Introduction

“Quality means doing it right when no one is looking”

Henry Ford

This report responds directly to the Statutory Auditors (Transparency) Instrument 2008, made by the former Professional Oversight Board of the Financial Reporting Council (FRC). As a UK statutory auditor of public interest entities, we welcome the opportunity to share the information included in this transparency report which covers the year ended 30 June 2014.

The report sets out how the firm complies with the requirements of the Audit Firm Governance Code, being the benchmark for good governance, and also the steps we have taken to drive audit quality by reference to the Audit Quality Framework.

Our financial statements are also available online and include an overview of our objectives, strategy, credentials in the marketplace, financial performance and corporate responsibility. For a broader view of what we stand for and how this manifests itself in our people and our work, you can also visit our website.

This Transparency report was approved by the National Leadership Board (NLB) of Grant Thornton UK LLP on 26 September 2014 and signed on its behalf by Paul Etherington, member of NLB responsible for Quality & Professional Standards.
Executive summary

The primary purpose of the Transparency report is to encourage audit quality and to help investors and the potential buyers of audit services to understand the strengths of our firm. The report includes information on the firm’s processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our network arrangements and our core values. We believe that the report demonstrates that Grant Thornton has the skills and necessary processes in place to enable us to conduct high quality audits objectively and effectively and to provide a high quality service to its clients.

We draw attention to the following specific areas:

Section 1: Delivering and measuring audit quality provides an overview of our audit practice, including its leadership, our robust audit methodology, the national teams we have in place to monitor the quality of our work and the culture of openness and collaboration which we aim to foster. The section also discusses the audit quality indicators which we use and are developing further to monitor the quality of our work – which include the training and development of our people, investment in systems development and our engagement with investors and other stakeholders.

In our audit leadership and National Assurance Services team (NAS) we have the resource and technical capabilities to help clients to understand complex areas of accounting, and to provide the training, knowledge and support for our audit engagement teams to deliver high quality, independent and robust audits, consistent with current levels of best practice. NAS also drives our internal annual national audit review process and provides guidance to offices for quarterly office audit quality measures which help the firm to monitor compliance with regulation and best practice across our various locations and audit engagement teams. Alongside the external quality assurance reviews performed by our regulators, these reviews assist us in identifying any areas where we can improve our policies and processes to maximise the audit quality we deliver to our clients.

We place great emphasis on the ability of our people to deliver quality work in all of our service areas. Culture and behavioural values as a firm play a large part in achieving this. Further information on this area is described in the ‘CEO foreword’, and our core values are set out on page 62.

Sections 2 and 3: Leadership and governance describes our leadership structure, including details of our National Leadership Board (NLB), the Partnership Oversight Board (POB) and the role that our three Independent Non-Executive members play in the organisation. We recognise that our leaders have a large part to play in fostering an environment where quality is expected in everything that we do. Our governance structure ensures that the NLB is held accountable for delivering the firm’s goals, and that there is sufficient and appropriate oversight of
the firm’s activities. In particular we have separate Risk and Audit (RAC), and Remuneration Committees of the POB which are responsible for monitoring the internal controls around key risks, and the remuneration of partners and the NLB respectively. Our Independent Non-Executives bring considerable expertise to the POB and the wider firm given the experience they have in similar roles for other organisations. A report on the activities of the RAC during the year is included at section 3.

Section 4: Quality and internal control highlights the processes and systems we have in place to monitor risk within the business and the quality management standards by which we operate as a firm. We strive to operate as a highly professional firm in all of our activities, ensuring that our leaders and all of our people take ownership and responsibility for delivering quality services. This section also provides details of the work of our internal audit and business risk and quality assurance team.

Section 5: Ethics and independence provides information about our Code of Conduct, our Core Manual and our policies and procedures around ethical considerations in relation to the provision of our services, in particular audit. It describes how we ensure our independence and objectivity in the provision of audit services, for example through our new client take-on procedures, acceptance of non-audit assignments for audit clients, considerations about contingent fee assignments and avoiding conflicts of interest.

We recognise that in the regulated area of audit, being and being seen to be independent and objective is a pre-requisite to the provision of quality audits. Our policies and procedures, allied with the ethical training and guidance that is delivered to all of our people, ensure we are compliant with best practice in this area. If a potential conflict is identified, appropriate procedures are put in place to protect confidential information and to ensure potential conflicts are, and are seen to be, effectively managed.

Section 6: External quality assurance provides an insight into the various ways in which the provision of our services is monitored by independent regulators, including the Audit Quality Review team (AQR) of the FRC and the Quality Assurance Department (QAD) of the ICAEW. There is also information about the reviews undertaken by Grant Thornton International Ltd. As a firm, we take the output from these external reviews very seriously and we are committed to a regime of continual improvement and investment to ensure we deliver the highest audit quality all of the time.

Any Questions?

We are committed to engaging in discussions with listed companies, their shareholders and other stakeholders about matters covered by the Audit Firm Governance Code and other areas which are covered in this report. If there are questions arising from this report or about our approach to ensuring audit quality and compliance with the Audit Firm Governance Code, please contact either Scott Barnes, CEO, or Steve Maslin, Chairman of the Partnership Oversight Board.
As a professional services firm providing a full range of audit, tax and advisory services, much of our work is complex and technical in nature. Our clients expect us to deliver a depth of expertise in a distinctive and personal way, whilst maintaining our independence and professionalism. We have characterised this in the brand promise that we make to our clients, ‘unlocking the potential for growth’, which requires both reason and instinct to be applied by our people in helping our clients.

In an environment where technical expertise and compliance with a plethora of rules and regulation is often taken as a given, maintaining the highest quality in our services is at the very heart of what we do, and as CEO I am fully aware of the importance that the buyers and users of our services, and those that regulate our work, place on this. It is of particular importance in our audit practice where statutory requirements are numerous and regulatory oversight is in the public eye.

That is why we have a culture in the firm where quality is expected in everything we do. You may have heard a quote from Henry Ford “Quality means doing it right when no one is looking” and I believe that this embodies the behaviours we expect from our people, which are defined in our core values set out on page 62 of this report. Two of those values which are especially important are responsibility and excellence. Our people are encouraged to take ownership for their actions, to not be complacent in our work, and to ensure that our work is of the highest quality and professionalism.

The firm’s Code of Conduct provides a common sense guide on what the firm expects from all of its people in terms of approach and guiding behaviours. This, together with our brand values and our core manual which provides details of our internal processes and procedures, provide the backdrop by which quality is embedded in the firm’s DNA. These tools are reinforced during the orientation of our people when they join the firm, in our frequent internal communications, and feature in our annual performance review process, discussions and declarations. Further, representatives (our ‘CLEARR reps’) in each office provide a conduit for communication on these matters between our people and the management team.

The validation of the quality of our work comes from many sources, and in particular from the types of work that we are winning and companies we are working with. During the last year we have continued in our aim to work with dynamic organisations, and we count a strong base of listed companies and privately held businesses as our clients. This client base continues to grow and, in particular, I was delighted that during the year we were appointed as auditor to Interserve Plc, a listed FTSE 250 international support services and construction company. The appointment was especially pleasing as it signified our first major breakthrough into the FTSE 250 audit marketplace during the last few years. I am confident that changes in the structure of the large corporate audit market will continue over the coming years as investors and regulators seek enhanced competition and choice in the provision of audit services. In addition the introduction of new UK and EU legislation on matters such as the mandatory rotation of audit firms and restrictions on the types and volumes of non-audit services that an auditor can provide to a public-interest entity will have an effect on this part of the market. As one of the UK’s leading firms, we acutely understand the public interest context of the work that we do, and have been involved in the debate in this area. It again amplifies the importance of providing audit work of the highest quality.

As I reported last year a significant area of continuing growth for the firm, due to our long-term investment, is the public sector audit market, where we are now the leading firm in terms of market share, and in depth and breadth of talent.
We have also expanded the work we do on behalf of the UK government. On the back of our programme delivery of the GrowthAccelerator and Manufacturing Advice Service projects, where we have been supporting 26,000 high growth businesses in optimising their growth, from 1 April 2014 we have also been managing the assessment and delivery of Investors in People (IIP) standards to organisations in the South of England. I believe that a key contributor to us winning this work was the quality and service we have provided on the other government programmes.

Perhaps the best indicators of our commitment to quality comes by way of external validation, particularly where that validation comes from our clients and our people. In this respect, during the year we were named Accounting Firm of the Year for Larger Clients at the 2014 FD Excellence Awards which is determined by over 1,300 financial directors of businesses with turnover of greater than £25 million. In the people category we were also named as the Best Provider of Internships and Placements in the 2013 Rate My Placement Awards, which I believe underlies the effort and investment we place in developing our people so that they can deliver the highest quality work.

At the time of writing the latest independent inspection of our audit work for public interest clients is underway by the Audit Quality Review team (AQR). As a firm we are committed to working with our regulators to identify improvements in our processes to ensure we can perform audits at the highest level, and to take action to remedy any short term weaknesses. You will see from the content of this report that we are also making long term investments to ensure that our systems and methodologies are optimised so we continue to deliver effective and high quality audits to our clients.

Scott Barnes
Chief Executive Officer
Message from the Head of Assurance

The central drive for our audit practice is the delivery of high quality audits. We understand clients and our wider stakeholders require us to deliver rigorous, independent audit oversight.

Delivering audit quality has many strands, including having the appropriate culture, embedded behaviours in our people, systems, processes and up to date technical know-how. To compete in the market, we also need to provide our services in an effective and efficient way which provides value to our clients.

The most important part of our practice is our people. As a firm we invest heavily in training, learning and development to enhance both the technical and the insightful thinking skills of our people – so that each Grant Thornton person provides both reason and instinct in their work. This plays a part in ensuring that we deliver high quality technical and also insightful audits. Our reward system reflects our commitment to quality and all our auditors have quality incorporated into their personal goals.

The firm’s technical quality is endorsed by appointments of some of our key people to technical committees and communities which play a part in developing best practice, where we recognise the need to play a wider role in advocating the benefits of a strong audit market and in shaping the financial reporting and corporate governance environment in the UK. In this respect, during the year a representative from our firm was invited to take up a position on the IFRS Advisory Council, in addition to our existing appointments on bodies such as the FRC’s UK GAAP Technical Advisory Group and the ICAEW’s Company Law Committee and Financial Reporting Faculty. We also continue to work alongside the other major audit firms to ensure that the audit profession is at the forefront of developments in areas such as corporate reporting, accounting and the role of the auditor.

Of course, our effectiveness and quality is judged principally by our clients, and I am pleased to say that our audit practice continues to gain strong results from our client satisfaction surveys which we undertake on a regular basis. In fact, this year 96% of our clients scored us at seven or above (out of 10) regarding the level of satisfaction with our services and the same percentage indicated that they would be likely to recommend us.

As I reported last year, we have commenced a three-year transformation programme which will improve our processes to ensure that we continue to deliver the highest levels of quality and client service. This programme includes the review of all aspects of our audit delivery model and will mean that our people and our audit clients will enjoy increased effectiveness and greater insight from the provision of our audit services. I am also pleased that Grant Thornton International Ltd (GTIL) is embarking on a project to develop a new global audit methodology and supporting technology for use by Grant Thornton member firms, to which we are a leading contributor, and for which the central driver is improved audit quality.

At the heart of these changes is quality, brought about by our own long-term commitment to constantly improve our services, as well as to respond to challenges posed by the strong regulatory environment in which audit operates.
In our last review by the AQR, which was published in 2013, we were disappointed that three out of the ten files that were selected for review were graded as requiring significant improvement. As I said at the time, we have put in place a plan to address the findings raised by the AQR and to refine our practices in the identified areas to ensure that Grant Thornton’s reputation for being committed to the highest levels of audit quality remains. As the Head of Assurance, I am committed to responding to improvements which independent reviews find, as well as those which arise from our own self-monitoring and quality checks that we undertake on an on-going basis. Our mid-term target continues to be to reach the highest level of quality of any audit firm, by reference to external inspection reports.

I look forward to reporting further on our progress in 2015.

Mark Cardiff
Head of Assurance
Delivering and measuring audit quality

“Grant Thornton are clear about what is needed, are clear on demands and expectations and manage the external audit process very well. Grant Thornton provided a robust and comprehensive service.”

Royal United Hospitals NHS Trust (Bath)
Audit Leadership
Mark Cardiff has been the firm’s Head of Assurance since July 2012, and is responsible for driving audit quality. Mark is supported in this role by the National Assurance Services team, individuals within the UK audit practice and by the resources available from GTIL member firms.

National Assurance Services team
The National Assurance Services team (NAS) supports the Head of Assurance in the development and enhancement of audit quality. This includes refinement of audit software and manuals provided by GTIL; training and technical guidance; advice on complex issues; carrying out reviews of the financial statements of public interest entities prior to approval; and on-going monitoring of compliance with key quality and risk management controls.

The NAS team also responds to the latest technical developments and issues in the profession by providing internal and external commentary from the firm’s viewpoint, and client-ready summaries of developments in key areas. It helps develop thought leadership material for emerging themes about topics such as auditing, financial reporting and ethics.

Grant Thornton International Limited (GTIL)
GTIL assists all Grant Thornton member firms in delivering consistent, robust, rigorous and high quality audits. This is achieved through the provision of a global audit methodology and software; protocols to facilitate consultation with audit specialists in other member firms; a comprehensive intranet service with up-to-date information on relevant professional standards; a worldwide restricted-entity list; an International Financial Reporting Standards help desk; and topical alerts. GTIL does not provide any services to clients itself.

During 2014, GTIL has commenced a project to design and develop a new global audit methodology and supporting technology for use by Grant Thornton member firms. The project will take place over a number of years and will make achieving high audit quality easier, deliver scalability across different client sizes, client types and audit environments, enhance efficiency and increase the satisfaction and enthusiasm of our people.

More information on our international network and the audit quality processes that GTIL has in place are set out in Appendix 1.
Supporting robust audit delivery
Our global audit methodology ‘Horizon’, which is used by all member firms within GTIL, provides audit teams with a clear and direct link between identified financial reporting risks, internal controls that address the risks, and audit procedures. This approach enables audit teams to judge how the current environment impacts upon an entity’s financial reporting, how the entity responded, and how to develop an appropriate audit response. The methodology includes integrated quality control processes including, for example, policies and procedures on an engagement quality control review.

The methodology is applied using the Voyager™ software, manuals and policies. These are benchmarked against the International Standards on Auditing, International Standard on Quality Control, and the Code of Ethics for Professional Accountants (the IESBA Code), as well as UK law and related national requirements.

Engagement acceptance and continuance
Each audit engagement is categorised by reference to its risk, complexity and any specialised experience requirements. This categorisation is used to drive appropriate quality control procedures and, where necessary, involvement of the firm’s industry specialists.

The initial acceptance of audit engagements must be approved by a partner from outside the proposed audit team. High-profile engagements must also be pre-approved by the Head of Assurance, and/or the Head of Quality & Professional Standards (QPS) (or an alternate) and in certain circumstances, consultation with GTIL is also required.

A similar process for continuance of engagements is required on an annual basis. If there are any significant changes in circumstances or other risk indicators are present, approval by a partner outside of the audit team, the Head of Assurance and/or GTIL may again be required.

Supervision, consultation and review
We have a strong culture of consultation, supervision and support, which is embedded throughout the audit methodology. Involvement of a second Responsible Individual (RI), our NAS team and, where necessary, the Head of Assurance, provide appropriate levels of quality control as well as support for all audit personnel. This mixture of experience and technical ability, within a culture where we are able to challenge each other, ensures quality is driven throughout the audit process.

Audit clients whose securities are publicly traded are subject to an engagement quality control review (as required by the International Standard on Quality Control (ISQC 1)) by partners who are led and approved by the Head of Assurance. Review RIs are also in place for other complex or high-risk category clients to address certain quality and risk management matters.
**Reporting**

The key deliverables of our audit are usually the Audit Plan, the formal audit report and the Audit Findings report.

Our audit reports comply with auditing standards and legislation and are only signed by the RIs after appropriate review of all work done and compliance with the firm’s consultation and second RI review requirements.

The Audit Plan and Audit Findings report provides those charged with governance and management bodies of clients with the main audit approach considerations, judgements and results of our audit. The content and format is tailored to the particular client’s needs and will include the scope and approach of our audit, an explanation of any ethical or independence matters (together with any safeguards in place), the principal audit judgements and an outline of any control weaknesses identified.

**Reporting to the National Leadership Board**

The Head of Assurance meets with the Head of Quality & Professional Standards on a monthly basis, and reports to the NLB on an annual basis the findings of the national audit file reviews and the planned remedial actions. The results are also disclosed to the firm’s external audit regulatory bodies.

The findings for individual engagement leaders arising from both the firm’s reviews and external quality assurance reviews impact on their individual annual audit quality grading, which in turn influences their remuneration.

Where an engagement review reveals findings that give cause for concern, the engagement leader’s work is subject to a follow-up review to ensure that agreed actions have been taken and are effective.

**External factors**

The quality of a client’s corporate governance and the robustness of its financial reporting systems are critical to audit quality. Concerns about a client’s corporate governance procedures identified through our client acceptance and continuance procedures require careful consideration as to whether we should continue to act for that client. During the audit, if we identify weaknesses in governance and internal control systems, we recommend possible means of improvement.
Continuing professional development
In addition to developing their broad business insight, all of our people are required to maintain their technical competence and comply with relevant regulatory and professional development requirements. This is reviewed by people managers annually, in conjunction with an individual’s personal development plan.

Within the Assurance service line, there are annual and quarterly technical updates, as well as courses on financial reporting, company law, ethics and auditing matters, limited company and sector-specific training.

We continually review the skills and competence of all our people and ensure they meet the needs of their clients. We support people’s development not only through structured learning programmes, but also through a variety of tools including 360-degree feedback, mentoring, on-the-job coaching, and a wide range of secondment opportunities.

We aim to create an environment where our people are passionate about what they do, feel able to challenge the status quo, perform to their best ability, and have the opportunities and support to continually develop their knowledge and skills.

Measuring audit quality
The 2008 financial crisis and the decline of trust in the business community mean that it is more important than ever to rebuild confidence in corporate reporting. As auditors, we play a crucial role in establishing trust in financial statements – good audits mean that investors can make confident investment decisions.

It’s more difficult to reach agreement on what constitutes a good audit. At its simplest level, a good audit results in a reliable audit opinion. Last year, we issued the first of our new ISA700 audit opinions, which give more insight into our audit process. We are pleased that these opinions have prompted lots of questions over the choices we make as we perform our audit. These questions also illustrate the complexity of deciding what a good audit really is.

If we understand what audit quality means to us, the profession, our clients and the investment community, then we can work in a focussed way to improve audit quality. If regulators can understand and measure the output indicators of audit quality, then they can better direct their supervisory efforts towards the essential inputs of audit quality. Also, if there is a better shared understanding throughout the marketplace of how to judge audit quality, it will increase the degree to which the market participants compete based on audit quality.
As a result, the six largest audit firms in the UK have this year worked together on a new regime designed to identify and measure the factors which contribute to audit quality. Although, being subjective, there will never be unanimity of views. Those firms identified a set of metrics which measure our activity across a number of important areas, and we’ve agreed that we’ll disclose our performance against these measures in our Transparency Reports. The measures have been developed through discussions between the large audit firms and key stakeholders, including institutional investors and regulators.

By their nature, many of the measures are qualitative. Our approach to the measures at this stage has been to provide what we consider to be sufficient qualitative information, aided by quantitative details where this information is available and we consider it to be beneficial, both to understand the strength of our firm and to aid comparison with other audit firms. In those areas where we have not provided quantitative information, this is normally because we do not believe it would provide a basis for comparison with other audit firms, for instance because different audit firms may grade, score or measure themselves against differing criteria, or because of itself the quantitative measure would not allow a user to judge the strength of performance.

However, this is a new initiative, and we’d welcome any feedback from users of this information as we develop the regime next year.

**Partner and people development and expertise**

One indicator of audit quality is the culture of our firm, including whether our people are encouraged to perform high quality audits, and are provided with the time, resource and training and development which they need.

Our reputation is built on the quality of our work and we ensure that we have the highest levels of expertise within each audit team. Substantial partner, director and manager involvement is required throughout the audit process, including coaching and mentoring; encouraging consultation; giving feedback; and providing on-the-job learning. Recent pulse surveys that we have undertaken indicate that 64% of our assurance people considered that they took the time to empower their colleagues and a further 24% had the tools they need to do this, but recognised a need to do it even more. This is an area we continue to focus on as we foster a coaching environment.

Technical excellence, audit quality, critical thinking and ethical behaviours are reinforced to everyone involved in audit during their induction and throughout subsequent learning programmes. In addition, partners and our people who are involved in the audit of certain clients can only do so following suitable accreditation (eg following attendance at specific learning programmes) – examples of this are clients in the financial services industry or listed entities.

In the year to 30 June 2014 we have responded to feedback from our people in the audit practice which indicated that we needed to have a more open culture where people were encouraged to speak up about issues they were encountering, had more input into how things were done and could challenge the status quo. We are pleased to say that the recent results of our 2014 people engagement survey indicate that we are creating a culture of openness and involvement and where people are encouraged to contribute their views.
External investigations

A large proportion of our work, particularly in relation to statutory audit services, is regulated and monitored by the FRC and other regulatory bodies. If our work is found to be deficient, the FRC’s conduct committee (or other disciplinary committees) are able to independently find against the firm or one of its members and to apply appropriate sanctions and remedies. An indicator of the quality of our work is therefore the number of cases where a disciplinary committee of a regulatory body has found our services to be deficient. Information regarding such cases for the year ended 30 June 2014 is presented in the table below.

As shown, there have been only two cases during the year ended 30 June 2014 where a disciplinary committee has found against the firm or one of its members. The first case related to a finding against one of our members by the Insolvency Practitioners’ Association for failing to obtain independent confirmation of a secured creditor’s support for a proposed Individual Voluntary Arrangement, which resulted in a fine of £2,500 against the member. The second case related to a finding against one of our members by the ICAEW’s Investigation Committee for wrongly signing an audit report in the name of another member, which resulted in an order to pay costs of £1,105.

In addition to those cases described in the table, we are also working with the FRC on three other ongoing investigations relating to AssetCo plc, Manchester Building Society and Nichols plc. Grant Thornton is committed to an open and constructive dialogue with our regulators to resolve these cases, and to amending our policies, procedures and internal guidance for any improvements which might be identified or lessons that might be learnt.

Engagement performance reviews

Our audit work is subject to scrutiny both internally and externally to ensure that the firm and individual audit engagement teams are complying with our statutory requirements and meeting best practice. The results of these reviews are one indicator of the quality of our audit files.

External reviews

Details on our work which has been subject to review by the FRC’s Audit Quality Review team and by other external regulators is set out in section 6.

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<th>Year to 30 June 2014</th>
<th>Audit services</th>
<th>Other services</th>
<th>Total</th>
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<td>Number of cases in which the FRC’s conduct committee has found against the firm or one of its members</td>
<td>0</td>
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<tr>
<td>Number of cases in which the disciplinary committee of any other regulatory body has found against the firm or one of its members</td>
<td>1</td>
<td>1</td>
<td>2</td>
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National Audit Review process
In addition to external quality assurance, as a firm we also run a continuous cycle of internal audit quality reviews. The NAS team drives the annual national audit reviews (NAR) to assess the quality of completed audit work and its compliance with the firm’s quality and risk management framework.

To ensure that the audits we deliver are of a consistent high quality, each RI is subject to internal review at least every three years. Further, all new RIs are reviewed within their first year of appointment. In this respect, on average, 33% of our RIs are subject to the firm’s internal engagement performance reviews each year. We ensure that each office location is also reviewed on a three-yearly cycle. The review teams are selected from outside the office under review, and the engagements selected are biased towards those considered to be more complex or of higher risk. The setting of file grades is moderated by the National Director, Ethics and Audit Quality Monitoring to ensure consistency of results between different reviews and with the approach taken by external reviewers.

At the completion of an office review, the office Practice Leader is required to develop and implement a targeted action plan to address the findings of the review.

On an annual basis the findings are summarised centrally and reported to the firm’s senior management. Any themes are communicated to the audit community through training events, conferences and other technical update channels. The results are also disclosed to the firm’s external audit regulatory bodies, who subject the review process and results to scrutiny during their review, in particular by ensuring that our processes are sufficiently robust.

We have not included in this report the detailed results of our NAR as we do not believe they would be capable of analysis in context without an understanding of the scoring mechanisms that we have developed as a firm, and further the results risk being misleading in comparison with other audit firms who may have different grading levels or scoring mechanisms.

Quarterly office audit quality measures
In order to ensure that the level of audit quality remains consistently high outside of the three yearly office review, and to identify and implement any additional training requirements quickly, each location is also required to carry out quarterly audit quality reviews.

The reviews are based on detailed NAS guidance, are performed by suitably experienced teams, and cover planning, fieldwork and completion of a number of audit engagements.

The review findings are communicated to the audit practice and also directly to the individual teams so that any learning points can be addressed. Each member of the audit team has an individual quality objective set as part of their yearly performance review, and this timely review ensures that everybody takes a personal responsibility and commitment to performing each audit to the highest standards.

Investment in our people and our systems
A further indicator of audit quality is the level of training and development undertaken by our people and the level of research and development the firm undertakes in assurance activities.
People
The training and development of our people is critical to the success of our business and in our ability to ensure that quality is high on all of our audit assignments. All of our people are required to identify and address any specific training needs with their people manager and have access to a suite of development resources which are available in various forums.

We know that when you improve thinking, you improve performance. Therefore as a firm we have adopted a culture where day to day coaching is encouraged at all levels. Many of our senior partners are now accredited coaches (as a firm we have 100 accredited coaches and are continuing to grow that number) and coaching is a key focus in all of our development programmes. Our coaching philosophy means that our people benefit from hands-on experience from our senior partners and managers on a daily basis, are encouraged to challenge and innovate to develop their thinking, and are equipped to take individual responsibility for their actions. Operating in this questioning environment also helps our people to think differently, to understand the broader impact of our work and to make a difference to our business and to the businesses of our clients.

As our development philosophy is based around numerous learning mechanisms, including significant levels of day to day coaching and on-the-job learning, we are unable to quantify the time that our people undertake on average in this area. However, as an assurance practice, specific training and development activities which we have carried out in the year to 30 June 2014 include:

- our Assurance Conference was held in December 2013 for audit partners, directors, senior managers, managers and assistant managers. The two day conference focussed on improving audit quality and included audit technical training. There was also a further half day session specifically for RIs on audit quality. Our qualified people below the level of assistant manager were provided with access to this training in their local offices
- we trained a number of ‘champions’ within our offices on the new financial reporting standards FRS 100, FRS 101 and FRS 102, who are responsible for disseminating this information to our audit people within each location, and for delivering seminars and guidance material to our clients
- the Head of Assurance leads a monthly meeting for our audit leaders in each of our offices, who have overall responsibility for the delivery of audit quality in their office location. The aim of the meetings is to reinforce audit quality messages, and to drive improvements and best practice across the firm
- each office location is encouraged to lead quarterly audit training which focuses on audit quality issues or concerns which may have been identified during the course of the quarterly audit review processes.

Systems and processes
The quality of our systems is important to ensure that (a) work processes and procedures deal appropriately with key regulatory and legislative requirements and (b) efficiency and effectiveness is at an optimum level through the provision of easy to access and easy to use systems. During the year we have invested in our systems through:

- the development of a new knowledge management system which has consolidated all of our existing knowledge management
databases. The purpose of the project was to develop more effective processes for finding and sharing knowledge, to create more time for our people in audit to think, to develop and to have insightful conversations with our clients. Information on key compliance requirements, guidance, client-facing tools and technical assistance is now in one place, meaning our people can concentrate on the important audit risk areas and delivery a more efficient audit to our clients.

- we have developed a suite of IFRS e-learning modules which will be rolled-out across our assurance practice by the end of 2014. The modules allow ease of access to IFRS themed training to all of our audit people at a time which is more suitable to each location
- a project has been launched to ensure our audit practice evolves at a rate which means we can operate at an optimum level of audit effectiveness, whilst providing a rewarding experience for our people and undertaking profitable work of the highest audit quality. This will involve centralising certain non-judgemental and procedural areas of audit to specialist teams, allowing more time for our senior people to devote to the key audit risks and discussing issues with clients. The project will also include adaptations to our systems.

**Investor and stakeholder liaison**

As a firm, we are committed to engaging with the investor community alongside other important stakeholders such as listed companies and their audit committees. We recognise that a regular dialogue is necessary to understand the needs and views of our key stakeholders, and in particular the views of shareholders who are the ultimate customer of the audit services that we provide. The recent UK and European discussions regarding the audit regulatory environment has provided a platform where Grant Thornton in the UK and internationally has been able to support investors in seeking positive change.

Representatives of our firm actively engage with regulators, standard setters and investors, shaping and influencing the drive for better reporting (audit committee and auditor) and supporting regulatory change where it is necessary. Many 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, and provide comments and feedback on the firm’s view on planned developments and issues. This includes regular meetings with our regulators and with the UK government, alongside representatives from institutional investors, the business community and the accounting profession.

Of particular note, our Head of External Professional Affairs, Steve Maslin, chairs the Global Auditor Investor Dialogue (GAID), a group comprising representatives from a large number of leading investor organisations, share owners and the major global auditing networks. The group’s purpose is to discuss and find consensus and solutions to financial reporting and audit related issues which are impacting the profession and the capital markets. Further, Caroline Goodall, one of our independent non-executives, also meets periodically with representatives of major UK institutional shareholders, and with one of the principal regulatory bodies, the Financial Reporting Council (FRC). Caroline also has regular meetings with the Head of Assurance.
“Grant Thornton have got a very open minded approach, a very thorough approach and a very customer focused approach”

KEE Safety International Limited
The firm’s membership agreement sets out the members’ rights and obligations, the firm’s governance framework and the key responsibilities for the management of our business.

**Management of our business**

**Chief Executive Officer**

The chief executive officer (CEO) has full executive authority for the management of the business. Nominated by the POB, the appointment is confirmed by an all-partner vote. The CEO may be appointed for no more than two four-year terms.

The CEO is bound by the firm’s Statement of Principles, which is the firm’s highest level statement of objectives, values and philosophy. This is developed by the POB and approved by the members at least every three years.

The current CEO, Scott Barnes, was elected in 2008. In February 2012 the POB voted unanimously to recommend that Scott be appointed for a second term of three years, as allowed by the firm’s membership agreement. No formal notices from any partner wishing to stand having been received, the partners confirmed by formal vote the extension of Scott Barnes’ term as CEO to 30 June 2015 with flexibility to extend the term up to a maximum of six months in the event of exceptional circumstances.
National Leadership Board

The CEO appoints the National Leadership Board (NLB), which is responsible for:

- ensuring the firm operates within the LLP’s Statement of Principles
- protecting the goodwill and reputation of the firm
- developing and implementing the firm’s strategy
- appointing, appraising and (where necessary) removing partners, and determining their remuneration
- ensuring the firm complies with all relevant regulatory and legal requirements
- ensuring that quality is central to our work and our approach
- driving a profitable and sustainable firm.

The NLB communicates regularly with the firm’s partners and people on a wide range of issues including strategy implementation, current developments and the firm’s values in action. Communication methods include office visits, the CEO’s weekly blog, online employee engagement surveys, formal quarterly business updates across the firm, and a formal meeting of the partner group, usually on an annual basis.

The NLB is focussed on a framework of constant improvement. During the year ended 30 June 2014, the NLB have regularly considered how they can improve their effectiveness both as a body and as individual members of the team, including undertaking a Board effectiveness exercise with a facilitator external to the NLB.

The current NLB (left to right above) consists of the following partners:

- **David Maxwell**, Markets and Industries;
- **Scott Barnes**, Chief Executive Officer;
- **Sacha Romanovitch**, People and Culture;
- **Robert Hannah**, Regions Managing Partner;
- **Ian Smart**, London Managing Partner;
- **Paul Etherington**, Quality & Professional Standards; and
- **Simon Jones**, Chief Operating Officer.

All were in post throughout the year to 30 June 2014. Their brief biographies and a meeting attendance record are set out in Appendix 3.

Partnership Oversight Board

The Partnership Oversight Board (POB) is responsible for the protection of partners’ interests, standards of corporate governance within the firm, and the oversight of the leadership board. Its principal duties are:

- development of the firm’s Statement of Principles
- appointment (and, if required, the removal) of the CEO, subject to the vote of members
- monitoring the CEO’s stewardship of the business
- overseeing the principles and criteria for profit sharing
- oversight of risk and quality policies and procedures
- recognising that we have a public interest role that extends beyond the short-term interests of the partners.
The POB consists of eight members elected by the partners, three independent non-executive members (INEs), and three ex-officio non-voting members (being the CEO and two others – typically members of the NLB or the firm’s national director of finance).

Elected members are appointed for a period of three years, and may serve for two further consecutive terms if re-elected.

Brief biographies of the POB members at 30 June 2014, including their appointment dates, and meeting attendance records during the year are set out in Appendix 3.

**Chairman of the POB**
The chairman of the POB, currently Steve Maslin, is appointed by a majority vote of POB members and is responsible for chairing POB meetings and for providing guidance to the CEO on actual and potential matters of concern to the partners. Steve Maslin was re-appointed chairman of the POB in June 2012 for a further three-year period.

**Evaluation of POB members**
A formal review of the effectiveness of the POB and its chair was carried out in 2013, led by one of the INEs. This review consisted of an online confidential questionnaire to all partners and will be repeated periodically. During 2014 the POB held lunches/dinners with partners across the whole firm to seek their feedback on issues of concern to the partners and on how the POB engages with the wider partnership.

The minutes of POB meetings are also circulated to all partners in the firm.

**Independent non-executives**
The firm has three Independent Non-Executives (INEs) with a wide range of experience and skills, including experience of professional partnerships, corporates and the investor community, and with experience covering a wide range of industries including professional services, financial, technology, retail, charity, and media industries.

The INEs are ‘outside members’ of Grant Thornton UK LLP as defined by the firm’s membership agreement, and as such are part of our Partnership Oversight Board with voting rights which are only exercised by the INEs when to do so would not compromise their independence. Each INE serves an initial first term of three years, and is eligible for reappointment without restriction, as determined by the elected members of the POB.

The INEs bring their considerable expertise to the POB and are responsible for contributing to the overall governance of the firm, and specifically:

- the firm’s recognition of its public interest responsibilities and its attitude towards quality
- the firm’s approach to risk management and governance
- issues raised under whistleblowing policies and procedures.
The INEs attend all POB meetings and are invited to attend partners’ meetings, and to meet with the CEO and the chair of the POB periodically. Our INEs also meet with key representatives from the institutional investor community from time to time.

In addition to their representation on the POB, Caroline Goodall is also a member of the Risk and Audit Committee and Profit Sharing subcommittees, Ed Warner is Chair of the Profit Sharing subcommittee and a member of the Remuneration Committee, and Richard Eyre is a member of the Profit Sharing subcommittee. Our INEs contribute to audit quality through their involvement in the Profit Sharing subcommittee, which, inter alia, reviews the process to ensure quality gradings of all audit partners are appropriately taken into account in determining partner profit share. During the year the INEs have also participated in other ad hoc subcommittees as required, for example in relation to significant property transactions, reviewing a proposed business acquisition, and the CEO succession planning process.

Impact of INEs on the firm’s independence
The POB is a ‘supervisory board’ as envisaged by the Auditing Practices Board (APB) Ethical Standards for Auditors, and, therefore non-executive members of the POB are not members of the firm or its ‘chain of command’. As a result, personal relationships and business or financial interests of the INEs do not bear directly on the firm’s independence as auditors. However, the firm is mindful of the impact of public perception, so we require the INEs to comply with the independence requirements of partners and specifically:

- on a quarterly basis the INEs confirm to the chair of the POB that they have no financial interest or directorships with any of the firm’s audit clients listed in the firm’s prohibited investments list
- on an annual basis they confirm in the firm’s annual regulatory statements and declarations process that they understand and have complied with the firm’s key ethical policies including independence, confidentiality, market abuse, gifts and hospitality, and whistleblowing.

In the event that there was a fundamental disagreement between an INE and either the POB or the NLB that could not be resolved following discussions with the chair of the POB and the CEO, and as a result the INE resigned from the firm, the fact that there had been such a disagreement would be disclosed in this transparency report. No such disagreement has occurred to date.

“The Remuneration Committee endorses the annual goals for each member of the National Leadership Board and then scrutinises their remuneration in light of those goals. Typically, the team’s bonuses are refined as a result of the Committee’s deliberations. As an independent non-executive, my role is to ensure objectivity in that process. I also chair the Profit Sharing subcommittee, which includes my independent non-executive colleagues, that reviews the distribution of profits across the partnership. We aim to assure ourselves that this distribution is not only fair, but also that key factors such as the quality of audits are suitably reflected in partners’ annual awards.”

Ed Warner, Independent non-executive and Chairman of the Profit Sharing subcommittee of the POB
Subcommittees
The POB has two main subcommittees that deal with key aspects of governance: the Risk and Audit Committee and the Remuneration Committee. The POB’s oversight of management and the establishment of separate risk assurance and remuneration committees ensure that the firm complies with appropriate corporate governance, risk management and quality standards.

Risk and Audit Committee
The Risk and Audit Committee (RAC) is responsible for ensuring that the firm’s quality and risk management framework is appropriate and operating effectively. Its specific duties include:

- overseeing policies and procedures on quality and risk management (including ethics and independence)
- monitoring and reviewing the effectiveness of the firm’s internal audit function and the timeliness and effectiveness of management’s corrective actions
- overseeing management’s response to any major external or internal audit recommendations
- monitoring the firm’s relationship with its external auditors and external regulators.

The RAC consists of four elected members of the POB (including the POB chair), the CEO and at least one INE. The head of business risk and quality assurance, the national director of finance and the NLB member responsible for quality & professional standards are invited to attend as appropriate. In addition, representatives of the firm’s external auditors, Mazars (UK) LLP, are invited to attend.

The RAC met five times last year, and three of these meetings were attended, in part, by the external auditors.

A separate report by the RAC is included in section 3.

Remuneration Committee
The Remuneration Committee is responsible for setting the remuneration framework of the CEO and the NLB, dependent upon the achievement of predetermined criteria and goals. The committee, which consists of three elected POB members including the POB chair and at least one INE, met twice last year.

Further information on the remuneration of audit partners and directors is included in Appendix 6.
Report from the Risk and Audit Committee of the Partnership Oversight Board
The Risk and Audit Committee (RAC) is the governance body which reviews the preparation and audit of the firm’s financial statements and reviews the standards of internal control, quality assurance and risk management of the firm’s business including audit and advisory services.

It is a standing sub-committee of the Partnership Oversight Board (POB). The members of the RAC are all drawn from the POB and appointed by the Chair of the POB. As at 30 June 2014 the members of the Risk and Audit Committee were as follows:

Tim Lincoln
Chair of RAC

Paul Flatley
Member of POB

Caroline Goodall
Independent Non-Executive member of POB

Simon Lowe
Member of POB

Steve Maslin
Chair of POB

For full biographical details please see Appendix 3.

Caroline Goodall provides external challenge and insight from her executive and non-executive experience in other organisations, in particular her membership of the audit and risk committees of listed FTSE100 and FTSE250 companies and of a major UK national charity. Outside the RAC meetings, Caroline meets periodically with the firm’s Head of Assurance, with representatives of major UK institutional shareholders, and with one of the principal regulatory bodies, the Financial Reporting Council (FRC).

Terms of reference
Executive management led by the NLB is responsible for setting the tone of the firm’s attitude to quality and risk – more information on this is included in section 2. The RAC’s primary responsibility is to act as an oversight of the firm’s risk management and internal audit functions and to review the external audit process. The terms of reference of the RAC, which are regularly reviewed and updated to reflect the challenging and changing environment in which we operate, are available on our website.

Given the nature of the services that our firm provides, and the competitive marketplace in which we operate, the quality of our services, particularly in audit, is of key importance to the RAC.
Meetings
The RAC typically meets four to five times a year and reports directly to the POB on its activities. Minutes of the RAC meetings are made available to all partners. In addition to the RAC members, also in attendance for at least one committee meeting per year, as appropriate, are:

- **Scott Barnes**
  CEO

- **Margaret Bowler**
  Head of Business Risk and Quality Assurance

- **Owen Brookman**
  General Counsel

- **Mark Cardiff**
  Head of Assurance

- **Paul Etherington**
  Member of NLB responsible for Quality & Professional Standards

- **Malcolm Northover**
  National Director of Finance

- **Roy Welsby**
  Head of Quality & Professional Standards

Our activities and areas of focus during the year to 30 June 2014 are set out under the headings below.

Audit quality
Audit quality is of paramount importance to the firm and to the RAC. In order to ensure that the firm is appropriately responding to the output from all internal and external regulatory reviews, during the financial year to 30 June 2014 the RAC has received and considered reports from the ICAEW following the ICAEW practice assurance visit and from our internal National Assurance Services team in respect of its National audit file reviews. The RAC also receives updates following FRC Audit Quality Review team (AQR) reports and international audit file reviews.

We have discussed the results of these reviews with management as appropriate and continue to monitor this area to ensure progress is made in areas of concern or where weaknesses are identified. More details on the output of reports from the AQR and Quality Assurance Department of the ICAEW (QAD) are set out in section 6.

In addition to the above quality assurance reviews, the POB give consideration as to how management ensure that audit quality gradings are reflected in audit partner/director remuneration.
Review of effectiveness of internal controls

The RAC activities during the year provide the context for our review of management’s statement in the Transparency Report (Appendix 4) on the effectiveness of the firm’s system of internal controls. The review comprises discussions with management at each of our meetings throughout the year, consideration of the Annual Business Risk and Quality Assurance plan (available in September each year) and review of the external auditor’s conclusions on internal controls, following their audit of the Firm’s financial statements, with the response from management. Details on these areas are set out in more detail below.

Business Risk Management and Internal audit

The NLB is responsible for the identification of gross risk, mitigation of such risks and for the ongoing review and implementation of responses to the firm wide risk register. The NLB is also responsible for ensuring appropriate communication and monitoring of the firm’s key risks and, in this regard, quality and risk sessions are incorporated into partner conferences, firm wide graduate orientation programs and service line conferences, including audit. In addition each service line (Assurance, Tax and Advisory) now has a Head of Quality and Risk Management at National Director level supporting the service line leaders.

A report on the NLB’s activities in this area (the Business Risk and Quality Assurance (BRQA) report) is provided to our committee on a regular basis and, in particular, when changes arise in the nature, likelihood or impact of the identified risks. The 2013 annual BRQA report was provided to the RAC during the year to brief us on the progress of the firm’s business risk management (BRM) process and to obtain and record the approval of the RAC on the firm’s risk profile and assessment of the adequacy of the control environment.

The business risk and quality assurance review throughout the year focused on:

- consolidation and agreement of the revised quality and risk framework
- consultation with new service area leaders to develop quality and a risk approach specific to each new service area
- BRM reviews of potentially high risk areas (eg new service offerings)
- follow up internal audit reviews of areas previously assessed with ‘limited’ assurances.
- the annual review of individual business area risks.
In addition to the above, a Business Risk Management and Internal Audit report is circulated ahead of each RAC meeting, which typically covers:

- the latest firm wide risk register, including any consideration by the NLB of new risks or movement in significance of a risk
- reviews of particular service areas undertaken by the Business Risk team
- the programme of internal audits, results and follow up of recommendations
- any incidents/breaches, for example in health and safety, whistle blowing, business continuity or information security
- updates on processes and compliance with the Bribery Act, Anti money laundering, independence checks, CPD returns, Annual Regulatory Statements and Declarations
- plans for training all partners and our people on matters such as the Data Protection Act and Bribery Act.

Further, during the year the General Counsel reported to the Committee on the status of key reputational matters and provided a regular update on the PI renewal process and the outcome.

Where appropriate individual service line leaders, department heads or members of management are requested to attend RAC meetings to present on certain matters. The Committee also had a meeting with the Head of Business risk and quality assurance without the other NLB members present.

I am pleased to report that the RAC has been satisfied with management’s internal controls in respect of business risk management.

Accounting matters and external audit

Our external auditors, Mazars, attend typically two to three RAC meetings each year. The RAC reviews the external auditor’s strategy and audit plan, and their interim and final audit findings including their independent view of internal controls. The committee also has a session with the external auditors without members of management present. Following enquiries made of the external auditor there are, as at the date of this report, no matters of concern that the RAC is aware of which impact on the auditor’s independence.

During the year the committee received and discussed with the external auditors, the National Finance Director and the CEO key management policies and judgements reflected in the financial statements, in particular recognition of revenue from material contracts, judgements and estimates, internal controls recommendations and associated responses from management. Progress on matters raised are followed up by this committee.

In their review of the financial statements the RAC considers, and where appropriate (robustly) challenges, the key financial reporting judgements and estimates which were made by management in the preparation of the financial statements, as well as how material contracts have been dealt with in the financial statements. The RAC also discusses with the firm’s auditor their view on the judgements and estimates which have been made which are further disclosed in the audit report. Explanations of the judgements and estimates which are considered by management to be material are set out in detail in the firm’s annual financial statements and include the defined benefit pension scheme, professional negligence claims provisions and revenue recognition. The RAC are satisfied that management have taken a consistent
and an appropriate and balanced approach to the judgements and estimates which have been made over a period of time.

Our committee is satisfied with management’s processes and procedures in this area.

Ethics, culture and whistle-blowing
The RAC receives updates on how management are embedding the right attitude to ethics and whistle-blowing across the firm, and is party to a report commissioned from an external independent provider by the firms’ Head of Ethics on any whistle-blowing notifications. There have been no such notifications in the year to 30 June 2014.

Further, our committee has given consideration as to how management embed culture, values and ‘tone from the top’ to ensure that quality and the firm’s values are embedded in everything the firm does. These are reflected in the remuneration criteria (overseen, in the case of partners’ remuneration by the Profit Sharing sub-committee of the POB) and in firm wide processes and systems. I am pleased to note that in this respect the RAC has seen an improvement in the areas of completion of performance review forms in respect of our people, CPD compliance returns and Annual Regulatory Statements and Declarations. We are pleased to note also that management has implemented a policy of zero tolerance in these areas, with implications for partner remuneration where appropriate compliance levels are not reached.

Other areas
Other areas the RAC is involved in include:
- reviewing the financial statements on behalf of the POB and the reconciliation between the management accounts and financial statements
- reviewing this Transparency Report
- receiving and reviewing updates on risk reports at an international level, given the importance of our membership of the international network.

Conclusion
Based upon the oversight activities set out above, the wide ranging inputs and direct access to management, our internal audit function, and those involved with key risk areas in the firm, the RAC is pleased to report that, in our view, the firm’s risk management, quality control and internal audit functions are appropriate and working as expected.

Tim Lincoln
Chairman of the RAC,
on behalf of the Committee
“There is an open environment where everybody is challenged to develop and deliver good work. We are also encouraged to work together which I believe helps achieve better outcomes.”

People engagement survey
Our reputation is built on the quality of every interaction with the firm. We understand that it drives not only compliance with regulation and legislation but also the growth of our business.

Introduction
We know that quality is more than just adhering to the standards that we set ourselves. In particular it includes making sure that we understand our clients, their needs and their business, and that we develop deep relationships. In doing these things, we have to always be cognisant of our responsibilities in relation to our objectivity and independence and to the effective management of risk.

Quality is also about the environment we create for our people. We want our people to be challenged and inspired, encouraged to build their skills and to question the status quo, and to seize opportunities to make a difference. That is why we foster an environment where quality is valued and rewarded.

We continuously invest in processes and infrastructure that drive efficiency and compliance and provide direction and support to our people in the pursuit of excellence. The policies and procedures which drive our internal quality control systems are embedded in every part of our business and these are summarised below.

Professionalism
We recognise that delivering quality work is built on acting with the upmost professionalism at all times. Professionalism is a behaviour and as such we strive to have a culture where it is embedded in the way we interact internally and externally, and we run the firm in a professional manner which provides our people with appropriate communications about what is happening in the firm, the marketplace and in specific service line activities. These communications allow our people to be equipped to demonstrate our expertise and quality. Some of the ways we communicate internally are the Quarterly Business Update which provides all of our people with an overview of the firm’s results and key projects and initiatives, an annual partner conference which considers amongst other things our strategic goals, priorities and focus for the short and medium term and service line conferences which provide our partners, directors and managers with technical updates on their service area as well as details of what is happening in the market and our reaction to those events.
Leadership responsibilities for quality

National Leadership Board
The National Leadership Board (NLB) has ultimate responsibility for the delivery of quality services across the whole business, the management of risk and the development of appropriate internal control systems. Paul Etherington is the NLB member responsible for Quality & Professional Standards (QPS), and has specific responsibility for ensuring our strategic development is driven and underpinned by strong and effective quality and risk management strategies.

Paul is supported by Roy Welsby, as the leader of the national QPS team, and the three service line leaders for Audit, Tax and Advisory: Mark Cardiff, Jonathan Riley and Mark Byers.

Details of the principal risks faced by the business which could materially impact either the firm’s reputation or financial strength (or both) are set out in our financial statements.

National Quality and Professional Standards team
The national QPS team incorporates the Business Risk and Quality Assurance (BRQA), anti-money laundering, ethics and investment business compliance teams. The role of each team is to develop policies and procedures to ensure that the firm complies with relevant regulatory, professional and legal requirements, and to create an environment where our people understand those policies and their individual responsibility for compliance and quality.

Business Risk and Quality Assurance
The BRQA team is responsible for:
- driving the annual risk review across all business areas
- developing the firm’s quality management standards to be used across the business
- providing assurances to the NLB through its internal audit function that the quality management standards are in place and risks are managed.

The head of BRQA has direct access to the NLB and meets regularly with Paul Etherington to consider the firm’s quality and internal control environment. The head of BRQA also reports directly to the RAC.

Service leaders
The leader of each service area (and business support function) has responsibility for quality and risk management matters within their service area and specifically for developing policies and procedures which comply with the firm’s quality and risk management framework and the requirements of the wider QPS team. Each client service offered falls under one of the three service areas, and has a dedicated quality and risk management team to support the client service teams in the delivery of quality services for clients.
Individual responsibilities
The ultimate responsibility for delivering quality lies with each client engagement team, specifically the engagement leader.

Our culture, values and collaborative approach mean that each person recognises their individual responsibility to understand the firm’s key policies and procedures, and take personal responsibility for delivering quality at all times.

Quality management standards
The firm’s QMS set out the minimum standards which must be met by each part of the business to drive quality, manage risks and meet legislative and regulatory requirements. They reflect the standards set by our regulators, including the Institute of Chartered Accountants in England and Wales (ICAEW), and the Auditing Practices Board (APB), and comply with the International Standard on Quality Control (ISQC) 1.

The QMS apply to all areas of the business, not just where required by regulators, and cover the following areas:

- leadership
- risk management
- client acceptance and continuance
- engagement performance
- assignment quality control
- skills and competence
- quality assurance: monitoring

The components of our QMS are summarised as follows.

Leadership
The leader of each service line has specific responsibility for promoting a culture where quality, risk and technical excellence are central to service delivery and the way we do business.

Risk management
All parts of the business are required, at least annually, to identify and assess the risks they face and to report to the NLB on the risks, along with details of the mitigating key controls in place and any required actions to remedy areas of weakness. On an on-going basis, the NLB formally considers the firm’s key risk profile and any new, emerging or changing risks that could have a material effect on the achievement of our business objectives.

A member of the NLB takes ownership of each key risk, and works with individuals responsible for the development of appropriate policies and procedures and associated key internal controls to manage those risks and monitor activities. These internal controls form a key part of the firm’s quality management standards which form the basis of the firm’s internal audit reviews.
Client acceptance and continuance
We have rigorous client acceptance and, where applicable, continuance policies in place, and each service line has developed its own detailed procedures to:

• assess the client’s integrity and associated risks
• identify threats to the firm’s independence (and where applicable that of other GTIL member firms) and identify any conflicts of interest
• ensure we have the right team, skills and resources for the assignment
• carry out regulatory anti-money laundering verification checks
• ensure that agreement to act would not contravene any legal, professional or ethical requirements.

All new assignments require approval by the appropriate managing partner, and in certain cases the head of service line or a member of the NLB, and (in certain exceptional circumstances) consultation with GTIL, before the appointment is confirmed with a formal letter of engagement or contract.

Engagement performance
Each service line is required to develop up-to-date policies, procedures and systems to drive high quality work and ensure work done complies with all relevant legal, regulatory and professional requirements and our own internal standards. The procedures must cover planning, supervision and review, reporting, and quality control. These requirements ensure a consistent and rigorous approach to the quality of our work and our commitment to client service, and also promote a coaching and learning environment and a culture of continuous improvement.

Assignment quality control
Each service line must have in place appropriate systems to satisfy itself that assignment quality control procedures have been applied consistently, and that the review and supervision of the assignment has been adequate and effective. In most cases this will be the responsibility of the engagement leader and manager but, where the nature of the client and/or the scope of the work is complex or considered to be high risk, an experienced review professional is part of the assignment team in order to bring an independent perspective to the assignment.
Skills and competence
We recognise that our success depends upon developing a sustainable high performance culture, working together, drawing on each other’s skills, knowledge and expertise to deliver high quality services to our clients. Our people management systems cover all aspects of the employee life cycle including attracting and recruiting, orientation, performance reviews and coaching, development, and reward.

The firm’s QMS include the following people management controls:

- job descriptions for each role
- orientation programme on job-related issues as well as culture and values
- essential training on joining on ethical and legal topics including anti-money laundering, bribery, confidentiality and information security
- formal annual performance reviews for all partners and employees
- annual and new starter goal setting and personal development plans
- compliance with regulatory and continuing professional development requirements
- licensing/badging for practice areas (eg listed company audit work, industry specialisms).

Quality assurance: monitoring
In addition to the assignment-based quality control reviews set out above, each part of the business is required to carry out annual quality assessments in order to gain assurance that the firm’s and the business area’s quality control systems have been operating consistently throughout the period. These reviews are normally carried out by the service line quality and risk professionals, supported where appropriate by senior skilled personnel.

The outputs of these reviews are communicated to the assignment team and recurring themes including examples of best practice and any shortcomings in internal controls identified are communicated across the service lines. In addition, the BRQA team checks the output of the reviews and the actions taken.

Internal audit
The on-going monitoring of our quality control systems is an integral part of the firm’s quality and risk management framework.

The BRQA team carries out an internal audit of each area of the business over a three-year cycle, and reports to the NLB on the assurance gained that business areas are complying with the QMS and implementing key internal controls. This includes reporting performance against key performance indicators reflecting the firm’s internal controls such as: completed performance reviews; personal development plans; essential training; engagement take-on procedures; and client satisfaction reviews.
“One of the best things about Grant Thornton is our [brand behaviour of] ‘every day I make a difference’. I find Grant Thornton very open to new ideas, new ways of working and my involvement in key activities that happen at the highest levels.”

People engagement survey
Our success is driven from our total commitment to excellence, delivering the highest quality of service and care to our clients.

The firm is subject to ethical and independence standards set by the Financial Reporting Council (formerly the Auditing Practices Board (APB)), the Institute of Chartered Accountants in England and Wales (ICAEW), and the International Federation of Accountants (IFAC).

We recognise the impact of our individual and collective behaviours on our reputation. So we help our people to understand their ethical responsibilities by providing clear policies and procedures, efficient and intuitive systems, a strong culture of support and consultation, regular training and awareness programmes.

Leadership
The firm’s ‘Ethics Partner’, Peter Rowley, provides guidance and support on the application of UK and international ethical standards. He is supported by the firm’s ethics team which provides advice on ethical issues and concerns and enables our people to obtain advice on sensitive, high-risk or complex issues on a confidential basis.

Policies and procedures
The firm’s Core Manual summarises our key policies and procedures in a concise and easy to understand way. It provides guidance on the fundamental principles of the Code of Ethics of the ICAEW, which require all our people to:

- behave at all times with integrity
- maintain objectivity
- work with due care and competence
- respect confidentiality
- behave professionally
- avoid conflicts of interest.

More detailed guidance and training is available on our Professional Ethics Database, which is available to all partners and employees on the intranet.
Code of Conduct
Our Code of Conduct (which is available via our website) provides a clear set of standards for our business, and creates an ethical and behavioural framework for how we apply our values to guide our people’s response to the decisions they are required to make each day. Based on the foundations of our core values, it covers:

• **Working together.** We treat everybody with respect and dignity, building relationships based on confidence and trust. We nurture and value each other’s contribution to the firm’s success.

• **Working with clients and others.** Our success is driven from our total commitment to excellence, delivering the highest quality of service and care to our clients. We thrive on working together, drawing on each other’s skills, knowledge and expertise, seeking innovative and exciting solutions to meet our clients’ needs.

• **Protecting our business.** We each have a responsibility to protect the firm’s reputation, safeguard our valued human capital and keep safe the physical and electronic assets which we use every day.

• **Impacting society.** Our biggest impact on society comes from the services we offer and our contribution to the stability of financial markets. We recognise our activities impact beyond the firm and we aim to be a responsible corporate citizen.

• **Behaving with integrity.** We expect our people to be honest, trustworthy and straightforward, doing not simply what is lawful but also what is right.

Training and awareness
On joining the firm, all partners and employees are provided with the Code of Conduct and experience our orientation programme including online training programmes on key policies such as anti-money laundering, confidentiality and information security, and The Bribery Act. Our ethical approach is embedded across all learning and communication programmes. In addition, on an annual basis everybody is required to confirm their understanding of, and compliance with, relevant ethical requirements and key policies as summarised in the Core Manual and the guiding principles set out in the Code of Conduct.

Consultation
We have a strong culture of consultation and support. We provide an environment where consultation on ethical and technical issues is actively encouraged and seen as a strength not a weakness.

We also provide all our people, our clients and others with an externally hosted, confidential whistleblowing hotline to speak up in absolute confidence if they are aware of, or concerned about, fraud, theft, or other misconduct or inappropriate behaviours.

Identifying conflicts of interest
Our relationship checking procedures ensure that each potential new client assignment will not prejudice the firm’s independence, enabling potential conflicts of interest to be identified at the earliest opportunity.
For audit and similar engagements where independence is a matter of public interest, our procedures are more stringent:

- **Before a new audit engagement is accepted**, searches and enquiries including, where relevant, an international relationship check, are carried out to identify any existing business, financial or personal relationships that might pose a threat to the perceived independence of the audit.

- **At the beginning of an audit**, all members of the engagement team are required to confirm in the audit file that they are free of personal interests and relationships that might impact on their own independence or that of the firm. The RI confirms in the file that he is also independent and that the firm is independent.

- **During the audit**, all members of the engagement team are required to confirm that they continue to be independent whenever they log into the Voyager electronic audit file.

- **After an audit opinion is issued** and before the continuance of an audit appointment is accepted, the RI (and where appointed the review RI) considers whether any circumstances have arisen that question whether the firm should or can accept reappointment.

**Non-audit services to audit clients**

Before offering a non-audit service to any audit client of the firm, the relevant RI’s approval must be obtained. This approval is only given after careful consideration of any possible threats to the firm’s independence, the adequacy of any plan to mitigate such threats and consultation with the Ethics Partner and a client’s audit committee (or equivalent) in accordance with the client’s own policy.

The recent discussions about regulatory change in this area proposed by the European Commission, particularly for public-interest entities, has emphasised the importance for audit firms to be clear on their policies and procedures in this area to ensure that the auditor’s independence and objectivity is maintained, and perceived to be maintained.

**Contingent fees**

Where a proposed non-audit service to, or in respect of, an audit client will include any element of contingent fee, the formal approval of the firm’s Ethics Partner is required.

**Potential clients with international operations**

If potential clients have international operations, an international relationship check is performed to identify any relationships of other member firms of GTIL that may present a conflict of interest and/or a threat to independence. When the prospective client is already an audit client of a member firm of GTIL, consultation is required with the relevant audit partner to ensure that the proposed non-audit service is permitted, that any perceived threats to independence created by the proposed non-audit service can be adequately safeguarded and (where required) the circumstances will be communicated to the audit client’s audit committee.

**Dealing with conflicts**

If a potential conflict is identified, appropriate procedures are put in place to protect confidential information and to ensure potential conflicts are, and are seen to be, effectively managed. In exceptional circumstances the relevant head of service line and the firm’s Ethics Partner must be consulted.
Financial interests
Partners and other Responsible Individuals and members of their immediate families, are prohibited from having any direct or material indirect financial interest in an audit client or the parent company of any audit client of Grant Thornton UK LLP, or in any publicly traded audit client (or publicly traded parent of an audit client) of a member firm of GTIL. Full details of the firm’s audit clients with publicly-traded securities, and those of other member firms of GTIL, are maintained on the firm’s intranet.
In addition, partners and employees may not have a material financial interest in any client to which they provide a professional service.
Partners, directors, associate directors and managers involved in client service are required to record their financial interests (and those of their immediate family members) in the firm’s automated tracking system known as the Global Independence System (GIS). Financial interests of the firm and its affiliated entities are also recorded in the GIS, as these could have an impact on the independence of the firm or other member firms of GTIL.

Other ethical considerations
Rotation of senior audit team members
Engagement leaders and other senior team members responsible for audits of listed companies and certain other public interest clients are required to rotate off the engagement after specified periods of time, depending on their role. The circumstances requiring rotation are identified when personnel are first assigned to a client, and are recorded on the firm’s central record of public interest clients.
The firm’s policy concerning the rotation of key audit partners and people requires that:
• An audit partner may serve as the RI on the audit of a listed company for a period of five years. In certain circumstances, and subject to disclosure by the company to its shareholders, the period may be extended to a maximum period of seven years. In these circumstances, the review by the independent review partner will be enhanced to safeguard the independence of the audit. The circumstances must also be approved by the firm’s Ethics Partner. At the end of their period of service, the RI must then rotate away from the engagement for a minimum of five years.
• A partner may serve as independent review partner (‘Engagement Quality Control Reviewer’) on the audit of a listed company for a maximum period of seven years. They must then rotate away from the engagement for a minimum of five years.
• Where a partner serves on the audit of a listed company in a combination of roles as audit partner, independent review partner and/or a ‘key partner involved in the audit’, the total period (either continuously or in aggregate) may not exceed seven years, followed by a minimum period of five years within which they may have no involvement in the audit.
• Periods of service as audit partner before the client became listed are included in the total. However, if the client becomes listed when the partner has already served for four or more years, they may serve for a maximum of another two years.
• ‘Key partners involved in the audit’, which can include the partners responsible for significant affiliates of the listed company, can act for seven years in aggregate and then must rotate off the engagement for at least two years.
• Other partners and people who serve in a senior position on the audit of a listed company should not act for more than seven years in that role unless safeguards are put in place. The normal safeguard is rotation off the engagement, but a change of role within the engagement team or an independent review of the individual’s work are other available safeguards.

Supplier relationships
Our independence requirements extend to our relationships with suppliers. Checks are carried out before we enter into a supplier contract, to establish whether they are an audit client, and if they are, special consideration is given to whether a threat to independence might arise. Where applicable the firm’s Ethics Partner must be consulted.

Hospitality and gifts
Prior approval by their office Practice Leader is required where a partner or employee wishes to accept or give any gift or benefit in kind, including hospitality, in excess of the firm’s guidance limit (currently £500 in respect of hospitality and £100 in respect of gifts), or which might, or might be seen to, prejudice our integrity and objectivity in relation to our clients.

The firm maintains a register recording all requests for approval of gifts and/or benefits in kind received or given.

Monitoring
We actively monitor our people’s compliance with ethical and independence requirements in the following ways:

• on an annual basis all of our people are required to confirm in the firm’s Annual Regulatory Statements and Declarations process that they understand and have complied with the firm’s policies relating to independence, confidentiality, market abuse, gifts and hospitality, and whistleblowing
• quality control and quality assurance reviews of assignment files across all service lines check compliance with internal controls and specifically engagement acceptance procedures and independence policies
• on an annual basis, the GIS accounts of 10% of partners and 5% of managers are reviewed against evidence to support their recorded financial interests
• the firm’s internal audit function reviews compliance with key internal controls across every service line on a three-yearly basis and reports to the National Leadership Board and the Partnership Oversight Board through the Risk and Audit Committee
• we encourage our people to consult with others when faced with a difficult decision or to speak up on areas of concern. However, if for whatever reason they feel unable to do so, we have provided an externally hosted, confidential whistleblowing hotline. Reports of the hotline’s activity are formally reviewed quarterly by the Risk and Audit Committee.
“Grant Thornton were alive to all the specific and regulatory issues relating to our investment and did a great job in navigating us through these.”

Growth Capital Partners LLP
In addition to the substantial internal monitoring and assurance reviews carried out across the firm, the firm’s audit practice is also subject to review by a number of external bodies.

The Head of Assurance and the National Leadership Board formally consider any recommendations made as a result of internal reviews or reviews by a regulator, and action is taken to implement appropriate changes.

**Audit Quality Review team**
The Audit Quality Review team (AQR) of the Financial Reporting Council (FRC) undertakes independent inspections of the quality of the firm’s auditing function in relation to listed and other major public interest entities. It also reviews the firm’s policies and procedures that are relevant to audit quality.

The AQR’s report on the findings of its 2011/13 inspection of the firm was published on 21 March 2013 and is available on the FRC’s website.

The AQR is close to completing the fieldwork of its 2013/15 visit to the firm. The public report of findings from that review is expected to be published by the FRC in the spring of 2015.

The AQR is also engaged by the Audit Commission to review audits performed by the firm of public sector bodies in local government and health industries. The results of these reviews are reported privately to the Audit Commission. The latest annual report from the Audit Commission is available on their website.

**Quality Assurance Department**
The Quality Assurance Department of the Institute of Chartered Accountants in England and Wales (ICAEW) is responsible for performing reviews of most audits that fall outside the scope of work of the AQR. Findings are reported privately to the Audit Registration Committee of the ICAEW, which has powers to grant, suspend or withdraw a firm’s licence to perform audits.

The firm is subject to a full review approximately every two years. The last full review of audit work took place in November 2012, the results of which were reported in March 2013. The next review visit will take place in November 2014.

**Grant Thornton internationally**
The firm is also subject to the GTIL global Grant Thornton Audit Review (GTAR). The most recent completed review took place in September/October 2013. The next review is scheduled to take place in September 2014.

More details on the GTAR process and how it ensures consistency of audit quality delivery for Grant Thornton member firms are set out in Appendix 1.

**Complaints and claims**
We have robust procedures in place for dealing with complaints. A register of all complaints and possible claims is maintained by the firm’s Legal department, under the direction of the Head of Quality & Professional Standards, which investigates all complaints and ensures all potential claims are handled appropriately.

**Client feedback**
We recognise that a key aspect of delivering quality client services is effective monitoring and management of our client relationships.

We actively seek feedback from our clients, using face-to-face meetings and online and telephone surveys through third-party suppliers, in order to assess our performance and improve client service. Specifically we meet regularly with our public interest audit clients and seek feedback on audit quality from both audit committees and management. A number of these meetings are carried out by senior management and partners independent of the client engagement team, including the CEO.
Appendices

“There is a clear commitment to developing the right culture from growth, focusing on values and behaviours which I think is working well”

People engagement survey
Appendix 1: Legal structure, ownership and our international organisation

Legal structure
Grant Thornton UK LLP is incorporated under the Limited Liability Partnerships Act 2000, and registered in England and Wales (registered number OC307742).

In this report, Grant Thornton UK LLP is referred to variously as: the firm, the LLP, Grant Thornton, we, our and us.

Ownership
The firm is entirely owned by its members (normally referred to as partners). At 30 June 2014, there were 195 members (2013: 205). A list of the members is available for inspection at the LLP’s registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Our business
Grant Thornton is a leading financial and business advisory firm focused on working with dynamic businesses. We are structured along geographical, industry and service lines enabling us to offer our clients a great depth of expertise delivered in a distinctive and personal way. Our principal services are audit, tax and advisory services. A full list of our services can be found on our website.

At 30 June 2014, the firm employed 4,339 people (2013: 4,089), and operated from 27 offices (2013: 28) throughout the United Kingdom. In addition, we have branch offices in the British Virgin Islands and the Cayman Islands, which are necessary for our forensic and investigatory work. Our website has a current list of our office addresses.

The firm’s principal subsidiary undertakings are set out in Appendix 2.
Our international organisation
Grant Thornton UK LLP is the UK member firm of Grant Thornton International Ltd (GTIL). GTIL is a private company limited by guarantee, incorporated in England and Wales. It is an umbrella organisation that does not provide services to clients. Services are delivered by member firms around the world using common methodologies ensuring the clients of all member firms have a consistent experience and standard.

As at 30 September 2013, GTIL had 126 independent member firms (2012: 121) with aggregate revenues of US$4.5 billion (2012: US$4.2 billion), and more than 38,500 personnel.

A full list of Grant Thornton member firms across the world is available on our website. The total turnover from Grant Thornton member firms across the world resulting from the audit of annual and consolidated financial statements is US$1.65 billion.

Member firm admissions
Prospective member firms must meet a number of criteria in order to be considered for membership, which include:

- the prospective firm’s reputation for quality and its adherence to high standards
- adoption of global policies, procedures and methodologies, including methods and quality control systems for providing services to clients, engagement protocols, and ethical and independence policies
- maintenance of a system of quality control that meets or exceeds International Standard on Quality Control (ISQC) 1
- agreement to the periodic evaluation of the system of quality control by the global quality monitoring teams.

Governance and leadership
The key governance and leadership bodies of GTIL are the Board of Governors and the Global Leadership Team. Their roles and responsibilities are set out, in summary, below.

International Board of Governors
The Board of Governors (the Board) is the principal and overriding authority in GTIL. The Board is a group selected from Grant Thornton member firms worldwide and exercises governance on their behalf. The Board comprises the chief executive officer (CEO) of GTIL, managing partners from the largest Grant Thornton member firms, managing partners elected from Grant Thornton member firms which are not amongst the largest and independent directors. The Board aims for a reasonable balance of representation from different geographical areas, including emerging markets. The Board’s responsibilities include:

- providing input into the strategic development of GTIL and approving the global strategic direction and policies of GTIL as established by the CEO
- overseeing the implementation of the global strategy
- overseeing membership matters, including approving new member firms, suspending the rights of, or expelling a member firm
- appointing and setting the remuneration of the Chair of the Board
- appointing, evaluating performance and setting the remuneration of the CEO
- approving the budget and member firm fees
- overseeing the financial health of GTIL
- overseeing global enterprise risk management
- overseeing general governance matters, such as the composition and performance of the Board.

“More than 38,500 Grant Thornton people worldwide are committed to making a difference for their clients, other stakeholders and the global community.”

Ed Nusbaum
CEO, Grant Thornton International Limited

1 GTIL’s year end is 30 September, so the latest available data is therefore to September 2013
The Board of Governors as at 30 June 2014

Scott Barnes, UK
Peter Bodin, Sweden (Chair)
Pascal Boris, Independent Director
Vinod Chandioik, India
Jason Chen, China
Stephen Chipman, US
 Arnaldo Hasenclever, Argentina
Emilio Imbriglio, Canada
Vassilis Kazas, Greece
Klaus-Guenter Klein, Germany
Daniel Kurkdjian, France
Phil Noble, Canada
Ed Nusbaum, Chief Executive Officer, GTIL
Hector Perez, Mexico
Robert Quant, Australia
Judith Sprieser, Independent Director

Chair of the Board
The Chair of the Board (the Chair) is a proactive role with a focus on ensuring that the Board functions as a coordinated group in support of the CEO on global strategy, including but not restricted to provision of distinctive client service by the member firms.

The current Chair is Peter Bodin and his current term runs to December 2014. The role of the Chair is pivotal to creating the conditions necessary for a highly effective Board, focused on our strategic global development.

Chief Executive Officer
The Chief Executive Officer (CEO) is appointed by the Board for an initial term of up to five years renewable once for a further period of up to three years. The CEO is responsible for the leadership of GTIL. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the Global Leadership Team (GLT) subject to the concurrence of the Board. The GLT assists the CEO in the execution of the global strategy. The CEO works closely with the GLT in maintaining global policies and procedures, including those governing international work for the assurance, tax and advisory service lines.

Global Leadership Team
The GLT develops and drives the execution of the global strategy, and is chaired by the CEO. It is a full time management group dedicated to leading the global organisation in the successful execution of the strategy. In addition to the service line and global development areas they lead, GLT members also have functional and regional responsibilities.

A critical role of the GLT is to work with member firms in driving the execution of the GTIL global strategy. Implementation of the strategy builds on strategic frameworks, prioritised investments and growth strategies that are appropriate for the chosen markets.

More information can be found at www.gti.org.

Audit quality
GTIL views audit quality as an essential element of the business. To that end, global resources are provided to assist member firms in maintaining audit quality, including:

- an audit methodology, with supporting state-of-the-art software, that is used globally
- policies and procedures contained in audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards
- protocols that enable member firms to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms
- protocols that enable member firms to consult with GTIL’s International Financial Reporting Standards (IFRS) helpdesk
- a comprehensive intranet service that includes up to date information for member firms on auditing, financial reporting, ethics and independence standards and guidance on applying them effectively.
Audit quality monitoring
A key component of the global strategy is to promote the delivery of consistent, high quality client service worldwide. To support this objective, a dedicated quality monitoring programme was developed to support the assurance practices of the member firms. This global monitoring programme uses the Sentinel software application and focuses on the six elements of ISQC1. Under this programme, member firms are provided with feedback on the design, implementation and operation of their assurance practice quality control systems.

Grant Thornton Audit Review
Each member firm is obligated to submit to an inspection of its quality control system, referred to as the Grant Thornton Audit Review (GTAR), at least once every three years. The GTAR process is designed to monitor member firm compliance with professional standards and global audit policies and procedures. The GTAR is conducted by independent and suitably qualified partners and managers from other member firms under the overall direction of the global audit quality control leader.

The GTAR inspection team member assess whether a firm’s system of quality control is designed, implemented and operated to provide the member firm with reasonable assurance that the member firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and the reports issued by the member firm are appropriate in the circumstances. These include leadership responsibilities for quality, ethics and independence, client acceptance and continuance, human resources, engagement performance and monitoring.

The inspection team, as part of evaluating engagement performance, also reviews a sample of assurance engagements. On conclusion of each GTAR, the global organisation issues a report based on the inspection findings. The report on a firm’s quality control system will report one of the following:

- suitably designed and operating effectively (an unqualified report)
- suitable designed and operating effectively except for one or more significant deficiencies (an except for report)
- having material weaknesses in the design or operation of the quality control system (an adverse report).

When the GTAR identifies a deficiency, the member firm is expected to address the deficiency and document their action plan to address the findings within a reasonable period of time and submit appropriate documentation. When follow-up actions are required by member firms to address findings identified during the GTAR, a further visit or remote assessment is made to review progress in implementing these actions.
Appendix 2: Principal subsidiary undertakings

Set out below is a list of the principal subsidiary undertakings of Grant Thornton UK LLP at 30 June 2014, along with details of their principal activity.

<table>
<thead>
<tr>
<th>Subsidiary undertakings</th>
<th>Principal activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Thornton Business Services</td>
<td>Employment of personnel</td>
</tr>
<tr>
<td>Grant Thornton Specialist Services (Cayman) Limited</td>
<td>Insolvency and restructuring services</td>
</tr>
<tr>
<td>Grant Thornton (British Virgin Islands) Limited</td>
<td>Insolvency and restructuring services</td>
</tr>
<tr>
<td>Grant Thornton Acquisitions Limited</td>
<td>Investment holding company</td>
</tr>
<tr>
<td>Fulwood Insurances Limited</td>
<td>Insurance services</td>
</tr>
<tr>
<td>Grant Thornton Trust Company Limited</td>
<td>Trust services</td>
</tr>
<tr>
<td>Grant Thornton Debt Solutions Limited*</td>
<td>Personal insolvency services</td>
</tr>
<tr>
<td>Inderies Limited</td>
<td>Investment holding company</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Limited Liability Partnerships</th>
<th>Principal activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Thornton Services LLP</td>
<td>Employment of personnel</td>
</tr>
<tr>
<td>Grant Thornton Employee Benefits Consultancy LLP</td>
<td>Employee benefits consultancy services</td>
</tr>
</tbody>
</table>

* Grant Thornton Debt Solutions Limited is a joint venture in which the firm owns 50% of the called up share capital. The remaining 50% is owned by Grant Thornton Holdings Limited, a company registered in Ireland.
Appendix 3: Leadership and governance group

National Leadership Board

Scott Barnes  
Chief Executive Officer  
Scott was elected as CEO in July 2008. He joined the firm’s Leeds office in 1984 after qualifying with another firm. A partner since 1987, he has undertaken several different management roles: heading up Recovery and Reorganisation; leading the firm’s special financial services function; and becoming global head of specialist advisory services at Grant Thornton International Ltd.

Paul Etherington  
Quality & Professional Standards  
Paul trained in the firm’s Thames Valley office as an auditor, gaining experience in forensic investigations before specialising in audit and transaction support. Having undertaken various management roles in London and the southeast, he joined the board in December 2011 with responsibility for the firm’s quality agenda and ensuring the firm adheres to all professional and regulatory requirements.

Robert Hannah  
Regions Managing Partner  
Robert joined the firm in 1989 as an audit trainee and, following a secondment to a seed capital fund, he worked in Corporate Finance. He was appointed a partner in 1998 progressing to be Managing Partner of the Edinburgh office, then for the whole Scottish practice and now is responsible for the Regions business unit, large corporate markets and the Growth Accelerator and Growth 365 projects. Robert joined the board in December 2011.

Simon Jones  
Chief Operating Officer  
Simon has been a member of the National Leadership Board since December 2011 and has responsibility for the development and delivery of the firm’s business plan. Simon joined our firm in 1988 and after qualification he undertook secondments to Recovery and Reorganisation and our training team, before specialising in audit. Simon became a partner in 1998 and has held a number of management positions within the firm including Managing Partner of the Milton Keynes office and Regional Managing Partner for the central and eastern offices.

David Maxwell  
Markets and Industries  
David leads our Markets and Industries, is chairman of our London operations, member of the firm’s international public affairs and regulatory team and heads our International Business Centre. David is currently the chairman of the Transnational Audit Committee of the Forum of Firms and International Federation of Accountants (IFAC).

Sacha Romanovitch  
People and Culture  
Sacha leads People and Culture for the firm, having joined the board in April 2008. During her tenure as the leader of the London audit and tax practice, from 2002 to 2007, it more than doubled in size and profitability and gave her great insights into how to create high performing teams. She was awarded the Women in the City Jaguar Woman of Achievement in 2009. Her client work focuses on advising professional service firms to which she brings a wealth of experience in management and leadership. During this year Sacha has taken operational responsibility for the London Advisory practice.

Ian Smart  
London Managing Partner  
Ian has been London Managing Partner since 2008. He joined our firm in 1983 and has held a variety of roles including leading the firm’s corporate finance function for a number of years, specialising in transaction advisory services on buy-outs, acquisitions, disposals and financial reconstructions in both public and private company situations.

Steve Maslin  
Chairman  
Steve is an assurance and transaction services partner. He served as Head of Assurance Services for seven years until June 2006, having previously supervised client services as managing partner of two London satellite offices between 1992 and 1999. He represents Grant Thornton International Limited on the Global Public Policy Committee, which acts as the interface between the six largest international audit networks and government, regulators and other stakeholders on public interest matters that affect the profession, and was elected by the global CEOs to chair the group from 1 July 2012.
Paul Flatley
Paul is Head of Financial Services Assurance. A specialist audit partner with over 20 years’ experience, he has worked with high growth businesses across the financial services industry, including clients listed on AIM and on the London Stock Exchange. He is a member of the Business Risk Service practice, specialising in risk, control and internal audit. He is a governance specialist, the author of Grant Thornton’s FTSE 350 Corporate Governance Review, and was a member of the FRC’s steering group responsible for the Code guidance for Effective Boards. He is a member of the London CBI Council.

Clare Hartnell (until 31 May 2014)
Clare led the tax services we provide to major property clients, and was Head of Property and Construction in the UK and also led the interest group for that industry globally. In addition to her property client portfolio, she provided tax services to support our Government and Infrastructure Advisory team, delivering services ranging from efficient tax structuring, to reviewing models and advising on other tax related matters.

Simon Lowe
Simon has been an audit partner for 23 years, working with large private and publicly listed companies both in an external and internal audit capacity. He founded and, until 2011, led the Business Risk Service practice specialising in risk, control and internal audit. He is a governance specialist, the author of Grant Thornton’s FTSE 350 Corporate Governance Review, and was a member of the FRC’s steering group responsible for the Code guidance for Effective Boards. He is a member of the London CBI Council.

Mo Merali
Mo is a lead advisory partner and is Head of Private Equity. He has significant experience of leading private equity transactions, IPOs and complex cross-border transactions. Mo focuses on buy-side and fund-raising transactions for private equity houses, banks and corporates, and has advised in a wide range of industries, including media, healthcare technology and financial services.

Nick Wood
Nick has specialised in insolvency for over 20 years. He has experience in investigating fraud and tracing and recovering misappropriated assets from a number of jurisdictions. He acts for various government departments and financial institutions. He is chairman of the Investigation Committee at the Insolvency Practitioners Association.

John Loebl (until 30 June 2014)
John specialises in advising dynamic businesses on both corporate and personal tax planning. He is a member of the national tax leadership team for Grant Thornton in the UK with over 20 years’ tax experience. His clients include PLCs, high net worth individuals, trusts and entrepreneurial clients, and he also works extensively on the tax aspects of transactions, specifically company sales and acquisitions.

Stephen Mills (since 1 July 2014)
Stephen has been a partner for 13 years and is the Practice Leader for the firm’s Southampton office. He has extensive experience in working with a varied portfolio of dynamic businesses, leading the delivery of a range of advisory services and solutions that build on the particular culture, values and ethos of the business to help it deliver stakeholders’ goals and ambitions.

Caroline Goodall
Caroline is a corporate lawyer, who has held a number of senior executive and oversight positions at the international law firm Herbert Smith Freehills LLP. She is currently a non-executive director of FTSE 100 retailer Next plc and of FTSE 250 listed private equity investor, SVG Capital plc, as well as a trustee of the National Trust.

Ed Warner
Ed is an investment banker, who has a wealth of experience from his years as CEO at the IFX group and of Old Mutual Financial Services (UK). He is the chairman of UK Athletics and of derivatives exchange LMAX, and is a non-executive director and chairman at institutional stock broker and investment bank Panmure Gordon and non-executive director at global shipping company Clarkson plc.

Independent non-executives

Tracey James
Tracey is a listed company audit specialist acting across a number of industry sectors including biotechnology, information technology, property and construction and renewable energy. Tracey is also the lead partner on a number of the firm’s fast growing and aspirational clients and, prior to her appointment as an audit partner, worked as a Finance Director for a medical supplies company.

Richard Eyre
Richard has extensive experience in media and advertising having been chief executive at Pearson Television, ITV and Capital Radio. He is currently chairman of the Internet Advertising Bureau, Rapid Mobile and Next 15 plc, an AIM listed group of communications agencies.

Caroline Goodall
Caroline is a corporate lawyer, who has held a number of senior executive and oversight positions at the international law firm Herbert Smith Freehills LLP. She is currently a non-executive director of FTSE 100 retailer Next plc and of FTSE 250 listed private equity investor, SVG Capital plc, as well as a trustee of the National Trust.

Ed Warner
Ed is an investment banker, who has a wealth of experience from his years as CEO at the IFX group and of Old Mutual Financial Services (UK). He is the chairman of UK Athletics and of derivatives exchange LMAX, and is a non-executive director and chairman at institutional stock broker and investment bank Panmure Gordon and non-executive director at global shipping company Clarkson plc.
## Meeting attendance: year to June 2014

### National Leadership Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointed</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott Barnes (CEO)</td>
<td>1 January 2009</td>
<td>13</td>
</tr>
<tr>
<td>David Maxwell</td>
<td>1 January 2009</td>
<td>12</td>
</tr>
<tr>
<td>Sacha Romanovitch</td>
<td>1 January 2009</td>
<td>11</td>
</tr>
<tr>
<td>Ian Smart</td>
<td>1 January 2009</td>
<td>12</td>
</tr>
<tr>
<td>Paul Etherington</td>
<td>1 December 2011</td>
<td>13</td>
</tr>
<tr>
<td>Robert Hannah</td>
<td>1 December 2011</td>
<td>13</td>
</tr>
<tr>
<td>Simon Jones</td>
<td>1 December 2011</td>
<td>12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointed</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steve Maslin (Chair)</td>
<td>1 July 2007</td>
<td></td>
</tr>
<tr>
<td>Paul Flatley</td>
<td>1 July 2009</td>
<td></td>
</tr>
<tr>
<td>Clare Hartnell</td>
<td>1 July 2007</td>
<td></td>
</tr>
<tr>
<td>Tim Lincoln</td>
<td>1 October 2006</td>
<td></td>
</tr>
<tr>
<td>John Loebl</td>
<td>1 July 2012</td>
<td></td>
</tr>
<tr>
<td>Simon Lowe</td>
<td>1 July 2012</td>
<td></td>
</tr>
<tr>
<td>Mo Merali</td>
<td>1 July 2009</td>
<td></td>
</tr>
<tr>
<td>Nick Wood</td>
<td>1 July 2009</td>
<td></td>
</tr>
</tbody>
</table>

### Partnership Oversight Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointed</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steve Maslin (Chair)</td>
<td>1 July 2007</td>
<td></td>
</tr>
<tr>
<td>Paul Flatley</td>
<td>1 July 2009</td>
<td></td>
</tr>
<tr>
<td>Clare Hartnell</td>
<td>1 July 2007</td>
<td></td>
</tr>
<tr>
<td>Tim Lincoln</td>
<td>1 October 2006</td>
<td></td>
</tr>
<tr>
<td>John Loebl</td>
<td>1 July 2012</td>
<td></td>
</tr>
<tr>
<td>Simon Lowe</td>
<td>1 July 2012</td>
<td></td>
</tr>
<tr>
<td>Mo Merali</td>
<td>1 July 2009</td>
<td></td>
</tr>
<tr>
<td>Nick Wood</td>
<td>1 July 2009</td>
<td></td>
</tr>
</tbody>
</table>

### Independent non-executives

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointed</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Eyre</td>
<td>15 September 2010</td>
<td></td>
</tr>
<tr>
<td>Caroline Goodall</td>
<td>15 September 2010</td>
<td></td>
</tr>
<tr>
<td>Ed Warner</td>
<td>15 September 2010</td>
<td></td>
</tr>
</tbody>
</table>

**Coloured to represent ‘attendance by invitation’**

During the year to 30 June 2014 the POB Elected members and the Independent Non-Executives also held five additional meetings as part of the CEO succession planning process.

---

1 the National Leadership Board was formed on 1 January 2009 and these members were on the previous management board
Appendix 4: Statement on the firm’s internal quality control systems

The Audit Firm Governance Code requires the firm to review the effectiveness of its systems of internal control, covering all material financial, operational and compliance controls and risk management systems, on at least an annual basis.

The National Leadership Board (NLB) has ultimate responsibility for the firm’s quality management systems and the establishment of appropriate internal control systems across the firm.

The NLB has carried out a review of the effectiveness of the internal quality control systems during the year in line with the requirements of the Internal Control: Revised Guidance for Directors on the Combined Code (formerly known as the Turnbull Guidance), and has taken into account:

• the findings from regulatory inspections
• reports from the firm’s external auditors
• reports from GTIL on the firm’s quality control systems
• the findings of the firm’s internal audit function on the operation of quality management systems and the management of risk across the firm.

The internal quality control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, the risk of material misstatement of our financial statements. Accordingly, they provide only reasonable and not absolute assurance against such failure or material misstatement.

The review by the NLB has not identified any failings or weaknesses that it considers to be significant, and therefore no further action is necessary.

On the basis of the review, the NLB is satisfied that the firm’s internal quality control systems are operating effectively.

In addition, the NLB confirms that an internal review of our internal independence processes has been carried out in the year.
Appendix 5: Financial information

The following information has been extracted from Grant Thornton’s annual audited financial statements and financial records for the years to 30 June 2014 and 2013. The full financial statements for the firm can be downloaded from our website. This information shows the importance of statutory audit work to the overall results of the firm.

Turnover by service line

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>%</th>
<th>2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Audit</td>
<td>135.2</td>
<td>26</td>
<td>131.1</td>
<td>28</td>
</tr>
<tr>
<td>Taxation and Financial Planning</td>
<td>91.3</td>
<td>18</td>
<td>91.4</td>
<td>19</td>
</tr>
<tr>
<td>Advisory;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>35.8</td>
<td>7</td>
<td>29.4</td>
<td>6</td>
</tr>
<tr>
<td>Forensic and Investigation Services</td>
<td>13.8</td>
<td>3</td>
<td>23.4</td>
<td>5</td>
</tr>
<tr>
<td>Recovery and Reorganisation</td>
<td>116.8</td>
<td>23</td>
<td>106.9</td>
<td>23</td>
</tr>
<tr>
<td>Other (including Business Risk, Financial Advisory, and Government &amp; Infrastructure Advisory)</td>
<td>119.4</td>
<td>23</td>
<td>89.0</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>512.3</strong></td>
<td><strong>100</strong></td>
<td><strong>471.2</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Relative importance of statutory audit work

An analysis of turnover for the years ended 30 June 2014 and 2013 showing the relative importance of statutory audit work and the levels of non-audit services provided to audit and non-audit clients is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>%</th>
<th>2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory audit</td>
<td>125.1</td>
<td>24</td>
<td>116.8</td>
<td>25</td>
</tr>
<tr>
<td>Non-audit work to audit clients</td>
<td>48.5</td>
<td>10</td>
<td>48.3</td>
<td>10</td>
</tr>
<tr>
<td><strong>Sub-total audit clients</strong></td>
<td><strong>173.6</strong></td>
<td><strong>34</strong></td>
<td><strong>165.1</strong></td>
<td><strong>35</strong></td>
</tr>
<tr>
<td>Non-audit work to non-audit clients</td>
<td>338.7</td>
<td>66</td>
<td>306.1</td>
<td>65</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>512.3</strong></td>
<td><strong>100</strong></td>
<td><strong>471.2</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Voluntary Code of Practice on Disclosure of Audit Profitability

The Consultative Committee of Accountancy Bodies issued the Voluntary Code of Practice on Disclosure of Audit Profitability in March 2009. This sets out the recommended disclosures in respect of the profitability of statutory audits and directly related services (the reportable segment).

The turnover and operating profit of the firm’s statutory audit reportable segment calculated in accordance with the Voluntary Code are:

<table>
<thead>
<tr>
<th></th>
<th>2014 £ million</th>
<th>2013 £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>125.1</td>
<td>116.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>12.9</td>
<td>12.4</td>
</tr>
</tbody>
</table>

Audit services for this purpose includes any audit required by UK statute and required to be carried out in accordance with the International Standards on Auditing (UK and Ireland) along with other work that ‘fits naturally’ with the auditor’s statutory responsibilities.

Operating profit has been calculated after charging direct costs (eg employment costs) on an actual basis and allocating other overheads (eg property costs, IT costs) pro rata based on headcount or fees/turnover attributable to the reportable segment.

Members’ remuneration has not been charged in arriving at the operating profit, which is consistent with its treatment in our statutory financial statements.
Appendix 6: Partner remuneration

In accordance with the firm’s membership agreement and subject to the approval of the Partnership Oversight Board (POB), the Chief Executive Officer (CEO) determines the total amount of the firm’s annual audited profits to be allocated and distributed to partners (the profit pool).

Profits are primarily distributed in accordance with members’ profit sharing units, which are allocated depending on role, assessed ability and performance.

In addition, a significant percentage of the profit pool is allocated based on a balanced assessment of behavioural and operational metrics. This links performance to the firm’s strategy and achievement of its long-term goals. Partners are assessed individually against criteria which include:

- **operations and results**: demonstrating quality, delivering technical excellence and strong financial results
- **markets**: enhancement of the firm’s profile and reputation and demonstrable industry focus
- **people**: leadership in the development of colleagues
- **clients**: provision of exceptional client service and relationship management.

Behavioural patterns inconsistent with the firm’s values and the expected standards of behaviour set out in the Code of Conduct result in reduction of profit shares.

The remuneration framework of the CEO is determined by the Remuneration Committee, which is a subcommittee of POB, which also approves the CEO’s allocation of profit sharing units to other partners on the National Leadership Board.

The Remuneration Committee is also responsible for setting the basis and criteria against which the CEO is measured, including the setting of targets and assessment of actual achievements.

**Remuneration of audit personnel**

Audit partners and directors are quality graded by reference to the complexity, risk and quality of the work for which they are responsible, and taking into account a number of other criteria including the results of the monitoring reviews of the National Assurance Services team (both quarterly office audit quality measures and the National Audit Review process), the GTIL global audit review team, and by our regulators, attendance at all required audit technical update sessions and any technical roles that they perform on behalf of the firm. The quality grade which is awarded as a result of these assessments contributes towards the level of remuneration received by each audit partner and director.

Audit partners (and audit personnel) are not remunerated by reference to sales of non-audit services to their audit clients.
Appendix 7: Compliance map

These tables map the requirements of the Audit Firm Governance Code and the Audit Quality Framework to our Transparency Report.

### Audit Firm Governance Code

<table>
<thead>
<tr>
<th>Ref</th>
<th>Narrative</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1.2</td>
<td>The firm should state in its transparency report how its governance structures and management team operate, their duties and the types of decisions they take.</td>
<td>20-25</td>
</tr>
<tr>
<td>A.1.3</td>
<td>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 team, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details.</td>
<td>20-25, 52-54</td>
</tr>
<tr>
<td>C.2.1</td>
<td>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.</td>
<td>23-25</td>
</tr>
<tr>
<td>D.1.3</td>
<td>The firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest.</td>
<td>40-43</td>
</tr>
<tr>
<td>D.2.2</td>
<td>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.</td>
<td>55</td>
</tr>
<tr>
<td>D.2.3</td>
<td>In maintaining a sound system of internal control and risk management and in reviewing its effectiveness, the firm should use a recognised framework such as the Turnbull Guidance and disclose in its transparency report the framework it has used.</td>
<td>55</td>
</tr>
</tbody>
</table>

### Audit Quality Framework

<table>
<thead>
<tr>
<th>Ref</th>
<th>Narrative</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQF1</td>
<td>The culture within an audit firm</td>
<td>32-37</td>
</tr>
<tr>
<td>AQF2</td>
<td>The skills and personal qualities of audit partners and staff</td>
<td>14-15</td>
</tr>
<tr>
<td>AQF3</td>
<td>The effectiveness of the audit process</td>
<td>10-19</td>
</tr>
<tr>
<td>AQF4</td>
<td>The reliability and usefulness of audit reporting</td>
<td>13</td>
</tr>
<tr>
<td>AQF5</td>
<td>Factors outside the control of auditors affecting audit quality</td>
<td>13 and 19</td>
</tr>
</tbody>
</table>
Appendix 8: List of public interest entities

A list of our public interest entity audit clients in respect of which an audit report was signed on behalf of Grant Thornton UK LLP in the year ended 30 June 2014 is provided on our website.

Under the provisions of the Statutory Auditors (Transparency) Instrument 2008 issued by the former Professional Oversight Board of the Financial Reporting Council, ‘public interest entity’ means an issuer whose transferable securities are admitted to trading on a regulated market and the audit of which is a statutory audit within the meaning of section 1210 of the Companies Act 2006.

Other entities with transferable securities
In addition, a list of our audit clients with transferable securities which were traded on AIM or ISDX and other non-regulated markets in respect of which an audit report was signed on behalf of Grant Thornton UK LLP in the year ended 30 June 2014, can be found here.
How we live our values

**Collaboration:** Ask for help, give help
We work together well

**Leadership:** Have courage and inspire others
We challenge each other to be the best we can be

**Excellence:** Find a better way every time
We never get complacent

**Agility:** Think broadly, act quickly
We thrive in change

**Respect:** Listen and understand, be forthright
We create honest relationships

**Responsibility:** Use influence wisely
We own our actions