

- lack of practical guidance to assist the application of methodology
- inexperience or performance of team members put pressure on other (often senior) team members.

Insufficient step-back, challenge and professional scepticism in judgmental areas

- pressure on resourcing, meaning that wrong level of staff perform audit work. More team members find themselves stepping down into the detail resulting in ineffective review
- not carrying forward knowledge from prior audits to explain key judgments.

Quality of financial statements

- overreliance on prior year audit work
- wrong level of staff performing/reviewing work. Senior members find themselves stepping down into the detail resulting in ineffective reviews.



Good practice

- Strong team who are experienced in the particular type of work
- Good understanding of the business
- Good client who understands what we are doing
- Good project management
- Timely reviews and good Engagement leader involvement

Disciplinary and enforcement matters

At the start of the year there were open investigations by the FRC and ICAEW into our work, as follows.

FRC: Announcements

Sports Direct International Plc

On 18 July 2022, the FRC announced sanctions on the firm and the RI in respect of the audits of Sports Direct International Plc for the financial years 2016 and 2018. They included fines on the firm totalling about £1.32 million (after discounts for early settlement, etc.) and non-financial sanctions, including severe reprimands for the firm and the RI, and requirements that the firm report to the FRC on:

- the impact of changes made to its audit methodology relating to judgements on key audit matters; and
- the outcomes of two thematic reviews relating to audits of inventory provisions of retail entities and the use of audit data analytics to audit revenue.

FRC: Other matters

There are no current disciplinary investigations by the FRC into the firm's audits.

We continue to comply with monitoring and reporting obligations imposed following concluded FRC investigations, which relate to the audits set out above, our audits of Patisserie Holdings Plc and Interserve Plc, and ethical matters. These obligations run for two or three years each, and the last of them is due to end in 2024.

ICAEW

On 21 January 2022, the ICAEW imposed a reprimand in respect of audits of ours in 2019 of two entities whose names it did not publish and fined us £10,850.

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

Public sector audit – including local audit



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

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

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

The PSAA undertook a procurement process during 2022 for the allocation of local government, police and fire bodies in England. We were delighted to be successful in securing 36% of these audits. This means we will continue to have a significant strategic focus in bringing high quality audit into the public sector over the next five years. Over the past year the local authority sector has seen continued delays in the sign off of audit opinions across all firms. These delays began with COVID and have continued through 2022, driven in part by technical issues related to the accounting for infrastructure assets and due to qualitative issues with the preparation of a number of local authority accounts. We also continue to see instances where complex transactions such as leases or investment properties are not accounted for properly. We are working with the NAO, DLUHC and the FRC to promote better quality accounts preparation, and to make representations for other changes which we believe will help reduce the backlog of accounts sign offs.

Registration

We are registered as a Local Auditor under the requirements of the Act through registration with the ICAEW. At 31 December 2022 we had 26 registered KAPs (2021: 27), the most of any audit firm. Our dedicated public sector audit practice is part of our audit service line and signed the audits for 40 (2021: 109) major local audits in the year; details of which entities were signed in 2022 can be found in Appendix H.

Structure

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

Internal control

Our local audit work is subject to our overall internal quality control system. However, there are additional areas of control that are focused on local audit. These include:

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

The review we have undertaken in relation to our internal control system covers the work undertaken on public sector audits.

Recruitment

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

Development, appraisal and promotion

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

Learning

Given the specialist nature of public sector audit, we take very seriously the need to ensure all people working on local audits keep up to date technically and professionally. People working in the local audit team are subject to the same training requirements as people in the wider audit practice. However, to ensure all individuals maintain and develop their technical competence for public sector work, we provide additional training and support under our sector badging policy. In 2022 for our qualified people this has included:

- a two-day session for all grades from Assistant Manager above. This covered essential topics including scepticism, challenge and reporting, and was followed by a test of competence
- ongoing training on a range of topics including the audit of estimates, property valuations, journals and sampling and regulatory feedback
- detailed session on the new Code of Audit Practice requirements around Value for Money
- weekly updates for teams on 'hot' topics
- a session for engagement leads on the identification of key risk areas.

In total, training approximated to 10 (2021: 10) days per person. Our associates received their own tailored programme in line with our internal and professional requirements.

Quality monitoring

Our public sector audits are subject to both internal and external monitoring. The internal monitoring is detailed in the "Monitoring" section of this report. We are also subject to potential external review from several regulatory bodies as follows:

Regulator	Country and entity type
FRC and ICAEW	England NHS Foundation Trust
FRC	England "Major" audits
QAD team of the ICAEW under the direction of NHS improvement	England Non major audits (excluding foundation trusts)
Audit Scotland	Scotland Central Government bodies, Local authorities, NHS bodies
Audit Wales	Wales Local authorities, NHS bodies

During the year we were inspected in respect of:

Type of audit	2022	2021	2020
NHS Foundation trusts	2	4	-
Major NHS	1	2	1
Non major NHS	-	-	3
Major Local Government	6	7	5
Non major local audit	3	3	4

We also undertook a number of internal reviews as part of the NAR programme. In 2022 we undertook three (2021: nine) and five pulse reviews (2021: eight). As a result of these reviews, we identified some key areas which we have focused on in our training, including the valuation of property plant and equipment, our approach to fraud risk assessment and journals testing, and the way in which we pinpoint our significant risk assessments.

The Local Auditors (Transparency) Regulations 2020

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

Provision of the Local Audit Regulations Review	How Grant Thornton UK LLP complies
a A description of the legal structure, governance and ownership of the transparency reporting local auditor	See “Appendix E – Legal structure including GTIL”
b Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network	See “Appendix E – Legal structure including GTIL”
c A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work	See above and section “Risk management, Quality and Internal Control”
d A description of the transparency reporting local auditor’s independence procedures and practices including a confirmation that an internal review of independence practices has been conducted	Our public sector practice are subject to the same ethics and independence rules as all other areas of audit practice. This includes firm-wide requirements where applicable. See section “Ethics, Independence and Compliance”
e Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained	Our engagements leaders for this work are all KAPs under the legislation. They and our people are appropriately trained and competent in the roles See above and in section “People and Culture”
f A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place	As set out above the last external reviews were undertaken by the FRC and QAD during the year
g A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list	See “Appendix H – Major Local Audits”
h A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level	See section on “learning” above
i Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor’s local audit work	Turnover from local audit work in the 12 months to 31 December 2022 was £31.8 million, (2021: £25.8 million). This represents 5.6% and 5.2% of the firm’s total revenue, respectively. These amounts are included in the revenue disclosed in Appendix F .
j Information about the basis for the remuneration of partners	See “Appendix F – Financial information and partner details”

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Appendix A

Audit firm governance code and EU regulations

AFGC

We have set out below how we have complied with the AFGC – July 2016 issued by the FRC. We have adopted the AFGC - April 2022 effective from 1 January 2023 and we consider the firm to be compliant with the provisions of the new code. We are working on our definition of “Public Interest” as recommended by the code.

Provision of the code	How complied with
A Leadership	
A1 Owner accountability principle	
The management of a firm should be accountable to the firm’s owners and no individual should have unfettered powers of decision	The PGB provides an elected body which includes INEs. The PGB and INEs hold the CEO and SLT accountable for the benefit of the partnership. Further information can be found in the “Leadership and Governance” section as well as on our website
A.1.1 The firm should establish a board or equivalent governance structure, with matters specifically reserved for its decision, to oversee the activities of the management team	See • “Leadership and Governance”
A.1.2 The firm should state in its transparency report how its governance structures and management operate, their duties and the types of decisions they take. In doing so the firm should explain how its governance structure provides oversight of both the audit practice and the firm as a whole with a focus on ensuring the Code’s purpose, is achieved. If the management and/or governance of the firm rests at an international level it should specifically set out how management and oversight of audit, is undertaken and the Code’s purpose achieved in the UK	See • “Leadership and Governance” and • “Appendix C – Leadership and Governance” • “Appendix D – Members of leadership and governance groups”
A.1.3 The firm should state in its transparency report the names and job titles of all members of the firm’s governance structures and its management, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details	See • “Leadership and Governance” and • “Appendix C – Leadership and Governance” • “Appendix D – Members of leadership and governance groups”
A.1.4 The members of a firm’s governance structures, and management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection	See • “Leadership and Governance”
A.2 Management principle	
A firm should have effective management which has responsibility and clear authority for running the firm	See • “Leadership and Governance” • our website under About us/Leadership and governance
A.2.1 Management should have terms of reference that include clear authority over the whole firm including its non-audit businesses and these should be disclosed on the firm’s website	See our website under About us/Leadership and Governance
B Values	
B.1 Professionalism principle	
B.1.1 A firm should perform quality work by exercising judgement and upholding values of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour in a way that properly takes the public interest into consideration and meets auditing and ethical standards	See • “Risk Management, quality and internal control” • “Ethics, independence and compliance”
B.1.2 The firm’s governance structures, and management should establish and promote throughout the firm an appropriate culture, supportive of the firm’s public interest role and long-term sustainability. This should be achieved through the right tone from the top, through the firm’s policies and practices and by management publicly committing themselves and the whole firm to quality work, the public interest and professional judgement and values	See • “Leadership and Governance” • “Risk management, internal control and quality” • “People and Culture”

Provision of the code	How complied with
B.1.3 Firms should introduce KPIs on the performance of their governance system, and report on performance against these in their transparency reports	See <ul style="list-style-type: none"> • “Governance Key Performance Indicators”
B.1.4 The firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and independent nonexecutives should oversee compliance with it	The firm has a code of conduct see our website
B.2 Governance principle	
A firm should publicly commit itself to this Audit Firm Governance Code	See Leadership and governance . We are fully committed to the AFGC
B.2.1 The firm should incorporate the principles of this Audit Firm Governance Code into an internal code of conduct	Our full code of conduct can be found on our website under About us/Code of conduct
B.3 Openness principle	
A firm should maintain a culture of openness which encourages people to consult and share problems, knowledge and experience in order to achieve quality work in a way that properly takes the public interest into consideration	See <ul style="list-style-type: none"> • “Risk management, quality and internal control” • our code of conduct on our website
C Independent Non-Executives	
C.1 Involvement of independent non-executive’s principle	
A firm should appoint independent non-executives to the governance structure who through their involvement collectively enhance the firm’s performance in meeting the purpose of the Code	See <ul style="list-style-type: none"> • “Leadership and Governance”
C.1.1 Independent non-executives should number at least three and be in the majority on a body that oversees public interest matters; and/or be members of other relevant governance structures within the firm. They should also meet as a separate group to discuss matters relating to their remit. They should have full visibility of the entirety of the business but should pay particular attention to and report on risks to audit quality and how they are addressed. If a firm considers that having three INEs is inappropriate given its size or number of public company clients, it should explain this in its transparency report and ensure a minimum of two at all times. Where the firm adopts an international approach to its management it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this market; or explain why it regards a smaller number to be more appropriate, in which event there should be a minimum of two	We had two INEs from 1 January 2022 to 4 April 2022 when the appointment of Paula Dillon increased the number of INEs to three. See “Leadership and Governance”
C.1.2 The firm should disclose on its website and in its transparency report information about the appointment, retirement and resignation of independent non-executives; their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its independent non-executives in the way it has (for example, as members of the main Board or on a public interest committee). The firm should also disclose on its website the terms of reference and composition of any governance structures whose membership includes independent nonexecutives	See <ul style="list-style-type: none"> • “Leadership and Governance” • our website under About us/Leadership and governance
C.1.3 The independent non-executives should report in the firm’s transparency report on how they have worked to meet the purpose of the code defined as: <ul style="list-style-type: none"> • Promoting audit quality • Helping the firm secure its reputation more broadly, including in its non-audit businesses • Reducing the risk of firm failure 	See <ul style="list-style-type: none"> • “Independent Non-Executive chair of the Public Interest Committee and Partnership Governance Board”
C.1.4 Independent non-executives should have regular contact with the Ethics Partner, who should under the ethical standards have a reporting line to them	The INEs have regular contact with the Ethics Partner who attends each PIC meeting. The Ethics Partner attended the EB until its disbandment and now presents to the PGB and RAC at least annually. See <ul style="list-style-type: none"> • “Leadership and Governance” sub section “PIC”
C.2 Characteristics of independent non-executives’ principle	
The independent non-executives’ duty of care is to the firm. They should command the respect of the firm’s owners and collectively enhance shareholder confidence by virtue of their independence, number, stature, experience and expertise. They should have a balance of relevant skills and experience including of audit and a regulated sector. At least one independent non-executive should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company’s finance function, as an investor or at an audit firm	All our INEs bring finance skills however Deena Mattar is a Fellow of the ICAEW and has been chair of several audit committees See <ul style="list-style-type: none"> • “Leadership and Governance”.

Provision of the code	How complied with
C.2.1 The firm should state in its transparency report its criteria for assessing the impact of independent non-executives on the firm's independence as auditors and their independence from the firm and its owners	See <ul style="list-style-type: none"> • “Ethics, Independence and compliance” sub section “INEs”
C.3 Rights and responsibilities of independent non-executives’ principle	
Independent non-executives of a firm should have rights consistent with their role including a right of access to relevant information and people to the extent permitted by law or regulation, and a right to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly	See <ul style="list-style-type: none"> • “Leadership and Governance” • our website under About us/Leadership and governance
C.3.1 Each independent non-executive should have a contract for services setting out their rights and duties	Each of our INEs and independent members of the AQB has a contract for services
C.3.2 Independent non-executives should be appointed for specific terms and any term beyond nine years should be subject to particularly rigorous review and explanation	See <ul style="list-style-type: none"> • “Leadership and Governance” sub section “INE’s” and our website under About us/Leadership and governance
C.3.3 The responsibilities of an independent non-executive should include, but not be limited to oversight of the firm's policies and processes for: <ul style="list-style-type: none"> • promoting audit quality • helping the firm secure its reputation more broadly, including in its non-audit businesses • reducing the risk of firm failure 	See <ul style="list-style-type: none"> • “Independent Non-Executive chair of the Public Interest Committee and Partnership Governance” • “Leadership and Governance” sub section “INE’s” • our website under About us/Leadership and Governance
C.3.4 The firm should ensure that appropriate indemnity insurance is in place in respect of legal action against any independent non-executive in respect of their work in that role	Appropriate indemnity insurance is in place
C.3.5 The firm should provide each executive with sufficient resources to undertake their duties including having access to independent professional advice at the firm's expense where an independent non-executive judges such advice necessary to discharge their duties	Sufficient resources, including access to independent legal advice, is available to our INEs
C.3.6 The firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the independent non- executives and members of the firm's management team and/or governance structures	See <ul style="list-style-type: none"> • “Leadership and Governance” sub section “INE’s” • our website at About us/Leadership and Governance
D.1 Compliance principle	
A firm should comply with professional standards and applicable legal and regulatory requirements. Operations should be conducted in a way that promotes audit quality and the reputation of the firm. The independent nonexecutives should be involved in the oversight of operations	This is considered throughout this report specifically in sections: <ul style="list-style-type: none"> • “Governance Key Performance Indicators” • “Risk management, Quality and Internal control” • “Ethics, Independence and compliance” • “People and Culture” • “Monitoring”
D.1.1 The firm should establish policies and procedures for complying with applicable legal and regulatory requirements and international and national standards on auditing, quality control and ethics, including auditor independence	The firm has policies and procedures to ensure compliance. See <ul style="list-style-type: none"> • “Risk management, Quality and Internal control” • “Ethics, Independence and Compliance”
D.1.2 The firm should establish policies and procedures for individuals signing group audit reports to comply with applicable standards on auditing dealing with group audits including reliance on other auditors whether from the same network or otherwise	Policies and procedures are in place to meet this requirement See <ul style="list-style-type: none"> • “Risk management, Quality and Internal control”
D.1.3 The firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest	See <ul style="list-style-type: none"> • “Ethics, Independence and Compliance” sub section “Conflicts of Interest and relationships”
D.1.4 The firm should take action to address areas of concern identified by audit regulators in relation to the firm's audit work	See <ul style="list-style-type: none"> • “Monitoring”
D.2 Risk management principle	
A firm should maintain a sound system of internal control and risk management over the operations of the firm as a whole to safeguard the firm and reassure stakeholders	See <ul style="list-style-type: none"> • “Risk management, Quality and Internal control” subsections “Internal control” and “Root Cause Analysis” subsection

Provision of the code

How complied with

D.2.1	The firm should, at least annually, conduct a review of the effectiveness of the firm's system of internal control. Independent non-executives should be involved in the review which should cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm	See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsection “Internal control”
D.2.2	The firm should state in its transparency report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary	See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsection “Internal control”
D.2.3	The firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK	See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsection “Risk management”• “Appendix B”
D.3	People management principle	
D.3.1	A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code	See <ul style="list-style-type: none">• “People and Culture”
D.3.2	The firm should disclose on its website how it supports its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code through recruitment, development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement	See section <ul style="list-style-type: none">• “People and Culture” and• our website
D.3.3	Independent non-executives should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, to ensure that the public interest is protected	Our INEs are involved in people matters as part of their role on the PGB and the PIC, including receiving reports from the Head of People and Culture. Paula Dillon specifically focuses on people matters.
D.4	Whistleblowing principle	
	A firm should establish and apply confidential whistleblowing policies and procedures across the firm which enable people to report, without fear, concerns about the firm's commitment to quality work and professional judgement and values in a way that properly takes the public interest into consideration. The independent non-executives should be satisfied that there is an effective whistleblowing process in place	The INEs receive reports of matters raised through the whistleblowing process. See <ul style="list-style-type: none">• “Leadership and governance” sub section “PIC”• our website
D.4.1	The firm should report to independent non-executives on issues raised under its whistleblowing policies and procedures and disclose those policies and procedures on its website	The INEs received updates on matters raised under our whistleblowing policies and hotline. See <ul style="list-style-type: none">• our website at About us/Leadership and Governance
E	Reporting	
E.1	Internal reporting principle	
	The management of a firm should ensure that members of its governance structures, including owners and independent non-executives, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties	Our governance groups, which include our INEs, received relevant and timely information to enable them to discharge their duties
E.2	Governance reporting principle	
	A firm should publicly report how it has applied in practice each of the principles of the Audit Firm Governance Code and make a statement on its compliance with the Code's provisions or give a considered explanation for any non-compliance	We consider that we are compliant with the principles of the AFGC. This is explained in this appendix and throughout this report
E.2.1	The firm should publish on its website an annual transparency report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1	This report is published on our website under About us/Annual reports
E.2.2	In its transparency report the firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure	Not applicable

Provision of the code

How complied with

E.3	Transparency principle	See
	A firm should publish on an annual basis in its transparency report a commentary on the firm's performance, position and prospects	<ul style="list-style-type: none"> • "David Duncley – Chief Executive Officer" • "Fiona Baldwin – Head of Audit" • "Appendix F"
E.3.1	The firm should confirm that it has carried out a robust assessment of the principal risks facing the audit firm, including those that would threaten its business model, future performance, solvency or liquidity. The firm should describe those risks and explain how they are being managed or mitigated	See <ul style="list-style-type: none"> • "Risk management, Quality, and Internal control" subsection "Risk management" • "Appendix D"
E.3.2	The transparency report should be fair, balanced and understandable in its entirety	This report is based on the principals and requirements of: <ul style="list-style-type: none"> • The AFGC • The Local Auditors (Transparency) Regulations 2020 regulations and • EU Audit Regulation - Article 13 of the EU Regulations 537/2014 The report has been drafted with input from a range of individuals in the firm, including senior leadership. The report has been reviewed and approved by members of the SLT and RAC
E.4	Reporting quality principle	See
	A firm should establish formal and transparent arrangements for monitoring the quality of external reporting and for maintaining an appropriate relationship with the firm's auditors.	Policies and procedures are in place to monitor quality these and the relationship with the external auditors is monitored by the RAC
E.4.1	The firm should establish an audit committee and disclose on its website information on the committee's membership and terms of reference which should deal clearly with its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. On an annual basis, the audit committee should publish a description of its work and how it has discharged its duties	See <ul style="list-style-type: none"> • "Leadership and Governance" • our website under About us/Leadership and Governance
E.5	Financial statements principle	See
	A firm should publish audited financial statements prepared in accordance with a recognised financial reporting framework such as International Financial Reporting Standards or UK GAAP and should be clear and concise	<ul style="list-style-type: none"> • "Leadership and Governance" subsection "Investor and external dialogue"
E.5.1	The firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities, preferably in accordance with the extended audit report standards	This statement is made in our financial statements
E.5.2	The firm should state whether it considers it appropriate to adopt the going concern basis of accounting and identify any material uncertainties to its ability to continue to do so, with supporting assumptions or qualifications as necessary	This statement is made in our financial statements
F	Dialogue	See
F.1	Firm dialogue principle	See
	A firm should have dialogue with listed company shareholders, as well as listed companies and their audit committees, about matters covered by this Audit Firm Governance Code to enhance mutual communication and understanding and ensure that it keeps in touch with shareholder opinion, issues and concerns	<ul style="list-style-type: none"> • "Leadership and Governance" subsection "Investor and external dialogue"
F.1.1	The firm should disclose on its website its policies and procedures, including contact details, for dialogue about matters covered by this Audit Firm Governance Code with listed company shareholders and listed companies. It should also report on the dialogue it has had during the year. These disclosures should cover the nature and extent of the involvement of independent non-executives in such dialogue	See <ul style="list-style-type: none"> • "Leadership and Governance" subsection "Investor and external dialogue"
F.2	Shareholder dialogue principle	See
	Shareholders should have dialogue with audit firms to enhance mutual communication and understanding	<ul style="list-style-type: none"> • "Leadership and Governance" subsection "Investor and external dialogue"
F.3	Informed voting principle	See
	Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation to such recommendations	This is primarily the responsibility of shareholders. See <ul style="list-style-type: none"> • "Leadership and Governance" subsection "Investor and external dialogue"

EU Regulations

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

Summarised requirement

How complied with

<p>A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm</p>	<p>This transparency report, along with our prior reports are available on our website under About us/Annual reports</p>
<p>Statutory auditors and audit firms shall communicate to the competent authorities that the transparency report has been published on the website of the statutory auditor or the audit firm or, as appropriate, that it has been updated</p>	<p>The FRC and ICAEW are informed of the publication of this Transparency Report</p>
<p>The annual transparency report shall include at least the following:</p>	
<p>a a description of the legal structure and ownership of the audit firm</p>	<p>See section • “Leadership and Governance”</p>
<p>b where the statutory auditor or the audit firm is a member of a network: i a description of the network and the legal and structural arrangements in the network ii the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network iii the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business iv the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements</p>	<p>See • “Appendix E – Legal structure including GTIL”</p>
<p>c a description of the governance structure of the audit firm</p>	<p>See • “Leadership and Governance”</p>
<p>d a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning</p>	<p>This is discussed throughout this report but specifically in sections • “Leadership and Governance” • “Risk management, Quality and Internal control” • “Ethics, Independence and compliance” • “People and Culture” • “Monitoring”</p>
<p>e an indication of when the last quality assurance review referred to in Article 26 was carried out (External review)</p>	<p>See • “Monitoring”</p>
<p>f a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year</p>	<p>See • “Appendix G – UK Public Interest Entities”</p>
<p>g a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted</p>	<p>See “Monitoring” sub section “Firm-wide monitoring”, “Ethics, independence and compliance”</p>
<p>h a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC</p>	<p>All of our qualified people are required to take part in appropriate continuing professional education</p>
<p>i information concerning the basis for the partners' remuneration in audit firms</p>	<p>See • “People and Culture”</p>
<p>j a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7)</p>	<p>See • “Appendix F – Financial information and partner details”</p>
<p>k where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: i revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; ii revenues from the statutory audit of annual and consolidated financial statements of other entities; iii revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and iv revenues from non-audit services to other entities</p>	<p>See • “Ethics, Independence and compliance” sub section “Audit specific matters”</p>
<p>The transparency report shall be signed by the statutory auditor or the audit firm</p>	<p>The report is signed by Dave Dunckley on behalf of Grant Thornton UK LLP</p>

Appendix B


Firm's principal risks

At the time of this transparency report the principal risks that the SLT consider could most significantly threaten the firm's ability to achieve its strategy and specifically impact the sustainability of the audit practice are as shown below. The trend indicator depicts our internal trend of the residual risk rating over the course of 2022.

Risk	Landscape	Trend	Mitigation
Reputational/brand damage			
<p>Adverse or inaccurate media coverage directed at the firm causing damage to our brand and reputation, loss of client confidence and public trust.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> client failure resulting in media scrutiny, public criticism, and further regulatory focus failings in our peoples' conduct or breaches of confidentiality working for an inappropriate client or taking on an unsuitable assignment failure to respond to societal expectations including social issues contagion due to reputational issue elsewhere in the GTIL network or loss of or failure of GTIL/significant member firm in the network 	<ul style="list-style-type: none"> continued public scrutiny of professional services firms with a particular interest in audit quality increasing societal expectations for example surrounding ESG means firms are watched and judged on what they say and do as corporate citizens our investment in audit quality paying off resulting in outstanding results in 2021 and 2022 AQR and offsetting historic quality and reputational issues in the past few years. This has resulted in a reduction in risk exposure evolving sanctions environment as a result of war in Russia's invasion of Ukraine 		<ul style="list-style-type: none"> our purpose of 'doing what's right, ahead of what's easy', CLEAR values and code of conduct drive the behaviors of our people continued program of internal communications to inform and engage our people around the firm's priorities and performance and to remind them of their obligations around compliance and confidentiality communications team protects and enhances the firm's reputation through external media and social channels and supports the SLT in the development of the firm's corporate narrative societal issues communications strategy enhanced Beyond Compliance framework to ensure we are confident that the clients we act for and the services that we provide support our reputation as well as comply with sanctions in response to Russia's invasion of Ukraine development of firmwide ESG strategy to deliver our plan to achieve net zero, make a positive contribution to society and conduct ourselves responsibly a confidential public interest disclosure / whistleblowing hotline available to employees, clients, and members of the public PIC comprising the firm's Independent non-executives serves to enhance stakeholder confidence in the public interest aspects of the firm's activities. significant UK involvement and influence in GTIL strategy and Governance. GTIL risk policies and protocols and member firm obligations engagement with regulators, institutes, and governmental bodies to play our part in the development of the industry and contribute to the debate on public interest issues
Information and cyber security			
<p>Inadequate protection of the firm's personal and clients' confidential information (including electronic and hard copy documentation) could result in non-compliance with data protection or privacy laws, regulations and contractual requirements.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> failure to identify and manage potential cyber threats vulnerabilities as a result of reliance on the actions of our people inadequate data strategy, governance, management and protection dependency on third party technology providers to meet their contractual obligations around security and service levels 	<ul style="list-style-type: none"> ever evolving and increasing cyber threats heightened by Russia's invasion of Ukraine hybrid working model and overseas resource augmentation places increased reliance on our technology infrastructure and greater security and data loss risk if not adequately maintained growth in Internet of Things increases cybersecurity vulnerabilities. increased sharing of data by and with clients and third parties more reliance on technology to provide services to our clients increasing importance of governance as data is moved to a cloud environment 		<ul style="list-style-type: none"> continuous focus on the maintenance of a robust, secure and resilient IT environment with policies and processes to protect the firm's and clients' data, and service continuity plans for all business-critical IT services and applications physical security controls ISO 27001 accreditation and Cyber Essentials Plus certification use of Security Operations Centre and threat intelligence services ISMS management team oversee strategic and operational management of information security within the firm cyber resilience and Incident Response procedures in place and tested ongoing activities with our people to promote awareness of cyber and data security, including employee e-learning, regular communications about threats and quarterly phishing exercises supplier risk assessment process using an external rating agency to mitigate potential threats collaborative approach with GTIL and major GTIL member firms to ongoing information systems infrastructure development and strategy. Global cyber controls review assessed against NIST cyber security framework Chief Data Officer appointed to oversee data strategy and governance. including data loss prevention investment in tools and software solutions to manage data security and the risk of data loss Data Protection team develop and maintain the necessary data protection and privacy policies and procedures including breach management processes

Risk	Landscape	Trend	Mitigation
Attracting and retaining talent			
<p>Inability to attract and retain high quality talent, including partners, could impact our ability to respond to current and future client needs.</p> <p>Specifically:</p> <ul style="list-style-type: none"> our people do not feel connected with our purpose or culture failure to offer attractive and flexible working arrangements inability to recruit high quality diverse people with the right skills a lack of career progression and personal development opportunities inadequate succession planning 	<ul style="list-style-type: none"> continued competitive market impacting ability to access and keep hold of talent to meet business requirements and growth plans talent shortage in the UK market of qualified professionals further compounded by the attractiveness of the profession evolving expectations of employees for example around ESG matters changing client needs necessitating different talent skillsets hybrid working model may mean our people find it harder to build and maintain connection with the firm 	↑	<ul style="list-style-type: none"> regular people engagement and leadership communications ensure our people remain connected Pulse surveys to understand how our people are feeling how we work framework to support employees in adopting our hybrid working model effectively diversified central resourcing model including our agile talent solution and utilisation of global network resources technical, leadership and commercial learning programmes and a focus on coaching to support the career development of our partners and employees improved people manager development programme and resources robust talent strategy systems and processes including succession planning annual horizon scan considers talent aspects regular benchmarking of reward and benefits dedicated People and Culture team ensures that our people's day-to-day experience reflects our reputation in the marketplace as a progressive employer compelling employer brand brings our purpose to life for our people and new hires and builds connection and belonging
Quality of work (audit and non-audit)			
<p>Providing poor-quality advice or giving incorrect opinions could lead to claims and regulatory action or loss of clients due to reputational damage.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> failure to manage the quality of evolving service offerings and methods of delivery not using the right team with the right skills, knowledge, and experience poor quality culture inconsistent or ineffective tools and methodologies taking on inappropriate work or clients which increases the risk of not meeting quality requirements inappropriate contractual terms lead to client expectation issues inconsistent quality of work or depth of expertise in offerings across the network stressful working conditions as result of not managing wellbeing risks 	<ul style="list-style-type: none"> public scrutiny of the audit profession continues to influence this risk our investment in Audit quality continues to deliver improvements resulting in standout results in 2022 AQR adapting to challenges in managing risks to quality as a result of hybrid working changing nature of services we deliver, their complexity and the way we deliver them, particularly involving technology a competitive talent market in key skills as well as pressures on the audit profession which could impact our ability to deliver the best quality 	↓	<ul style="list-style-type: none"> rigorous firmwide quality components include: <ul style="list-style-type: none"> leadership and governance structures to drive quality and set tone at the top and rigorous client take on process a 'speak up' culture continuous learning and development assignment delivery standards supported by procedures, methodologies and review processes ethical and other professional standards monitoring, reporting and root cause analysis service line Quality and Risk Management teams and Legal department support robust client and engagement take-on processes and contracting protocols investment in an ongoing programme of Audit quality with leadership held to account via the AQB QMA which covers all aspects of our audit and related services delivery recruitment of high quality individuals including overseas resource augmentation, particularly in audit through continued expansion of our offices in India and Philippines global audit methodology and rigorous global quality assurance programme which includes the implementation of Leap, the new global audit technology platform extensive training programmes administered through Business School and regular service line technical updates supplemented by dedicated technical support annual self-certification and CPD returns by all our people employee quality pulse surveys performance reward systems incorporate individual quality gradings new Initiative process includes consideration of quality issues for all changes to the way we work with clients or how and what we deliver to clients complaints / potential claims reporting procedures and maintenance of sufficient PI insurance

Risk	Landscape	Trend	Mitigation	
Material breach of regulation or legislation	<p>Breaches of legislation or regulation could pose a significant financial and reputational risk to the firm.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> • taking on inappropriate work, clients, or third parties, resulting in legal or regulatory breaches or conflicts • not understanding or responding to changes in regulation and legislation including sanction regimes • insufficiently skilled or resourced specialist compliance teams • failure to respond appropriately/robustly to regulatory investigations or sanctions • employees/Partners working outside of internal policies and procedures • third parties acting beyond contractually agreed parameters 	<ul style="list-style-type: none"> • regulatory environment is becoming more assertive and significantly more complex, requiring recruitment and retention of appropriately skilled compliance specialists, and increased monitoring, and reporting to ensure the firm is compliant • continually evolving and increasingly complex financial and trade sanctions environment • the current regulatory and public policy landscape can result in frequent, and short-notice, changes to regulation and legislation • activities in certain countries may increase risk exposure relating to bribery or tax evasion • risk of people working outside firm's policies and procedures is enhanced by increased remote/hybrid working 		<ul style="list-style-type: none"> • firmwide quality components incorporate and provide clear direction on legal and regulatory requirements with annual self-certification by all our people as to their understanding of and responsibilities for key ethical, regulatory, and quality procedures • Ethics Partner and the Ethics Function provide support and guidance on ethics and independence issues • centralised GIS and monitoring • Financial Crime Team, led by the Money Laundering Reporting Officer (MLRO) and overseen by the Financial Crime Risk Oversight Committee, to ensure effective management of financial crime risks • annual mandatory training plan and monitoring to ensure full understanding of our regulatory and quality commitments • rigorous client take-on and continuance processes including relationship checks, risk-based client due diligence and ongoing monitoring • mandatory third party due diligence procedures and monitoring to ensure we only engage acceptable suppliers and other third parties • strengthened systems and processes to manage any exposure to financial or trade sanctions risks as a result of Russia's invasion of Ukraine and resultant sanctions, including an oversight panel (with SLT members), to manage the residual risk of a small number of insolvency appointments • suspicious Activity Reporting (SAR) and whistleblowing procedures in place • engagement with regulators, institutes, and governmental bodies to understand and play our part in the development of the industry • management of firmwide regulatory obligations and GTIL firm requirements by the Regulation Team with oversight by the Regulation Oversight Committee • strengthened regulatory governance policy and directory with improved monitoring and reporting as to how the firm incorporates regulatory requirements into its processes
Changing environment and unplanned events	<p>We do not identify and react appropriately or quickly enough in response to changing external conditions and the requirements of our clients.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • economic and geopolitical conditions, market factors, competitor activity or regulatory change • we do not meet clients/future clients changing requirements – for example support with ESG or digital matters • unplanned disruptive events which could pose a significant threat to the firm's business and its ability to operate 	<ul style="list-style-type: none"> • economic instability including high inflation, increasing interest rates and the likelihood of recession create uncertainty for business • Russia's invasion of Ukraine, continued uncertainty following Brexit and post COVID challenges causing cost of living challenges, labour shortages and supply chain disruption • geopolitical risks due to tensions between countries including US, China, Russia, UK, and the EU • changing competitive landscape and disruption due to audit market reform and possible audit firm break ups • BEIS response to reform corporate governance and audit 		<ul style="list-style-type: none"> • bi-monthly survey of UK mid-market businesses building insight on specific issues, challenges or milestones facing our market • SMEs in our Public Affairs, Policy and Insight and Economic consulting teams provide political and economic insights • competitor trend analysis • firmwide dashboards enabling continuous monitoring of business and financial performance • SLT focus on continually reviewing strategic options and opportunities and the best approach to providing sufficient flexibility for growth in response to increasingly challenging market conditions • ongoing active engagement with key stakeholders (including regulators, industry groups and professional institutes) to identify and influence change and inform and monitor our response • forward looking annual horizon scanning process • holistic approach to resilience planning and validation including business continuity and crisis management processes across all areas of the firm's activities including client and business activity, technology, third parties, property and physical security • Risk and Resilience Board sets the resilience strategy and monitors' progress

Risk	Landscape	Trend	Mitigation
Technology			
<p>Our ability to adapt and evolve our client offerings, operating model and data strategy in the face of rapid technology change could impact our ability to remain competitive and create value for our clients, people and our business.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • we do not develop and invest in our technology infrastructure, people, and processes to address future business needs • failure to equip people with the right digital tools and capabilities • inadequate data strategy, governance and management means we are unable to realise the benefits of data as an asset 	<ul style="list-style-type: none"> • fast evolving digital transformation landscape influencing client expectations and the cost of providing service • increasing expectations for data insights to inform business decision making • changing competitive landscape and the profession is being faced with a very different competitor type • ethical use of data is essential • technology infrastructure implications as a result of current changes within our property portfolio 		<ul style="list-style-type: none"> • digital and data strategies drive investment in the use of technology and data to create value for our people, our clients and our business • service Line digital panels and our Digital Leadership Group prioritise investment and effort in digital initiatives • investment in the UK Digital Hub, a team of digital specialists to support service lines evolve their products and services to leverage technology and data in line with changing client needs and further support our people to grow digital capability • New Initiatives policy and process defines the mechanism for and supports innovation throughout the firm • Data Governance Board supports and advocates for data governance to ensure that our data is managed as a strategic asset and in line with the firmwide data management frameworks • data protection and ethical impact assessments to ensure data handled in accordance with privacy laws and ethical best practice • annual data maturity assessment tracks progress and informs the firm's data strategy
Financial planning and liquidity			
<p>Insufficient liquidity to fund working capital requirements or a significant financial issue without the time in which to address it</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> • inaccurate financial data impacting operational decisions, growth, and overall liquidity management • unforeseen drop in partner numbers • unreliable financial forecasting leading to poorly defined growth plans vs resourcing requirements • we do not budget effectively impacting our ability to manage within funding limits • lack of timely financial oversight of commitments to significant long-term costs • servicing the firm's pension fund liability • availability and affordability of external funding 	<ul style="list-style-type: none"> • economic uncertainty making it inherently harder to forecast and adequately plan so that we manage profits and working capital • continued growth in the firm increasing working capital requirements • potential for a change in mix of business with a switch from deal-driven to distress-driven activity impacting the average working capital cycle • external factors in the banking market such as capital loan availability and pricing increases • economic instability creating increased risk of debtor default • recent financial market volatility impacting UK pension schemes against a backdrop of already uncertain pension costs 		<ul style="list-style-type: none"> • annual budgeting process in place with SLT and PGB review and approval. 2023 budgets consider different economic scenarios • COO review and SLT sign off of assumptions underpinning financial planning • increased focus on managing overheads and central costs • stringent financial controls in place across the firm • rolling quarterly forecasting aligned with strategic workforce planning and reviewed and approved by SLT • monthly management account reporting at whole firm and service line level with improved visibility on working capital including impact on funding requirement and balance sheet position • short, medium and long term cashflow and debt/covenant forecasting • cashflow sensitivity modelling to consider the impact of inflation and interest rates, as well as changes to budget assumptions on the base cashflow • refinancing exercise completed in the year with a new sustainability-linked loan structure • relationship management / engagement plans with both current and potential future bankers • monitoring of section 75 pension debt position and funding plan in place to reduce pension shortfall. Ongoing and close monitoring of the pension fund position with the Trustees and other stakeholder

Risk	Landscape	Trend	Mitigation
I&D (Inclusion and Diversity)			
<p>Failure to achieve a level of diversity in our partner and people group to meet our peoples, clients and the markets expectations and failure to create an inclusive culture where diverse talent can thrive, develop, and grow</p> <p>Specifically:</p> <ul style="list-style-type: none"> • failure to develop a pipeline of diverse talent across all areas of diversity • we fail to change our people's behaviours in relation to I&D matters and create an inclusive culture consistently across all parts of our business • a difference between what we say and our people's lived experience creating reputational and brand risk 	<ul style="list-style-type: none"> • diversity of workforce and an inclusive working environment is increasingly high on the agenda of our people, our clients and other stakeholders and is a priority for all large firms • lack of diverse candidates across the industry and competitive market, particularly at senior levels impacts our ability to attract and retain diverse talent 		<ul style="list-style-type: none"> • CEO led Diversity and Inclusion Strategy with SLT sponsors for each strand of diversity and personal goals for all SLT members • Inclusion Advisory Board works with the SLT to help make the most inclusive decisions • convenors for each of the firm's five diversity strands (Social Mobility, LGBTQIA+, Gender, Ethnicity and Disability), with dedicated secondee resource to support delivery of action plans • Network of Inclusion Allies work towards making everyday inclusion a reality • specific diverse talent programs to empower future leaders • comprehensive communication plan encouraging diverse and senior role models to share their backgrounds and stories • inclusive leadership workshops with a focus on understanding unconscious bias • inclusive resourcing processes, practices and communications with interview training reflecting I&D matters • diversity targets and action plans in place at firmwide and service line level with regular reporting on progress • annual talent pipeline analysis provides an indication of the firm's ability to deliver its diversity targets based on existing talent • ongoing monitoring and review of inclusion and diversity data and the policies and processes that support how we work, to drive the required change towards ensuring fair and equitable opportunities for all employees • Pulse surveys measure the experiences of diverse talent • A confidential Public Interest Disclosure / Whistleblowing hotline available to employees, clients, and members of the public
Wellbeing (Including Health and Safety)			
<p>We fail to protect the wellbeing and health and safety of our partners and employees</p> <p>Specifically:</p> <ul style="list-style-type: none"> • failure to identify and offer appropriate support to staff/partners who may be suffering from stressful situations both in and outside of work • we unintentionally create stressful working conditions for our people • we fail to provide a safe working environment for our people • we fail to ensure the physical security of our people including when travelling for business and working abroad 	<p>We fail to protect the wellbeing and health and safety of our partners and employees</p> <p>Specifically:</p> <ul style="list-style-type: none"> • failure to identify & offer appropriate support to staff/partners who may be suffering from stressful situations both in and outside of work • we fail to provide a safe working environment for our people • we fail to ensure the physical security of our people including when travelling for business and working abroad 		<ul style="list-style-type: none"> • Health Hub provides comprehensive resources to support peoples' psychological wellbeing, physical health, financial fitness, social health and foster a healthy work culture • investment in external provider to give partners a full range of wellbeing support with an enhanced focus on preventative elements • specific firmwide wellbeing initiatives including the gift of a wellbeing day for all our people in 2022, an additional pay rise in October 22 to mitigate some of the rise in cost of living and targeted proactive measures around financial wellbeing • network of wellbeing champions and mental health First Aiders • firmwide health and safety (H&S) policies and procedures with dedicated H&S officers • H&S induction training for all new employees and homeworking risk assessments to help people identify and minimise potential risks in their home working environment • emergency management plans in place across all locations supported by annual Health & Safety compliance returns • firm-wide policies and procedures including risk assessment and use of central travel provider for all overseas travel

Risk	Landscape	Trend	Mitigation
Climate			
<p>Failure to tackle climate related risks and opportunities as a firm and deliver the business strategies and infrastructure we need to transition to net zero.</p> <p>Specifically:</p> <ul style="list-style-type: none"> we do not minimise the environmental impact of our own business inadequate data to properly assess and report on the firm's progress on its plans to net zero fail to change our people's behaviours in relation to climate matters we do not make required disclosures, or we make incorrect disclosures/reporting in relation to climate matters we work with clients and other third parties with poor environmental credentials which could damage our reputation We do not identify or manage the actual and potential impacts of key climate-related risks and opportunities on our business, strategy and financial planning 	<ul style="list-style-type: none"> increased prominence and focus on climate means we have split this out as a specific risk in 2022 climate change is front of mind for regulators and standard setters, with consultations ongoing and new/additional regulation and reporting standards expected soon increased climate related reporting requirements increasing stakeholder pressure on businesses (driven by investor engagement and public sentiment) means climate is becoming a determining factor in who will do business with us increasing expectations from our people to ensure we are serious about mitigating our collective environmental impact 	New risk	<ul style="list-style-type: none"> we comply with SECR (Streamlined Energy and Carbon Reporting) and ESOS (Energy Savings Opportunity Scheme), report to CDP (formerly the Carbon Disclosure Project) and are ISO 14001 accredited we have set science-based targets verified and published by the Science Based Targets Initiative with revalidation underway development of Environmental strategy as part of our wider ESG strategy to reduce our impact on the environment by reaching net zero without carbon offsetting or greenwashing environmental working group in place development of Carbon dashboards to provide transparent data on emissions across scopes 1, 2 and 3 to meet disclosure requirements and measure progress on targets project initiated to prepare for TCFD aligned reporting in line with the regulatory timeline requirements procurement policy and Third Party code of conduct consider environmental impacts of the supply chain holistic approach to resilience planning and validation including emergency management and business continuity planning across all locations and areas of the firm's activities
Sustainable growth			
<p>Our ability to develop and deliver a strategy that enables us to grow profitably and sustainably.</p> <p>Specifically:</p> <ul style="list-style-type: none"> ineffective strategic decision making and/or governance Partners losing confidence in the firm's strategy or leadership we fail to invest in infrastructure, skills and resources that support future sustainable growth we do not have a structure or operating model that is agile and flexible enough to meet the needs of a multidisciplinary firm we do not generate a sustainable margin on the services we provide 	<ul style="list-style-type: none"> firm is experiencing continued growth continued levels of market uncertainty in relation to the external environment growing pressure on all costs potential disruption as a result of audit market reform 	New risk	<ul style="list-style-type: none"> Partnership Governance Board oversees development and delivery of the strategy by the SLT SLT focus on continually reviewing strategic options and opportunities and the best approach to providing sufficient flexibility for growth in response to increasingly challenging market conditions schedule of regular partner engagement including monthly calls, annual conference and roadshows provides opportunities for partners to provide feedback and influence firm matters and strategy focus on providing agile central service support which recognises that each of our businesses need different things to succeed in their chosen markets continued and sustained investment in our digital environment to maximise efficiencies investment in our property portfolio and creating office spaces that enable us to adapt to a longer-term hybrid working approach to work enhancing the global capabilities of the network by making direct investments and cooperating with other member firms to establish international practices forward looking approach to talent skillsets and resourcing including our Agile Talent Community and resource augmentation model intentional decisions in our chosen markets to determine channel choice, whether we will seek to lead or challenge, and the services we will offer an organisational structure focused on aggregations to create Service Line communities which best serve our clients and put the best skills together ongoing repricing of our services to reflect market conditions and changing cost base

We have also considered trending of the principal risks to the date of publication of the transparency report. The only notable trend is Inclusion and Diversity which is now increasing.

Appendix C

Leadership and governance – attendance at meetings and length of service

Meeting attendance during 2022

Shown below are the membership and attendance (available to attend and did attend) at the various governance groups including changes in the year. Also detailed is the length of the individual's membership of the group as at 31 December 2022.

SLT – including attendance at other meetings

		Length of service	Could attend	Did attend	Attendance at other meetings				
					PGB	PIC	RAC	Remco	IC
David Dunckley	CEO and chair	4 years 8 months	12	12	6	3	1	4	8
Andrew Howie	to 31/8/2022		7	7	-	-	-	-	-
Darren Bear		3 years 4 months	12	11	-	-	-	-	1
Dave Munton	to 30/6/22		5	5	1	-	2	-	-
Fiona Baldwin	Head of Audit	3 years 6 months	12	12	2	3	1	1	-
Karen Campbell Williams		2 years 4 months	12	10	1	-	-	-	-
Malcolm Gomersall		4 years 8 months	12	12	6	-	5	3	4
Mark Byers		7 years 6 months	12	11	-	-	-	-	-
Perry Burton		2 years 6 months	12	12	1	2	-	-	-
Robert Hannah		4 years 1 month	12	12	1	-	-	-	2

PGB

		Length of service	Could attend	Did attend
Imogen Joss	INE and chair	5 years 6 months	6	6
Deena Mattar	INE	6 years 10 months	6	6
Paula Dillon	INE from 4/4/2022	8 months	4	4
Dan Hartland		3 years 2 months	6	5
Dana Ward		2 years 6 months	6	6
Hemal Shah		2 years 6 months	6	6
Michael Frankish		2 years 6 months	6	6
Norman Armstrong		4 years 6 months	6	6
Paul Naylor		3 year 2 months	6	6
Philip Secrett		5 years 2 months	6	6
Sean Croston		3 years 6 months	6	6

Keys

INE Independent
Non-Executive
* Ex officio
Observer

PIC

		Could attend	Did attend
Imogen Joss	INE and chair	3	3
Deena Mattar	INE	3	3
Paula Dillon	INE from 4/4/2022	2	2

KeysINE Independent
Non-Executive

* Ex officio

Observer

AQB

		Could attend	Did attend
Philip Johnson	Independent chair	11	11
Faried Chopdat	Independent member from 2/2/2022	10	10
David Dunckley*	CEO ²	6	5
Fiona Baldwin	Head of Audit	11	11
Chris Smith		11	10
Donna Steel#		4	4
Joanne Brown#	to 20/4/2022	4	3
Marc Summers#		11	10
Pete Dawson	to 20/4/2022	4	4
Rhian Owen#		11	8
Sarah Ironmonger#	From 15/9/2022	4	4

RAC and RemCo

		RAC		RemCo	
		Could attend	Did attend	Could attend	Did attend
Deena Mattar	INE and chair of RAC	6	6	4	4
Imogen Joss	INE and chair of Remco until 4/4/2022	n/a	n/a	4	4
Paula Dillon	INE and chair for Remco from 4/4/2022	n/a	n/a	2	2
Dan Hartland		n/a	n/a	4	4
Dana Ward		n/a	n/a	4	4
Michael Frankish		n/a	n/a	4	4
Norman Armstrong		6	6	4	4
Paul Naylor		6	3	n/a	n/a
Philip Secrett		6	6	n/a	n/a
Sean Croston		6	5	n/a	n/a

IC

		Could attend	Did attend
Philip Secrett	Chair	8	8
Imogen Joss	INE	8	8
Sean Croston		8	8
Hemal Shah		8	7

EB (to cessation of EB in June 2022)

		Could attend	Did attend
Deena Mattar	Independent chair	4	4
David Dunckley*	CEO	4	3
Fiona Baldwin#	Head of Audit	4	4
Andy Wood#	Ethics Partner	4	4
Cherryl Cooper		4	4
Mike Radcliffe		4	3
Mo Merali		4	3
Paul Naylor		4	2
Paul Scully	Deputy for Kevin Gale	3	3

² David Dunckley ceased to be a member of the AQB on 16 August 2022

Appendix D

Leadership and governance – Biographies and changes

The following are the members and permanent observers of our leadership and governance groups at 31 December 2022. The primary governance group to which the individual is a member is shown in brackets. All the members of our governance groups are partners except for:

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

The changes in the year are:

- Faried Chopdat – Independent member of the AQB from 2 February
- Paula Dillon – INE from 4 April
- Joanne Brown – ceased membership of the AQB on 20 April
- Pete Dawson – ceased membership of the AQB on 20 April
- Dave Munton – ceased membership of the SLT in July
- Dave Duncley – ceased membership of the AQB on 16 August
- Sarah Ironmonger – appointed to the AQB on 15 September
- Andrew Howie – ceased membership of the SLT on 1 August



Chris Smith (AQB)
Head of National Assurance Services

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



Dan Hartland (PGB)

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



Dana Ward (PGB)

Dana has been a partner with Grant Thornton for 16 years and has led the creation and development of our Financial Services Tax Practice. She is responsible for the provision of tax services to Banks, Insurance Companies and Asset Managers. In addition to her client facing role, she has been a member of the Financial Services Leadership Group since 2015.



Darren Bear (SLT)
Head of Deals and Business Consulting

Darren has focused on Corporate Finance Advisory for over 20 years and has been a partner for 11 years. He was appointed to the SLT as Head of Deals and Business Consulting in 2019 and is now responsible for our insolvency, forensic and restructuring team. Darren also maintains a client facing role focused on Corporate Finance Advisory.



David Dunckley (SLT)
Chief Executive Officer

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

Dave is a member of the Board of Governors for GTIL the umbrella organisation for Grant Thornton network.



Deena Mattar (PGB)
Independent Non Executive

Deena is an experienced FTSE 250 Finance Director and Fellow of the ICAEW. She has excellent plc board experience and knowledge of the City. She has strong relationships with institutional shareholders and buy and sell side analysts. Deena brings her extensive experience in restructuring, refinancing and strategic planning as well as 11 years as a non-executive director on several listed and unlisted boards.



Donna Steel (AQB observer)

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



Faried Chopdat (AQB)
Independent member of the AQB

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

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



Fiona Baldwin (SLT)
Head of Audit

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



Hemal Shah (PGB)

Hemal specialises in transaction advisory services and supports entrepreneurs, corporates, private equity and debt funders in executing successful transactions. Hemal has over 19 years' experience across buy-side, sell side, refinancing and public market transactions in the UK and many overseas markets. He started his career with Grant Thornton Kenya in 1998 and moved to the UK in 1999. Hemal is focused on technology, media and telecoms (TMT) and consumer deals and is often recognised for his practical and commercial advice on issues that inevitably arise on transactions.



Imogen Joss (PGB)
Independent Non Executive

Imogen brings her global experience to the firm with a strong commercial and client focused approach from her work in the fintech sector including her roles as Commercial Director of the London Stock Exchange and latterly President of two S&P Global businesses.

Imogen specialises in remuneration, strategy, data/analytics and ESG. She serves on the boards of several businesses in the professional services and fintech sectors. Current roles include Euromoney Institutional Investor plc, Senior Independent Director at Fintel plc and Non-Executive Director at IPSX commercial property exchange.



Karen Campbell-Williams (SLT)
Head of Tax

Karen is based in our Manchester office and has been a tax partner for 25 years. As well as leading the Grant Thornton tax business nationally she has a client-facing role working with a variety of organisations and their stakeholders to help them effectively meet their tax obligations at each stage of their business life cycle. Her clients include mid-market privately held and PE backed businesses, listed companies and not for profit organisations.



Malcolm Gomersall (SLT)
Chief Operating Officer

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



Marc Summers (AQB observer)

Marc is a Business Support Services, Consumer and Technology auditor and transaction specialist. During his 25 years within professional services, Marc has worked across the audit and advisory business. He has experience of auditing, floating and financing international businesses, having led the retail and more recently the Business Support Services sector teams.



Mark Byers (SLT)
Head of Strategic Relationships

Mark has served as a partner of the firm since 1990 and taken leading client service roles across advisory in corporate finance, financial services, restructuring and insolvency during his career. He has also served as global leader of our restructuring and insolvency services. Mark is also responsible for a number of the firm's international investments and is currently the Chairman of Grant Thornton Singapore. He has advised governments, major financial institutions and regulators on restructuring strategies designed to promote financial stability. Mark's role in leading our strategic client relationships means he is focused on ensuring we are well placed to establish and maintain deep and long-lasting relationships that are valued by our key clients.



Michael Frankish (PGB)

Michael is an audit partner, has been with the us for six years, and has over 25 years of experience since qualification. Michael is Head of Audit for our Northwest practice. He works with a range of clients across many sectors, including PLCs, private companies, PE backed businesses and sixth form colleges. Michael has also held governance roles outside of his role with the firm.



Mo Merali (SLT)
Head of Deals and Business Consulting

Mo is UK Head of our Transaction Advisory Services practice and Head of Private Equity. Mo has been a partner since 2001. He focuses on due diligence for buy-side and sell-side transactions for corporate acquirers and private equity houses and for equity capital market issuances. Mo is also chair of the ICAEW's Corporate Finance Faculty Board.



Norman Armstrong (PGB)

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



Paul Naylor (PGB)

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



Paula Dillon (PGB)
Independent Non Executive

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



Perry Burton (SLT)
Head of People and Brand

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



Philip Johnson (AQB)
Independent Chair of AQB

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



Philip Secrett (PGB)

Philip is a corporate finance partner and is Head of Public Company Advisory. With 27 years' experience at Grant Thornton, he has been advising on public company corporate finance transactions for over 24 years and his experience has included supporting growth companies access to UK equity markets and leading public company M&A transactions. Philip is chair of the AIM Advisory Group at the London Stock Exchange, a group that provides input and advice on all matters affecting the operation and regulation, of AIM.



Rhian Owen (AOB observer)

Rhian is an audit partner with responsibility for leading the audit practice in the Cardiff and Bristol office. Having been with us for 17 years, she has a wealth of experience helping dynamic businesses achieve their strategic goals and potential for growth. Her audits range from fast-growing, privately owned and PE-backed businesses to international and listed groups.



Robert Hannah (SLT) Head of Large Corporate and Government Advisory

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



Sarah Ironmonger (AOB observer)

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



Sean Croston (PGB)

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

Appendix E

Legal structure including Grant Thornton International Limited (GTIL)

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

Grant Thornton UK

We are a leading provider of financial and business advisory services we are entirely owned by our partners. We have 22 offices in the UK plus two overseas offices, in The British Virgin Islands and Cayman Islands. A full list of our office locations and services can found on our [website](#).

During 2022 the average number of partners was 212 (2021: 190). A full list of partners is available at our registered office 30 Finsbury Square, London, EC2A 1AG.

	At 31/12/22	At 31/12/21
Number of engagement Responsible Individuals partners/directors in audit	49/45	43/45
Number of engagement leaders Individuals partners/directors in audit	54/68	48/66
Number of engagement leaders in audit to total number of people in audit	122/2,058	114/1,915
Ratio of engagement leaders to people	5.9%	6.0%



Audit

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



Insolvency, forensics & restructuring

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

- expert forensic and investigations support both in an advisory and expert Insolvency and asset recovery through our globally connected team
- restructuring support and advice working with lenders, investors and management.



Tax

Provides services across the spectrum of taxes to corporates, individuals and partnerships, Not for Profit organisations/charities and certain public sector bodies. Services cover Corporate and International, Personal, Indirect and Real Estate Tax. We also provide Employer Solutions and Tax Dispute Resolution services. We help to manage compliance obligations, tax risk and relief maximisation and we provide tax advisory services across all areas.



Large corporate & government advisory

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



Deals & business consulting

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

GTIL

GTIL is a private company limited by guarantee, incorporated in England and Wales. GTIL provides the international umbrella entity and does not provide any services to clients.

The board of governors provides the principal and overriding authority for the network.

The board has a number of responsibilities including:

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

The board has an independent chair Judith Sprieser who was appointed on 1/1/2020 for three years. In addition, the board consists of two independent members Martin Geh and Aliza Knoz, the chief executive of GTIL and 13 Managing partners of member firms. There are several standing committees to assist in the more efficient and effective discharge of the board's responsibilities.

Independent board members

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

Chief Executive Officer

The CEO is appointed for an initial five-year term with a potential extension of up to three years. Peter Bodin was appointed CEO from 1 January 2018, as CEO he is responsible for the:

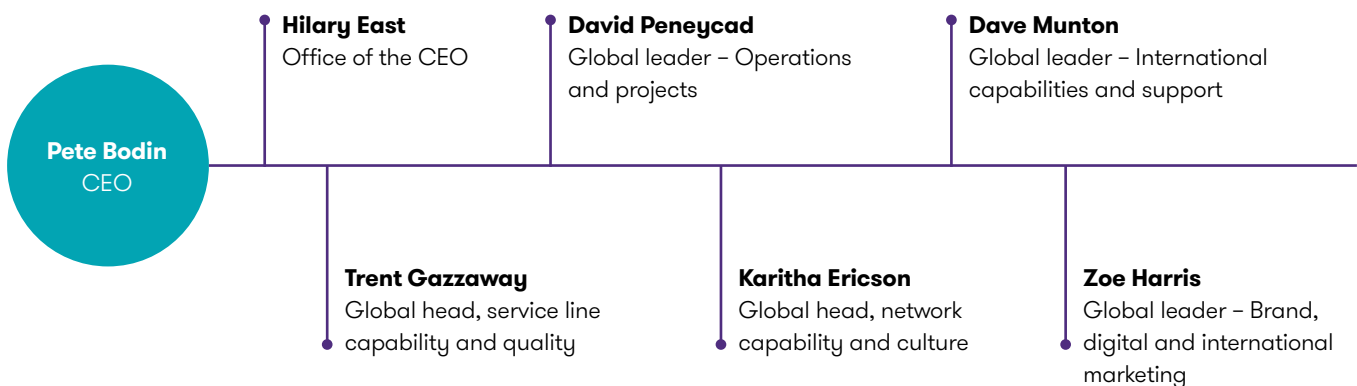
- leadership of GTIL
- development and recommendation of strategy priorities for the board to ratify
- appointment of the global leadership whom he works closely with to implement the strategy including monitoring global policies and procedures.

Global Leadership Team (GLT)

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

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

As at 31 December 2022 the GTIL network had more than 62,000³ people in over 140 member firms across the globe with the latest reported revenue of USD6.6bn (2020: USD5.8bn)⁴.



³ GTIL transparency report June 2021

⁴ GTIL transparency report June 2021

Legal entities

Grant Thornton UK LLP – Principal Subsidiaries⁵

Name	Company number	Principal activities	Country of incorporation
Fulwood Insurances Limited	14085	Insurance Services	Guernsey
Grant Thornton Agile Talent Solutions Limited	12727029	Provision of contractors to Grant Thornton UK LLP	England
Grant Thornton Business Services	1224178	Provision of personnel and other services to Grant Thornton UK LLP	England
Grant Thornton Services LLP	OC307863	Provision of personnel and other services to Grant Thornton UK LLP	England
Grant Thornton Services (British Virgin Islands) Limited	1039630	Insolvency and restructuring services	British Virgin Islands
Grant Thornton Specialist Services (Cayman) Limited	183163	Insolvency and restructuring services	Cayman Islands

Grant Thornton UK LLP – Joint venture

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

Member firms for EU and EEA

Country	Member Firm
Austria	Grant Thornton Austria GmbH
	Grant Thornton ALPEN-ADRIA Wirtschaftsprüfung GmbH
Belgium	Grant Thornton Bedrijfsrevisoren CV
Bulgaria	Grant Thornton OOD
Croatia	Grant Thornton revizija d.o.o.
Cyprus	Grant Thornton (Cyprus) Ltd
Czech Republic	Grant Thornton Audit s.r.o.
Denmark	Grant Thornton Statsautoriseret Revisionspartnerselskab
Estonia	Grant Thornton Baltic OÜ
Finland	Revico Grant Thornton Oy
	Idman Vilen Grant Thornton Oy
	Advico Finland Oy
France	Grant Thornton
	AEG Finances
	IGEC
	Tuillet Audit
	Cabinet Didier Kling & Associates
	Carib Audit & Conseil
Germany	Grant Thornton AG
	Grant Thornton GmbH & Co. KG
	Trinavis GmbH & Co. KG
	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH

⁵ Excludes intermediate holding companies

Country	Member Firm
Gibraltar	Grant Thornton (Gibraltar) Ltd
Greece	Grant Thornton SA
Hungary	Grant Thornton Audit Kft.
Iceland	Grant Thornton endurskoðun ehf
Ireland	Grant Thornton Grant Thornton (NI) LLP
Italy	Ria Grant Thornton S.p.A.
Latvia	Grant Thornton Baltic Audit SIA
Lichtenstein	Grant Thornton AG, Schaan
Lithuania	Grant Thornton Baltic UAB Grant Thornton Baltic UAB Kauno filialas Grant Thornton Baltic UAB Klaipėdos filialas
Luxembourg	Grant Thornton Audit & Assurance
Malta	Grant Thornton Malta
Netherlands	Grant Thornton Accountants en Adviseurs BV
Norway	Grant Thornton Revisjon AS
Poland	Grant Thornton Frąckowiak Sp. z o.o sp.k. Grant Thornton Polska Sp. z o.o. Sp.k
Portugal	Grant Thornton & Associados, SROC,Lda
Romania	Grant Thornton Audit SRL
Slovak Republic	Grant Thornton Audit, s.r.o.
Slovenia	Grant Thornton Audit d.o.o.
Spain	Grant Thornton, S.L.P.
Sweden	Grant Thornton Sweden AB

Total assurance revenues attributable to EU/EEA member firms is \$513m (excluding the UK) (2020: \$435m)

Appendix F

Financial information and partner details

Revenue

Detailed below is the analysis of the firm's turnover for the year ended 31 December 2022 showing the relative importance of statutory audit work and the split of our other services between audit and non-audit clients.

Name	Year ended 31 December 2022		Year ended 31 December 2021	
	£ million	%	£ million	%
Public interest entities	3.8	1	4.1	1
Other entities	163.3	25	141.4	25
Statutory audit and related fees	167.1	26	145.5	26
Non-audit work to audit clients	52.4	8	48.8	9
Sub-total audit clients	219.5	34	194.3	35
Non-audit work to non-audit clients	428.3	66	376.0	65
Total	647.8	100	570.3	100

Profitability

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

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

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

Derived from the financial statements	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	167.1	145.5
Operating profit	11.9	15.7

Partner drawings

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

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

CEO and SLT remuneration

As noted on page 17, the Remco, a subcommittee of the PGB, is responsible for setting the basis and criteria against which the CEO is measured, including the setting of targets and assessment of actual achievements. It also approves the CEO's allocation of profit-sharing units to other partners on the SLT.

Remuneration of audit personnel

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

INE remuneration

Our INEs are remunerated based on their roles:

	12 months to 31 December 2022	12 months to 31 December 2021
	£	£
Imogen Joss	150,000	128,750
Deena Mattar	100,000	114,584
Laurie Benson	-	42,262
Paula Dillon	55,890	-
Philip Johnson	110,000	110,000
Faried Chopdat	68,425	-

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

Appendix G

Public interest entities

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

Entity Name	Company No
Accent Capital Plc	12007129
Allianz Technology Trust Plc	3117355
Aurora Investment Trust Plc	3300814
Darktrace Plc	13264637
Ediston Property Investment Company Plc	9090446
Hambro Perks Acquisition Company Limited	66093 Guernsey
HgCapital Trust Plc	1525583
Invesco Select Trust Plc	5916642
JD Wetherspoon Plc	1709784
Medica Group Plc	8497963
Municipal Mutual Insurance Ltd	76678
National Exhibition Centre (Developments) Plc	3301940
Ocean Outdoor Limited	FC036258
Quarto Group, Inc (The)	FC013814
Schroder UK Public Private Trust Plc	9405653
Wilmington plc	3015847
Witan Investment Trust Plc	101625

Appendix H

Major Local Audits

Below is a list of Major Local Audits (as defined The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014) for which we signed an audit report during the year ended 31 December 2022. It therefore does not include all Major Local Audits for which we are appointed the statutory auditor.

Barnsley Metropolitan Borough Council
Brighton and Hove City Council
Buckinghamshire Healthcare NHS Trust
Chief Constable for West Midlands Police
Commissioner of Police of the Metropolis
East Sussex County Council
Lewisham and Greenwich NHS Trust
London Pensions Fund Authority
Maidstone and Tunbridge Wells NHS Trust
Mayor's Office for Policing and Crime
NHS Bedfordshire Clinical Commissioning Group
NHS Bristol, North Somerset and South Gloucs CCG
NHS BSW (Bath and North East Somerset, Swindon and Wiltshire) CCG
NHS Cheshire Clinical Commissioning Group
NHS Cumbria Clinical Commissioning Group
NHS Devon Clinical Commissioning Group
NHS East Lancashire Clinical Commissioning Group
NHS East Leicestershire and Rutland Clinical Commissioning Group
NHS Gloucestershire Clinical Commissioning Group
NHS Hampshire, Southampton and Isle of Wight CCG
NHS Herefordshire and Worcestershire Clinical Commissioning Group

NHS Kent and Medway Clinical Commissioning Group
NHS Kernow Clinical Commissioning Group
NHS Leicester City Clinical Commissioning Group
NHS Liverpool Clinical Commissioning Group
NHS Manchester CCG
NHS Northamptonshire Clinical Commissioning Group
NHS Salford Clinical Commissioning Group
NHS Somerset Clinical Commissioning Group
NHS South West London Clinical Commissioning Group
NHS Stoke-on-Trent Clinical Commissioning Group
NHS West Leicestershire Clinical Commissioning Group
NHS Wigan Borough Clinical Commissioning Group
NHS Wirral Clinical Commissioning Group
North Bristol NHS Trust
Police and Crime Commissioner for West Midlands
Royal Cornwall Hospitals NHS Trust
Sandwell and West Birmingham NHS Trust
St Helens and Knowsley Hospitals NHS Trust
University Hospital of North Midlands NHS Trust
University Hospitals Plymouth NHS Trust
Worcestershire Acute Hospitals NHS Trust

Appendix I

Definitions and contacts

Advocacy threat

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

AFGC

Audit Firm Governance Code

AFMAS

Audit Firm Monitoring and Support – FRC programme

APS

Audit Professional Services

AQB

Audit Quality Board of the firm

AQR

Audit Quality Review team of the FRC

ARGA

Audit, Reporting and Governance Authority

BEIS

Business, Energy & Industrial Strategy

CEO

Chief Executive Officer

CIOT

Chartered Institute of Taxation

COO

Chief Operating Officer

Covered person*

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

CPAB

Canadian Public Accountability Board

CPD

Continuing Professional Development

CTOP

Central Take-on Panel

EB

Ethics Board of the firm

EEA

European Economic Area

Engagement leader/Partner*

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

EQCR

Engagement Quality Control Review*. A process designed to provide an objective evaluation, on or before the date of the report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report

Ethical standard

Revised Ethical Standard 2019 issued by the FRC

ESIP

Ethics Strategic Implementation Plan

EU

European Union

Familiarity threat

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

FCA

Financial Conduct Authority

FRC

Financial Reporting Council

GIS

Global Independence System

GLT

Global Leadership Team

GTAR

Grant Thornton Assessment & Review

GTIL

Grant Thornton International Limited

H&S

Health and Safety

IAB

Inclusion Advisory Board

IAASB

International Auditing and Assurance Standards Board

ICAEW

Institute of Chartered Accountants in England and Wales

IESBA

International Ethics Standards Board for Accountants

IFIAR

International Forum of Independent Audit Regulators

INE

Independent Non-Executive

Intimidation threat*

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

IC

Investment Committee of the firm

IPA

Insolvency Practitioners Association

ISAs (UK)

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

ISQC 1

International Standard on Quality Control (UK) 1: Quality control for firms that perform audits and reviews of historical financial information and other assurance and related engagements

ISQM 1

International Standard on Quality Monitoring (UK) No 1

KAPs

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

key audit partner

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

KPI

Key Performance Indicator

Local auditor

Audit firm registered under the Local Audit and Accountability Act 2014

Major Local Audit

An entity where either:

- a the higher of the relevant authority’s total income (from all sources) for that financial year and its total expenditure (from all sources) for that financial year exceeds £500 million
- b the relevant authority is required to maintain a pension fund under regulations under section 1 of the Public Service Pensions Act 2013(8) as they relate to local government workers (within the meaning of that Act) and either:

(i) more than 20,000 members of a scheme established under those regulations, in relation to local government workers within the meaning of that Act, have rights relating to that fund, or

(ii) the fund has gross assets of £1,000 million or more

Management threat*

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

NAR

National Assurance Review

NAS

National Assurance Services

Other key partner

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

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

Partners

Members of Grant Thornton UK LLP

PCAOB

Public Company Accounting Oversight Board (US regulator)

PIC

Public Interest Committee of the firm

PIE

Public Interest Entity – these are:

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

PGB

Partnership Governance Board of the firm

PRG

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

QAD

Quality Assurance Department of the ICAEW

QMA

Quality Management Approach

QST

Quality Standards Team

RAC

Risk and Audit Committee of the firm

RemCo

Remuneration Committee and Profit Share Committee

RI

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

SEC

Securities and Exchange Commission

SIP

The Strategic Investment plan is the audit wide plan for fundamental quality improvement projects

Self-interest threat

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

Self-review threat*

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

SLT

Strategic Leadership Team of the firm

“firm”

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

“our”

Refers to “Grant Thornton UK LLP”

“us”

Refers to “Grant Thornton UK LLP”

“we”

Refers to “Grant Thornton UK LLP”

Definitions denoted with an * have a more detailed definition in the FRC’s glossary of terms available at [www.frc.org.uk/getattachment/d4968a74-15d1-47ce-8fc4-220ae3536b06/Glossary-of-Terms-\(Auditing-and-Ethics\)-\(Updated-Jan-2020\).pdf](http://www.frc.org.uk/getattachment/d4968a74-15d1-47ce-8fc4-220ae3536b06/Glossary-of-Terms-(Auditing-and-Ethics)-(Updated-Jan-2020).pdf)

Contact details

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