Grant Thornton

Grant Thornton UK LLP report and accounts

For the year ended 31 December 2022

Registered no. OC307742

March 2023

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Contents

Report to members

The Strategic Leadership Team presents their report together with the financial statements of Grant Thornton UK LLP (the LLP) and its subsidiary entities (together the Group) for the year ended 31 December 2022.

Structure

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

Principal activities

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

Governance

During the year ended 31 December 2022 the governance structure included:

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

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

Designated members

The designated members during the year ended 31 December 2022, and those who have been appointed or resigned subsequently, are as follows:

Strategic Leadership Team and current roles

Dave Dunckley	Chief Executive Officer
Malcolm Gomersall	Chief Operating Officer
Fiona Baldwin	Head of Audit
Darren Bear	Head of Insolvency, Forensics & Restructuring
Perry Burton	Head of People & Brand
Karen Campbell-Williams	Head of Tax
Robert Hannah	Head of Large Corporate & Government Advisory and International
Mo Merali (appointed 1 January 2023)	Head of Deals & Business Consulting
Mark Byers	Non-Executive

Dave Munton and Andrew Howie resigned as designated members on 30 June 2022 and 1 September 2022 respectively.

Members' capital, drawings and profit share

Members' capital forms part of the Group's financing. During the year capital requirements are determined from time to time by the CEO based on the short, medium and long-term needs of the Group. In 2022 there were two levels of capital contribution depending on the member's status although all members could, and often have, opted to contribute at the higher level. Whilst the Membership Agreement provides power to the CEO to repay a member's capital before retirement, such discretion is not exercised in practice. During 2022 an additional and optional class of members' capital was introduced which further strengthened the capital levels of the Group.

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

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

Financial performance

Net revenue grew by 12% in 2022 to £610m (2021: £543m) and all growth was like for like. All of the firm's service lines contributed to this growth with strong performances. Operating profit grew by 5% in 2022 to £124m (2021: £118m) underpinned by this strong revenue growth. The inflationary pressures in the wider economy have impacted our profitability during the year, and we continue to invest in services and ways of working that will ensure sustainable and profitable growth levels.

The average profit before tax per member calculated in accordance with IFRS for the year ended 31 December 2022 was £579,000 (2021: £611,000) – a decrease of 5%, which was as expected and reflects our ongoing investment in the growth of the business and our people.

Financial position

The Group's funding consists of members' capital and loans of £57m, net amounts due to members of £15m, a new £105m revolving credit facility (of which £82m was undrawn at 31 December 2022), and an overdraft facility of £15m (of which £15m was undrawn). We finished the year with a cash neutral position, a small reduction from 31 December 2021's net cash position of £8m.

In addition, the Group is funding a defined benefit pension scheme and separately a former members' retirement annuity scheme. The defined benefit pension scheme remains a large commitment for the Group but the net deficit has reduced from £53m at 31 December 2021 to £42m at 31 December 2022. This pension deficit is stated before any associated (unbooked) deferred tax assets, further detail is set out in Note 9.2. The former members' retirement annuity scheme obligation has reduced from £14.2m at 31 December 2021 to £10.5m at 31 December 2022, further detail is included in Note 20.

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

Environmental and sustainability

The Group is committed to acting as a responsible business, using our purpose as our guide - we do what's right, ahead of what's easy. Our focus has specifically been on our carbon footprint and our journey to Net Zero emissions. We have near-term targets validated by the Science Based Targets initiative (SBTi) and have submitted updated near-term targets and long-term Net Zero targets aligned with the SBTi Corporate Standard meaning reducing our emissions by 90% from our starting point to 2045. Once our new targets are validated, these will be shared both internally and externally.

During 2022 we have started working on implementing Task Force on Climate-related Financial Disclosures (TCFD) aligned requirements. We have refined our governance over ESG including climate and have agreed oversight of ESG including climate related issues at the highest level with our Partnership Governance Board. An Environmental Working Group has been set up to focus more specifically on the firm's environmental agenda. We intend to outline the governance structure in our future TCFD aligned reporting.

Throughout 2023 a specific working group will focus on ensuring that management of climate related risks and opportunities is embedded into our risk management processes.

We have already completed work to ensure we have transparency over our emissions data. Dashboards are helping us to easily visualise changes in emissions and support emissions reductions. We have identified our most significant areas of emissions and are currently working on reduction plans for these areas. Our full TCFD report will be published in our 2023 Annual report.

Our Energy and carbon report can be found on page 6.

Going concern

Details of the Group's financing arrangements are included in the Financial position section of the Report to members. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities and in compliance with all covenants for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Our performance in the 12 months to 31 December 2022 has seen us successfully grow our net income and improve gross margin while carefully managing our overheads through a period of significant inflation, which included investing in our people and giving two pay increases in the year. We have delivered another strong financial performance in 2022. As a result, profit before tax for the year to 31 December 2022 grew 5% on the year to 31 December 2021 which was, in turn, 37% up on year to 31 December 2020. We have continued to manage our working capital proactively. We have made hybrid working part of our normal working approach for our people throughout 2022 and we have ensured that they continue to be able to work safely and effectively. We continue to invest in supporting our people with their health and welfare.

Our strategic priorities continued to be relevant throughout 2022 and have driven our investment decisions to ensure we continue our growth in 2023 and beyond. We have fully assessed and modelled potential scenarios against a backdrop of uncertainty due to macro-economic uncertainties such as inflationary pressures arising from the cost-of-living crisis and the threat of an economic recession. Other relevant factors in previous years have been considered, but over time continue to have a lessening impact such as: the extent of the COVID-19 pandemic; the consequences of Brexit; and the consequences of the war in Ukraine. All of these uncertainties have been considered in our forecasts and through a range of downside scenarios. In preparing our forecasts the following key assumptions were used; a reduction in activity and working capital constraints as a result of an economic downturn, increasing external costs driven by a combination of market conditions and general inflation. A combination of all scenarios has formed the basis of our reverse stress-testing.

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

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

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

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

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

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

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

The members are responsible for:

- keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied by LLPs;
- maintenance and integrity of the corporate and financial information included on the firm's website; and
- safeguarding the assets of the LLP and the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Auditor

Under section 487 of the Companies Act 2006 as applicable by LLPs, Crowe U.K. LLP, will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

The members' responsibilities set out above are discharged by the Designated Members on behalf of the members. Signed on behalf of the members on 30 March 2023:

Malcolm Gomersall

Dave Dunckley
Chief Executive Officer

Malcolm Gomersall
Chief Operating Officer

Energy and carbon report

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the members present their Energy and carbon report for Grant Thornton UK LLP for the financial year ended 31 December 2022.

Quantification and reporting methodology

We follow the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard to the extent it is needed to fulfil SECR (Streamlined Energy and Carbon Reporting) requirements, and use factors issued annually by the Department for Energy Security and Net Zero (DESN), to calculate emissions. Our policy is to use an operational control boundary. We have excluded non-UK based subsidiaries and five (2021: six) UK offices on materiality grounds. In total these exclusions make up less than 5% of the total kWh for the Group, as well as Scope 2 emissions from electric vehicles and district heating as they are not considered material. Errors noted in the prior year data which are greater than 5% have been adjusted for. We have updated conversion factors where necessary but with no material impact.

Where electricity and gas usage data are unavailable for the reporting period, missing data has been estimated by extrapolating known data from across other Grant Thornton offices.

For market-based electricity carbon emissions reporting, renewable electricity tariffs have been accounted for as zero emissions. Sites where we are responsible for the energy contracts are on 100% renewable energy tariffs. For other sites they have been classed as 100% renewable electricity in 2022 if we have either a REGO certificate or confirmation of supplier and fuel mix confirming 100% renewable sources. Managed sites where the fuel mix is unknown or unconfirmed have been accounted for using the residual fuel mix for the UK as found on the Association of Issuing Bodies (AIB) database.

Business travel is calculated using primary data from our travel booking system and travel claimed through expenses and converted to kWh using BEIS conversion factors, using specific factors where car type is known and the BEIS conversion factor for 'average car unknown fuel' where car type is not known. Spend data for taxi and tube travel is based on a conversion rate from £GBP to km using data from our travel booking system.

For the location-based total, 11% of data (2021: 22%) is estimated and for the market-based total, 12% of data (2021: 32%) is estimated.

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

The turnover used to calculate intensity ratio is the Group's turnover arising from UK only entities. The intensity ratio calculated uses full time equivalents (FTE) rather than average number of employees. This includes members, employees and people from our Agile Talent community.

Emissions

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

Due to the global pandemic our emissions in 2021 from energy consumption and travel were low due to low occupancy of our offices and travel restrictions. As we moved to a hybrid way of working in 2022 including the recovery of international travel, emissions from travel have increased but flight emissions are still less than half of pre-Covid levels and we continually monitor our necessity to fly on a case-by-case basis.

Gas usage has decreased due to changes in our property portfolio away from offices heated by gas. Electricity consumption has increased as expected, driven by higher office occupancy. However, Scope 2 location-based emissions have decreased, despite an increase in the overall usage, due to a lower DESN emissions factor meaning a grid average reduction. We have not included emissions from employees working from home in our reporting.

Energy and carbon report
For the year ended 31 December 2022

Emissions source	Type	31 December 2022	31 December 2021 (restated)
Energy consumption (kWh)	Natural gas and biogas	2,702,367	3,061,994
	Transport fuel*	1,662,841	641,408
	Other energy sources	250,841	260,033
	Purchased electricity	5,048,420	4,896,176
Total energy usage (kWh)		9,664,469	8,859,611

Emissions source	Type	31 December 2022	31 December 2021 (restated)
Scope 1 (tCO2e)	Natural gas	494	561
	Owned/leased vehicles	38	18
	Other fuels	41	64
Total - Scope 1 (tCO2e)		573	643
Scope 2 (tCO2e)	Electricity - (location-based)	976	1,040
	Electricity - (market-based)	173	371
Total - Scope 2 (location-based) (tCO2e)		976	1,040
Scope 3 (tCO2e)	Air	1,970	483
	Rail	191	50
	Road transport	410	149
	Upstream T&D losses and excavation and transport of fuels	822	605
Total - Scope 3 (location-based) (tCO2e)		3,393	1,287
Total - Scopes 1, 2 & 3 (location-based) (tCO2e)		4,942	2,970
Intensity ratio (location-based)	tCO2e per Employee (FTE)	0.92	0.58
	tCO2e per £m of turnover	7.77	5.30
Total - Scopes 1,2 & 3 (market-based) (tCO2e)		4,139	2,301
Intensity ratio (market-based)	tCO2e per Employee (FTE)	0.77	0.45
	tCO2e per £m of turnover	6.51	4.11

* Transport fuel kWh includes energy from both owned/ leased vehicles in Scope 1 and business travel in Scope 3.

Progress during 2022

We have made progress across a wide range of areas during 2022, including but certainly not limited to:

- Our environmental management system across the UK is UKAS certified to ISO 14001 and we procure certified 100% renewable electricity for all of the sites where we are in control of the supply.
- We have signed the lease on our new London head office with vastly improved sustainability credentials compared with our current London property which is the primary location of over 40% of our employees.
- We have submitted plans to Science Based Targets initiative (SBTi) for long and updated near-term carbon reduction targets to be validated with a revised baseline of 2019 to ensure we contribute to achieving the Intergovernmental Panel on Climate Change recommended goal of limiting global warming to 1.5 degrees. As part of our updated near-term SBTi targets we will aim to further reduce our scope 1 and 2 emissions from natural gas, owned/leased vehicles, other fuels and electricity.
- We have built awareness amongst our people of the impact of their decisions on our journey to net zero by holding firm wide engagement sessions and consulted with our people on our environmental strategy.

The Energy and carbon report was authorised for issue and signed on behalf of the members of Grant Thornton UK LLP (a complete list of the members can be found on the Companies House register) on 30 March 2023:

Malcolm Gomersall

Dave Dunckley

Chief Executive Officer

Malcolm Gomersall

Chief Operating Officer

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

Opinion

We have audited the financial statements of Grant Thornton UK LLP (the "LLP") and its subsidiaries (together the "Group") for the year ended 31 December 2022, which comprise:

- the Consolidated statement of comprehensive income for the year ended 31 December 2022;
- the Consolidated and LLP statements of financial position as at 31 December 2022;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and LLP statements of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the LLP's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the LLP financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the Group and the LLP financial statements have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the members' assessment of the Group's and LLP's ability to continue to adopt the going concern basis of accounting included:

- assessing the adequacy of the model used by management to assess going concern;

- considering the key assumptions inherent within the model and management's sensitivity analysis including the severe but plausible downside scenarios;
- using our knowledge of the sector and current economic conditions to consider whether management's assumptions were reasonable and appropriate;
- understanding the Group's financing requirements and comparing these to committed facilities and the capital provided by members; and
- considering the adequacy and appropriateness of the disclosures within the financial statements.

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

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

Overview of our audit approach

Overview of the scope of the audit

Our audit comprised an audit of the LLP and its significant subsidiary undertakings, where we are also appointed as statutory auditor. 99% of Group revenue and 97% of Group total assets were covered by these audits, all of which were performed by the Group audit team and, given the centralised nature of the financial management of the Group, were all performed within the UK.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £6.5m. In making this assessment we have given specific focus and weighting to the benchmarks in respect of revenue (1%) and profit before tax (5%). Materiality for the LLP financial statements as a whole was set at £5.8m based on similar benchmarks.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £4.6m for the Group and £4.1m for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions.

We agreed with the Risk & Audit Committee to report to it all identified errors in excess of £0.3m. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Key Audit Matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition and the valuation of contract assets *Accounting policy, note 1.3* *Significant judgements, note 2.1* *Significant accounting estimates, note 2.2* *Trade and other receivables, notes 3 and 17*	
The Group generates revenue from the provision of professional services across its main business streams that include Audit, Deals and Business Consulting, Large and Complex Advisory engagements and Tax. There may be significant judgements and estimates required in determining the appropriate level of income to be recognised from large and complex engagements such as insolvency matters and other engagements where the level of fee may be dependent on the achievement of certain outcomes.	We reviewed the revenue recognition policies adopted for different services and contract types to ensure it complied with the requirements of IFRS 15 and tested the application of the policy We selected a sample of contracts, focussing on those which we considered to be of higher risk given their nature and terms. We sent questionnaires to engagement leaders to understand and challenge key estimates, such as forecast fees for the engagement, stage of completion, estimated time to complete and other areas of judgement required in the valuation of the contract asset. We performed work, including using data analytics, to ensure the completeness and accuracy of time-recording and WIP through to revenue and tested the standard cost model used for the estimation of stage of completion for fixed fee assignments. Our significant judgements included the appropriateness of the accounting policies applied to the various revenue streams and the appropriateness of fee estimates relating to certain complex assignments.
Provisions for claims and regulatory matters *Accounting policy, note 1.6* *Significant accounting estimates, note 2.2* *Provisions, note 20*	
The Group may be subject to claims through litigation or regulatory proceedings which have the potential for a significant financial impact. Whether a matter requires provision is a matter of significant judgement particularly in terms of whether or not it is probable that claims will result in a settlement. In the case that a provision is required, there can be considerable estimation uncertainty in determining the provision required which may impact the quantification of applicable insurance receivables.	We confirmed the insurance arrangements in place both through the Group's captive insurance company and the external market. We met with a senior member of the Group's internal legal team to understand the nature and circumstances around ongoing matters and considered whether this was consistent with other information including that which is publicly available. We challenged management around the basis of calculation of provisions including the approach to the determination of the potential likelihood and assessment of loss. Our significant judgements included the appropriateness of the basis of estimation for potential claims and regulatory matters that have not yet concluded.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of liabilities in the defined benefit pension scheme and the retirement annuities to former members' *Accounting policy, note 1.5* *Significant accounting estimates, note 2.2* *Pensions and other employee obligations, note 9.2* *Provisions, note 20* The valuation of these liabilities requires judgement in terms of the assumption bases to be applied and there is estimation uncertainty in terms of the appropriate measure applied to each assumption at the year-end date. Significant assumptions that impact the valuations include mortality, discount rate and inflation rate. The valuation of the liabilities requires expertise that is provided by the Group's internal actuarial team	We assessed the expertise and objectivity of the Group's internal expert and have used our own internal actuarial expert to review and challenge the valuation reports produced. We tested other relevant inputs for the valuation of the liabilities such as membership data, contributions paid (for the pension scheme) and benefits paid. We reviewed the disclosures and presentation within the financial statements to ensure that these are accurate and appropriate. Our significant judgements included the appropriateness of the assumptions used, particularly that relating to the discount rate.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of members

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We obtained an understanding of the legal and regulatory framework within which the Group operates, focussing on those laws and regulations that have a direct impact on the determination of material amounts and disclosures in the financial statements. The laws and regulations considered in this context were the Companies Act 2006, as applied to limited liability partnerships, taxation legislation and regulations connected with the Group's activities as a provider of professional services such as those issued by the Institute of Chartered Accountants in England and Wales, the Financial Reporting Council and the Financial Conduct Authority.

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

Our audit procedures to respond to those risks included:

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

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

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

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

Use of our report

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

Steve Gale.

Steve Gale
(Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

30 March 2023

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2022 £'000	2021 £'000
Revenue	3	647,815	570,272
Client expenses and disbursements		(37,441)	(27,050)
Net revenue		**610,374**	**543,222**
Other operating income	4	994	1,019
Operating expenses	5	(487,364)	(426,375)
Operating profit		**124,004**	**117,866**
Share of profit from equity accounted investments	16	89	543
Finance costs	6	(3,387)	(3,086)
Finance income	6	541	470
Profit before tax		**121,247**	**115,793**
Taxation charge for the year	7	(4,678)	(3,795)
Profit for the year before members' remuneration		**116,569**	**111,998**
Members' remuneration charged as an expense	8	(15,837)	(12,657)
Profit for the year available for discretionary division among members		**100,732**	**99,341**
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement (losses)/gains on the defined benefit obligations	9.2	(4,244)	33,169
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income/(expense) of joint ventures accounted for using equity method	16	444	(289)
Exchange differences on translating foreign operations		624	(68)
Other comprehensive (expense)/income for the year		(3,176)	32,812
Total comprehensive income for the year		**97,556**	**132,153**

Consolidated statement of financial position

as at 31 December 2022

ASSETS	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	10	12,509	12,851
Other intangible assets	11	5,765	7,415
Property, plant and equipment	12	11,006	11,935
Right-of-use assets	13	35,088	41,907
Right-of-use assets held as investment property	14	281	945
Other long-term financial assets	19.1	4,070	2,227
Investments accounted for using the equity method	16	2,787	1,962
Trade and other receivables	17	12,149	9,700
Total non-current assets		83,655	88,942
Current assets			
Trade and other receivables	17	240,966	283,465
Restricted fixed-term call deposits	19.1	8,972	10,880
Cash and cash equivalents	18	22,649	28,046
Total current assets		272,587	322,391
Total assets		356,242	411,333

LIABILITIES	Note	2022 £'000	2021 £'000
Non-current liabilities			
Loans and other debts due to members after more than one year	8	6,271	-
Pensions	9.2	41,976	52,882
Lease liabilities	13	24,896	30,256
Provisions	20	35,556	49,633
Total non-current liabilities		108,699	132,771

Consolidated statement of financial position (continued)

as at 31 December 2022

LIABILITIES (continued)	Note	2022 £'000	2021 £'000
Current liabilities			
Loans and other debts due to members within one year			
Members' capital classified as a liability	8	50,375	46,450
Other amounts due to members	8	28,018	24,627
		78,393	71,077
Other current liabilities			
Borrowings	19.2	23,000	20,000
Trade and other payables	21	101,795	136,843
Lease liabilities	13	10,100	11,421
Provisions	20	1,632	1,958
Current tax liabilities		217	164
Total current liabilities		215,137	241,463
Total liabilities		323,836	374,234
Net assets		32,406	37,099

EQUITY	Note	2022 £'000	2021 £'000
Equity			
Members' other interests – other reserves classified as equity	8	30,037	35,798
Translation reserve	8	2,369	1,301
Total equity		32,406	37,099

The financial statements of Grant Thornton UK LLP (Registered no. OC307742) on pages 15 to 70 were approved and authorised for issue on 30 March 2023 by the Designated Members of Grant Thornton UK LLP and were signed on their behalf by:

Dave Dunckley
Chief Executive Officer

Malcolm Gomersall
Chief Operating Officer

Consolidated statement of changes in equity

for the year ended 31 December

	Note	Revaluation reserve £'000	Translation reserve £'000	Other reserves £'000	Total equity £'000
Balance as at 1 January 2022	8	-	1,301	35,798	37,099
Allocated profits in respect of the prior year	8	-	-	(102,675)	(102,675)
Tax adjustments on payment of annuities to former members		-	-	426	426
Transactions with members and former members		-	-	(102,249)	(102,249)
Profit for the financial year available for discretionary division among members		-	-	100,732	100,732
Other comprehensive income/(expense)		-	1,068	(4,244)	(3,176)
Total comprehensive income for the year		-	1,068	96,488	97,556
Balance as at 31 December 2022	8	-	2,369	30,037	32,406

	Note	Revaluation reserve £'000	Translation reserve £'000	Other reserves £'000	Total equity £'000
Balance as at 1 January 2021	8	(318)	1,658	(39,365)	(38,025)
Allocated profits in respect of the prior year		-	-	(57,529)	(57,529)
Tax adjustments on payment of annuities to former members		-	-	500	500
Transactions with members and former members		-	-	(57,029)	(57,029)
Profit for the financial year available for discretionary division among members		-	-	99,341	99,341
Other comprehensive (expense)/income		-	(357)	33,169	32,812
Reclassification of revaluation reserve to other reserves		318	-	(318)	-
Total comprehensive income/(expense) for the year		318	(357)	132,192	132,153
Balance as at 31 December 2021	8	-	1,301	35,798	37,099

Consolidated statement of cash flows

for the year ended 31 December

	Note	2022 £'000	2021 £'000
Operating activities			
Profit for the year for discretionary division among members		100,732	99,341
Members' remuneration charged as an expense	8	15,837	12,657
Taxation	7	4,678	3,795
Non-cash adjustments	22	22,130	21,776
Contributions to defined benefit plans	9.2	(16,003)	(15,102)
Net changes in working capital	22	1,483	(9,146)
Net cash from operating activities before tax paid		128,857	113,321
Taxes paid		(4,625)	(5,512)
Net cash from operating activities		**124,232**	**107,809**
Investing activities			
Purchase of property, plant and equipment		(2,112)	(2,204)
Proceeds from disposal of property, plant and equipment		862	447
Purchase of other intangible assets	11	(39)	(992)
Proceeds from discontinued operation		-	3,184
Acquisition of other long-term assets		(1,669)	(1,892)
Acquisition of investments accounted for using the equity method	16	(160)	(381)
Purchase of restricted fixed-term call deposits		(8,972)	(10,880)
Proceeds on maturity of restricted fixed-term call deposits		10,880	5,207
Interest received	6	541	470
Net cash used in investing activities		**(669)**	**(7,041)**

Consolidated statement of cash flows (continued)

for the year ended 31 December

	Note	2022 £'000	2021 £'000
Financing activities			
Proceeds from borrowings	23	23,000	20,000
Repayments of borrowings	23	(20,000)	(36,000)
Repayments of lease liabilities	13	(12,251)	(13,695)
Interest paid	22	(2,534)	(1,884)
Payments to members	23	(120,447)	(63,950)
Capital contribution by members	8	13,546	8,600
Annuity payments to former members		(1,698)	(2,007)
Repayments to former members	23	(8,944)	(8,012)
Net cash used in financing activities		(129,328)	(96,948)
Net change in cash and cash equivalents		(5,765)	3,820
Cash and cash equivalents, beginning of year	18	28,046	24,190
Exchange differences on cash and cash equivalents		368	36
Cash and cash equivalents, end of year	18	22,649	28,046

Notes to the consolidated financial statements

1 Accounting policies

1.1 Basis of preparation

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

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

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

Consolidation

The Group financial statements consolidate those of the LLP and all entities over which the LLP has control as at 31 December 2022. All Group entities have a reporting date of 31 December.

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

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

Foreign currency considerations

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

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

Foreign currency transactions and balances

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

Going concern

At 31 December 2022, the Group's financing arrangements consisted of a revolving credit facility of £105m (of which £82m was undrawn) which expires in August 2027, an overdraft facility of £15m (of which £15m was undrawn), along with members' capital and loans of £57m and net amounts due to members of £15m. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities and in compliance with all covenants for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements. Further detail is provided in the Report to members.

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

1.2 Changes in accounting policies

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

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

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the UK Endorsement Board. No Standards or amendments to existing Standards have been adopted early by the Group.

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

1.3 Revenue recognition

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

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

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

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

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

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

Performance obligations

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

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

Transaction price

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

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

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

Approach

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

Revenue from a contract to provide services, which is typically recognised over time, is recognised by reference to the stage of completion of the contract based upon the input method. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

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

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

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

1.4 Short-term employee benefits

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

1.5 Defined benefit pension

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

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

The defined benefit obligation of the ongoing plan is measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method. This method is an accrued benefits valuation method which makes allowance for projected earnings of members in the future up to retirement. These calculations are performed annually by qualified actuaries and involve many judgements and estimates, the main assumptions are set out in Note 9.2 along with an indication of sensitivity of the principal assumptions. Movements in assumptions during the period are called 'remeasurement gains and losses' and these are recognised in the period in which they arise through other comprehensive income.

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

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

1.6 Provisions

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

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

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

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

1.7 Goodwill

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

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

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

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

1.8 Investments

Investments in joint ventures and associates are accounted for using the equity method. The investment is initially recognised at cost and the carrying value adjusted to recognise the Group's share of the profit or loss of the jointly controlled entity or associate after the date of acquisition. The Group's share of profit or loss is recognised in the income statement with a corresponding adjustment to the carrying value of the investment. Further details relating to each of these investments are contained in Notes 15 and 16.

1.9 Intangible assets

Initial recognition of other intangible assets

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

- The development costs can be measured reliably;
- The project is technically and commercially feasible;
- The Group intends to and has sufficient resources to complete the project;
- The Group has the ability to use or sell the other intangible asset; and
- The project will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on the other intangible asset development along with an appropriate portion of relevant overheads.

Amortisation

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

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

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

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

Subsequent measurement

Subsequent expenditure on the maintenance is expensed as incurred.

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

1.10 Property, plant and equipment

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

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

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

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

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

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

The following useful lives are applied:

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

1.11 Leases

Leased assets

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

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

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

Right-of-use assets held as investment property

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

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

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

1.12 Restricted fixed-term call deposits

The restricted fixed-term call deposits have an initial term of more than three months which cannot be withdrawn without penalty. The deposits are restricted as these investments are for insurance purposes only.

1.13 Members' interests

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

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

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

The LLP does not finalise the division of profits amongst members until after the financial statements have been finalised and approved by the members. As a result, the remainder of profits which have not been divided and allocated, and are available for discretionary allocation, are included within other reserves in equity at the statement of financial position date.

Other equity reserves

Other components of equity include the following:

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

1.14 Financial instruments

Recognition and derecognition

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

Classification and initial measurement of financial assets

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

Financial assets, are classified into the following categories:

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

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

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

The classification is determined by both:

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

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

Financial assets at amortised cost

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

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

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

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

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

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

Impairment of financial assets

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

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

In applying this approach, a distinction is made between:

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

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

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

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

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

The definition of default is when a client or member or other party are unable to pay the amounts due based on internal credit risk management procedures and information.

Trade and other receivables and contract assets

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

Other receivables

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

Amounts due from members

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

Classification and measurement of financial liabilities

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

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

Fair values

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

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

FVTPL includes other receivables measured at fair value using unobservable inputs (Level 3), comprising debt investments in certain Grant Thornton global network of firms, litigation funding balances and equity investments.

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

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

Measurement of fair value of financial instruments

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

1.15 Tax

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

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

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

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

2 Significant management judgements or estimates

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

2.1 Significant judgements

Revenue recognition

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

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

2.2 Significant accounting estimates

Revenue recognition

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

Estimates are updated at each reporting date, including the application of any constraint in respect of variable consideration until uncertainty is resolved. Any resulting increases or decreases in estimated revenues or costs are reflected in the Group's statement of comprehensive income in the period in which the circumstances arose.

The carrying gross value of contract assets recognised is £112.7m (2021: £117.7m). A 5% movement in contract assets would result in a £5.6m (2021: £5.9m) change in revenue.

Claims provision

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

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

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

The firm insures itself against professional negligence claims though policies underwritten by its captive insurance subsidiary and by the external insurance market. All claims are subject to a policy excess (also referred to a self-insured deductible amount) which is borne by the Group. Further details in respect of the degree of estimation uncertainty can be found in Note 20.

Defined benefit pension scheme

The Group's obligation involves estimating the amount of future retirement benefits that eligible scheme members have earned in return for their service. These calculations are performed annually by qualified actuaries and involve many assumptions and estimates. The assumptions are set out in detail in Note 9.2, including sensitivity analysis on the three most critical estimates.

3 Revenue

3.1 Disaggregation of revenue

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

Year ended 31 December 2022	United Kingdom £'000	Rest of Europe £'000	Rest of World £'000	Total £'000
Audit	177,638	3,649	3,268	184,555
Deals & Business Consulting - Advisory	143,095	9,382	10,564	163,041
Large & Complex - Advisory	158,223	20,491	23,217	201,931
Tax	83,301	8,692	6,295	98,288
	562,257	42,214	43,344	647,815

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

Included within the Large & Complex and Deals & Business Consulting service lines is £16.9m (2021: £14.5m) of tax related services. Included within the Deals & Business Consulting service line is £41.5m (2021: £45.3m) of revenue recognised at a point in time. The remainder of revenue in this and the other service lines is recognised over time.

3.2 Contract balances

Revenue of £23.6m (2021: £28.1m) has been recognised during the current financial year that was included in the contract liability balance as of 31 December 2021.

The Group has applied the practical expedient in IFRS 15 not to disclose information in respect of partially completed contracts where the period of the contract is one year or less. The expected credit losses are detailed in Note 19.3.

As at 31 December 2022 there are no (2021: none) material contract costs that have been capitalised.

The Group's contract related balances are detailed in Notes 17 and 21.

4 Other operating income

	2022 £'000	2021 £'000
Other operating income		
Property sub-let income	819	908
Commissions	51	104
Other	124	7
Total other operating income	994	1,019

5 Operating expenses

	2022 £'000	2021 £'000
Cost of services rendered		
Employment and related costs of fee earners	278,778	242,529
Other cost of services rendered - contractor costs	31,282	25,353
Other cost of services rendered	3,245	1,945
Total cost of services rendered	313,305	269,827
Other operating costs		
Employment and related costs of non-fee earners	68,787	60,335
Premises costs - including property service charges and lease-related expenditure	12,999	11,968
Technology and other equipment	16,761	15,296
Depreciation, amortisation and impairment of non-financial assets	18,881	19,968
Loss/(profit) on disposal of non-financial assets	87	(217)
Other operating costs	56,544	49,198
Total other operating costs	174,059	156,548
Total operating expenses	**487,364**	**426,375**

Operating expenses are stated after charging:

	2022 £'000	2021 £'000
Auditor's remuneration (including disbursements)		
Audit services - Group and LLP	190	187
Other services - subsidiary LLP and company audits	50	55

6 Finance costs and finance income

Finance costs for the reporting periods consisting of the following:

	2022 £'000	2021 £'000
Interest expense for borrowings at amortised cost:		
Bank loans	1,324	766
Other borrowing at amortised cost	12	5
	1,336	771
Lease finance costs and unwinding of discounting relating to dilapidations provision	994	1,022
Net interest expense on net defined benefit liability	853	1,202
Unwinding of the discount relating to former member annuity provisions	204	91
	2,051	2,315
Finance costs	3,387	3,086

Finance income for the reporting periods consists of the following:

	2022 £'000	2021 £'000
Other interest income	541	470

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

7 Tax expenses

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

	2022 £'000	2021 £'000
Profits on ordinary activities before tax	121,247	115,793
Profits of LLPs not subject to corporation tax	(74,916)	(76,647)
	46,331	39,146
Domestic tax rate	19.00%	19.00%
Expected tax expense	8,803	7,438
Profits taxed at zero percent or exempt from tax	(1,191)	(720)
Pension cost charge less than pension cost relief	(2,878)	(2,641)
Over provision in current/prior years	(56)	(282)
Total tax expense	**4,678**	**3,795**

8 Members' interests

	Revaluation reserve	Translation reserve	Other reserves	Total members' other interests	Loans and other debts due to/(from) members	Total members' interests
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2022	-	1,301	35,798	37,099	65,154	102,253
Members' remuneration charged as an expense	-	-	-	-	15,837	15,837
Profit for the financial year available for discretionary division among members	-	-	100,732	100,732	-	100,732
Members' interests after profit for the year	-	1,301	136,530	137,831	80,991	218,822
Allocated profits in respect of the prior year	-	-	(102,675)	(102,675)	102,675	-
Tax adjustments on payment of annuities to former members	-	-	426	426	-	426
Members' capital introduced	-	-	-	-	13,546	13,546
Other amounts withdrawn by members	-	-	-	-	(405)	(405)
Drawings (including tax payments)	-	-	-	-	(118,071)	(118,071)
Transfer of capital to former members' balances	-	-	-	-	(3,350)	(3,350)
Transfer of other amounts to former members' balances	-	-	-	-	(3,732)	(3,732)
Pension scheme actuarial gain	-	-	(4,244)	(4,244)	-	(4,244)
Share of other comprehensive income of joint ventures accounted for using equity method	-	444	-	444	-	444
Exchange differences on translation of foreign operations	-	624	-	624	-	624
As at 31 December 2022	-	2,369	30,037	32,406	71,654	104,060

Members' interests (continued)

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

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

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

The loans and other debts due to or from members included in the statement of financial position can be analysed as follows:

	2022 £'000	2021 £'000
Loans and other debts due to members in more than one year	6,271	-
Members' capital classified as a liability	50,375	46,450
Amounts due to members – profits	28,018	24,627
Loans and other debts due to members	84,664	71,077
Amounts due from members included in trade and other receivables	(13,010)	(5,923)
	71,654	**65,154**

Loans and other debts due to members in more than one year includes an optional class of members' capital which is repayable upon request with no less than 12 months notice.

Profits are shared among members in accordance with agreed profit-sharing arrangements. The average profit per member for the current year totalled £579,000 (2021: £611,000). The average profit per member is calculated by dividing the profit for the financial year before members' remuneration, tax and profit shares by the average number of full-time equivalent members. The profit attributable to the member with the largest entitlement was £2.4m (2021: £2.8m) and to the partnership's key management was £10.3m (2021: £12.4m). The Designated Members, as members of the LLP, are the key management personnel and only receive allocation of profits as compensation.

9 Employee remuneration

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

	2022 £'000	2021 £'000
Salaries	280,476	247,326
Social security costs	31,415	26,206
Pensions	16,833	15,092
	328,724	288,624

9.1 Member and employee numbers

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

	2022	2021
Members (of whom 75 are entitled to a fixed amount of profit share – 2021: 57)	212	190
Employees		
Fee earning	4,003	3,563
Non-fee earning	1,101	1,139
Total employees	**5,104**	**4,702**
Total members and employees	**5,316**	**4,892**

9.2 Pensions and other employee obligations

The liabilities recognised for pensions and other employee remuneration are:

	2022 £'000	2021 £'000
Non-current:		
Defined benefit liability (net)	41,976	52,882
Former members annuities (Note 20)	10,465	14,200
	52,441	67,082
Current:		
Other short term employee obligations*	3,724	2,977

*Included within accruals in trade and other payables in Note 21.

Defined contribution plans

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

The Group's obligation to make fixed contributions to the defined contribution plans is recognised as an operating expense in the statement of comprehensive income as the services are received from the scheme members. For 2022 total contributions in respect of such plans recognised as an expense were £16.8m (2021: £15.1m).

Defined benefit plan

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

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

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

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

Defined benefit obligation

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

	2022 £'000	2021 £'000
Defined benefit obligation as at 1 January	457,521	472,551
Interest expense	8,534	6,038
Remeasurements – actuarial (gains)/losses from changes in demographic assumptions	(196)	15,478
Remeasurements – actuarial gains from changes in financial assumptions	(160,697)	(30,193)
Remeasurements - actuarial losses from experience	11,698	9,945
Benefits paid	(16,839)	(16,298)
Defined benefit obligation as at 31 December	**300,021**	**457,521**

Plan assets

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

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

The actual return on plan assets including interest income was a loss of £145.8m in 2022 (2021: gain of £33.2m).

	2022 £'000	2021 £'000
Fair value of plan assets as at 1 January	404,639	372,600
Interest income	7,681	4,836
(Loss)/return on scheme assets excluding amounts included in interest income	(153,439)	28,399
Employer contributions	16,003	15,102
Benefits paid	(16,839)	(16,298)
Fair value of plan assets as at 31 December	**258,045**	**404,639**

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

Total plan assets	2022 £'000	2021 £'000
Equities	52,179	106,670
Bonds and liability driven investments	130,616	191,249
Alternative investments	50,484	88,560
Cash	12,420	2,396
Buy in policy*	12,346	15,764
	258,045	404,639

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

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

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

Significant actuarial assumptions

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

	2022 %	2021 %
Rate of revaluation of accrued and deferred pensions	2.30	2.55
Rate of increase in pensions in payment – pre 1 July 2006	2.95	3.20
Rate of increase in pensions in payment – post 30 June 2006	2.05	2.10
Discount rate	4.75	1.90
Retail price inflation	3.05	3.45
Consumer price inflation	2.30	2.55
Mortality assumption	100% S3PA*	100% S3PA*

**Mortality rates were assumed to follow the 100% S3PA (2021: 100% S3PA), incorporating the CMI_2021 (2021: CMI_2019) projections with a long-term rate of improvement of 1.25% (2021: 1.25%) per annum for past and future years.*

Life expectancy	2022	2021
Male - Currently aged 65	87.0	87.1
Male - Aged 65 in 20 years	88.3	88.5
Female - Currently aged 65	89.4	89.4
Female - Aged 65 in 20 years	90.8	90.9

Changes in the significant actuarial assumptions

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

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

	Impact on plan liability increase £'000
1.0% decrease to discount rate	40,963
1.0% increase to inflation	26,107
One year increase to life expectancy	10,501

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

Defined benefit plan expenses

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

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

	2022 £'000	2021 £'000
Net interest expense	853	1,202
Total expenses recognised in income statement	853	1,202

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

	2022 £'000	2021 £'000
Actuarial gain/(loss) - changes in demographic assumptions	196	(15,478)
Actuarial gain - changes in financial assumptions	160,697	30,193
Actuarial loss - experience	(11,698)	(9,945)
(Loss)/return on assets excluding amounts included in interest income	(153,439)	28,399
Total recognised in other comprehensive (expense)/income	(4,244)	33,169

Other defined benefit plan information

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

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

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

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

The duration of the Fund liabilities is around 14 years (2021: 17 years).

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

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

Pension ageing

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

Defined benefit pensions future funding obligations

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

As a result of the actuarial deficit as at 30 June 2020 the Group agreed to a Recovery plan to eliminate the deficit by 31 December 2026 by increasing annual contributions to £8.5m per annum from 1 October 2021 to 28 February 2027. In addition lump sum contributions totalling of £15m prior to 31 January 2022 have been made. This recovery plan shortened the recovery period compared to the previous plan by 2 years.

10 Goodwill

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

	2022 £'000	2021 £'000
Gross carrying amount		
Balance as at 1 January	12,851	13,009
Impairment	(458)	-
Exchange differences	116	(158)
Balance as at 31 December	**12,509**	**12,851**

£0.5m of goodwill has been impaired in the year (2021: £nil) in relation to a previous acquisition and a service we no longer offer.

The recoverable amount for goodwill has been determined based on value in use. Value in use reflects the present value of future cash flows based on one-year budgeted cash flows. Terminal value cash flows calculations for the periods beyond existing one-year budgets have been extrapolated using a 1.9% external long-term growth rate (2021: 1.7%). Cash flow scenarios with nil growth show no indication of impairment.

The same discount rate has been used for all CGUs based on our assessments that the risks of all the CGUs are consistent with risks of the Group. A post-tax discount rate has been estimated based on a weighted average cost of capital that has been prepared on a market participant basis utilising market information for companies with comparable operations to the Group. The post-tax discount rate has then been converted into a pre-tax discount rate after making an adjustment for the effective tax rate of the Group and the expected long-term growth rate for the Group as at 31 December 2022. The pre-tax discount rate applied against the anticipated future cash flows is 11.2% (2021: 9.3%). The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data being entities which are engaged in comparable activities as the firm. Research is used from a variety of third-party survey and credit rating agency sources.

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

Growth rates

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

Cash flow assumptions

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

Discount rates

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

Sensitivity analysis

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

Cash Generating Units (CGU)

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

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

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

	2022 £'000	2021 £'000
Robson Rhodes	9,520	9,404
Other	2,989	3,447
	12,509	12,851

11 Other intangible assets

	Software £'000	Assets under development £'000	Total £'000
Gross carrying amount			
Balance as at 1 January 2022	18,633	274	18,907
Additions	-	39	39
Transfers	172	(172)	-
Disposals	(362)	-	(362)
Balance as at 31 December 2022	18,443	141	18,584
Amortisation and impairment			
Balance as at 1 January 2022	11,492	-	11,492
Amortisation	1,689	-	1,689
Disposals	(362)	-	(362)
Balance as at 31 December 2022	12,819	-	12,819
Carrying amount as at 31 December 2022	**5,624**	**141**	**5,765**

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

12 Property, plant and equipment

	Leasehold property improvements £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance as at 1 January 2022	17,284	5,584	1,145	5,663	1,327	31,003
Additions	53	47	172	1,970	1,840	4,082
Transfer	1,900	686	376	-	(2,962)	-
Disposals	(6,152)	(1,910)	(966)	(1,175)	-	(10,203)
Net exchange differences	43	18	4	-	-	65
Balance as at 31 December 2022	13,128	4,425	731	6,458	205	24,947
Depreciation and impairment						
Balance as at 1 January 2022	11,881	3,981	855	2,351	-	19,068
Disposals	(5,803)	(1,839)	(966)	(646)	-	(9,254)
Depreciation	1,952	823	227	1,079	-	4,081
Net exchange differences	41	2	3	-	-	46
Balance as at 31 December 2022	8,116	2,922	119	2,784	-	13,941
Carrying amount as at 31 December 2022	5,012	1,503	612	3,674	205	11,006

	Leasehold property improvements £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance as at 1 January 2021	18,523	5,834	976	5,015	463	30,811
Additions	-	143	76	1,733	2,005	3,957
Transfer	955	-	186	-	(1,141)	-
Disposals	(2,198)	(396)	(93)	(1,085)	-	(3,772)
Net exchange differences	4	3	-	-	-	7
Balance as at 31 December 2021	17,284	5,584	1,145	5,663	1,327	31,003
Depreciation and impairment						
Balance as at 1 January 2021	11,684	3,263	835	2,130	-	17,912
Disposals	(2,198)	(396)	(94)	(719)	-	(3,407)
Depreciation	2,391	1,114	114	940	-	4,559
Net exchange differences	4	-	-	-	-	4
Balance as at 31 December 2021	11,881	3,981	855	2,351	-	19,068
Carrying amount as at 31 December 2021	5,403	1,603	290	3,312	1,327	11,935
Carrying amount as at 31 December 2020	6,839	2,571	141	2,885	463	12,899

13 Leases

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

Except for short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 12).

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

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position for the year ended 31 December 2022:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with break/ termination options
Property leases	24	0-13 years	4 years	-	-	10
Office equipment leases	2	2 years	2 years	1	1	-
Motor car leases	7	0-2 years	1 year	-	3	-

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

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

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

Right-of-use assets

Net Book Value	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 1 January 2022	41,245	519	143	41,907
Additions	5,128	-	42	5,170
Depreciation for the year	(11,621)	(291)	(77)	(11,989)
Balance as at 31 December 2022	34,752	228	108	35,088

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

For income from subletting office premises, refer to Note 14.

Lease liabilities

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

	2022 £'000	2021 £'000
Current	10,100	11,421
Non-current	24,896	30,256
	34,996	41,677

	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 1 January 2022	41,076	498	103	41,677
Created during the year	4,897	-	50	4,947
Amounts paid	(11,920)	(271)	(60)	(12,251)
Lease finance costs	616	3	4	623
Balance as at 31 December 2022	34,669	230	97	34,996

	Property £'000	Office equipment £'000	Motor cars £'000	Total £'000
Balance as at 1 January 2021	44,946	797	305	46,048
Created during the year	8,651	-	13	8,664
Amounts paid	(13,166)	(304)	(225)	(13,695)
Lease finance costs	645	5	10	660
Balance as at 31 December 2021	41,076	498	103	41,677

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

	2022 £'000	2021 £'000
Not later than three months	2,755	3,138
Between three to six months	2,732	2,924
Between six months and one year	5,101	5,901
In more than one year but less than two years	8,016	10,241
In more than two years but less than three years	3,762	7,434
In more than three years but less than four years	2,791	2,946
In more than four years but less than five years	2,150	1,956
In more than five years	9,643	9,201
	36,950	43,741
Effect of discounting (finance charge)	(1,954)	(2,064)
Lease liability	34,996	41,677

Total cash outflow for leases for the year ended 31 December 2022 was £12.3m (2021: £13.7m).

Lease payments not recognised as a liability

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

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

	2022 £'000	2021 £'000
Expense relating to short-term leases	1,688	359
Expense relating to leases of low value assets	725	1,445

14 Right-of-use assets held as investment property

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

	2022 £'000	2021 £'000
Gross carrying value		
Balance as at 1 January and at 31 December	1,998	1,998
Depreciation and impairment		
Balance as at 1 January	1,053	387
Depreciation	664	666
Balance as at 31 December	1,717	1,053
Carrying amount as at 31 December	281	945

Rental income from subleasing of £0.7m (2021: £0.9m) is shown within other operating income and direct operating expenses of £1.4m (2021: £1.4m) are reported within operating expenses.

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

The lease contracts are all non-cancellable for 2 to 7 years from the commencement of the lease. The average lease term remaining as at the year-end was 0.5 years (2021: 1.5 years).

Future undiscounted minimum lease rentals are as follows:

	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	After 5 years £'000
As at 31 December 2022	323	-	-	-	-	-
As at 31 December 2021	801	323	-	-	-	-

15 Group interests

Interest in subsidiaries

Set out below are details of the wholly owned trading subsidiaries held directly by the Group. All subsidiary undertakings are 100% owned by the Group, apart from, Grant Thornton KSA Holdco No.1 Limited and Grant Thornton Advisory LLC which are respectively 83% and 62% owned. Grant Thornton KSA Holdco No.1 Limited was incorporated on 20 January 2022. Grant Thornton Advisory LLC was incorporated on 13 November 2022. Grant Thornton KSA Holdco No.1 Limited, registered with the number 13861859, has adopted the exemption from audit under section 479A of the Companies Act 2006 for the financial period ending 31 December 2022. This exemption from audit guarantee has been provided by the LLP.

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

As at 31 December 2022, the Group also held 100% of the ordinary share capital of, or interest in, the following companies and LLPs incorporated or registered in England, which are either dormant or non-trading:

Dormant or non-trading subsidiaries at 31 December 2022	
Grant Thornton Advisory Limited	Grant Thornton Trust Company Limited
Grant Thornton Contracts LLP[1]	GTN1 Limited
Grant Thornton Employee Benefits Consultancy LLP[1]	GTN2 Limited
Grant Thornton Nominees[2]	GTPN1 Limited
Grant Thornton Pension Trustees Limited	GTPN2 Limited
Grant Thornton Property Nominees[2]	

1) directly owned by Grant Thornton UK LLP. 2) unlimited liability nominee companies in which Grant Thornton UK LLP has a 100% interest.

The following Group entities were dissolved during the year on 18 January 2022: Grant Thornton Consulting Limited, Grant Thornton Corporate Finance Limited, Grant Thornton Personal Financial Planning Limited and Thornton Baker Limited.

Grant Thornton Management Consultants Limited was dissolved on 22 March 2022. Grant Thornton Forensic Services Limited was dissolved on 16 August 2022.

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

- Fulwood Insurances Limited - PO Box 33, Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT.
- Grant Thornton (British Virgin Islands) Limited - Intertrust Fiduciary Services BVI Limited, Ritter House, Wickhams Cay II, P.O. Box 4041, Road Town, Tortola, British Virgin Islands VG1110.
- GT (BVI) Corporate Director No. 1 and No.2 Limited - Intertrust Fiduciary Services BVI Limited, Ritter House, Wickhams Cay II, P.O. Box 4041, Road Town, Tortola, British Virgin Islands VG1110.
- Grant Thornton Specialist Services (Cayman) Limited - HSM Corporate services Ltd, PO Box 31726, 68 Fort Street, George Town, Grand Cayman KY1 1207.
- GTSS Corporate Director No. 1, No. 2 and No. 3 - HSM Corporate services Ltd, PO Box 31726, 68 Fort Street, George Town, Grand Cayman KY1 1207.
- Grant Thornton Advisory Limited - 110 Queen Street, Glasgow, Scotland, G1 3BX.
- Grant Thornton Advisory LLC - Al Mousa Commercial Complex, 7th Floor, Tower 4, Al Olaya Street, Riyadh, Saudi Arabia.

The Group also has investments in joint ventures and associates as disclosed in Note 16.

16 Investments accounted for using the equity method

Associates

The Group has a 49% (2021: 49%) shareholding of Grant Thornton Specialist Services (Cyprus) Limited, an intermediate holding company registered in Cyprus. The registered office is 41-49 Agiou Nicolaou Street, Nimeli Court, Block C, Engomi 2408, 1687 Nicosia, Cyprus. This associate is not material to the Group.

Joint ventures

Investment in Grant Thornton Singapore HoldCo Limited

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

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

	Investment in joint ventures £'000	Investment in associates £'000	Total equity accounted investments £'000
Carrying amount of equity accounted investments as at 1 January 2022	1,879	83	1,962
Additional equity investments made	160	-	160
Share of profit/(loss) from equity accounted investments	96	(7)	89
Reclassification of associate	-	(19)	(19)
Share of other comprehensive income – translating foreign operations	444	-	444
Exchange adjustments	151	-	151
Carrying amount of equity accounted investments as at 31 December 2022	2,730	57	2,787

The reclassification of the associate to an investment is due to the reduced control of Grant Thornton E.U. Services NV that took place in the year.

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

There were no dividends received from joint ventures or associates in the current or prior year.

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

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

	2022 £'000	2021 £'000
Non-current assets	3,354	3,110
Current assets (a)	8,165	7,220
Total assets	11,519	10,330
Non-current liabilities (b)	(1,921)	(4,016)
Current liabilities (c)	(3,067)	(2,554)
Total liabilities	(4,988)	(6,570)
Net assets	6,531	3,760
(a) Includes cash and cash equivalents	616	3,414
(b) Includes non-current financial liabilities (excluding trade and other payables and provisions)	(248)	(2,462)
(c) Includes current liabilities (excluding trade and other payables and provisions)	(1,477)	(1,447)
Trading:		
Revenue	14,786	11,984
Profit for the year	222	531
Other comprehensive income for the year	1,022	(578)
Depreciation	(1,079)	(1,005)
Tax	26	24

Review of the carrying value:

	2022 £'000	2021 £'000
Net assets	6,531	3,760
Non-controlling interest	(1,071)	-
	5,460	3,760
Ownership	50%	50%
Carrying value	2,730	1,879

17 Trade and other receivables

Trade and other receivables consist of the following:

	2022 £'000	2021 £'000
Due within one year:		
Trade receivables, gross	91,952	76,585
Allowance for credit losses on trade receivables	(2,569)	(2,186)
Trade receivables, net	89,383	74,399
Contract assets, gross	112,668	117,651
Allowance for credit losses on contract assets	(138)	(235)
Contract assets, net	112,530	117,416
Amounts due from members	13,010	5,923
Other receivables	4,657	65,564
Financial assets	219,580	263,302
Prepayments	21,386	20,163
Non-financial assets	21,386	20,163
Trade and other receivables due within one year	240,966	283,465
Due after more than one year:		
Financial assets - other receivables	2,638	1,478
Non-financial assets - prepayments	9,511	8,222
Trade and other receivables due after more than one year	12,149	9,700
Total trade and other receivables	253,115	293,165

Allowances for credit losses relating to amounts due from members are immaterial. A reclassification between prepayments due within one year and after more than one year of £7.1m has been made in respect of the prior year figures.

18 Cash and cash equivalents

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

	2022 £'000	2021 £'000
Cash at bank and in hand:		
GBP	19,359	22,057
USD	3,034	5,812
KYD	65	-
Euro	191	177
	22,649	28,046

19 Financial assets and liabilities

19.1 Financial assets at year end

Note 1.14 provides a description of each category of financial assets and the related accounting policies. The carrying amounts of trade and other receivables and cash and cash equivalents is considered a reasonable approximation of fair value.

31 December 2022	Fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Non-current assets			
Other long-term financial assets	4,070	-	4,070
Trade and other receivables	2,638	-	2,638
Total non-current assets	6,708	-	6,708
Current assets			
Trade and other receivables	10,728	208,852	219,580
Restricted fixed-term call deposits	-	8,972	8,972
Cash and cash equivalents	-	22,649	22,649
Total current assets	10,728	240,473	251,201
Total assets	**17,436**	**240,473**	**257,909**

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

Level 3 Financial assets at FVTPL have increased as follows:

	Long-term financial assets £'000	Trade and other receivables £'000	Level 3 Financial assets £'000
Financial assets at FVTPL as at 31 December 2021	2,227	13,912	16,139
Amount recognised in profit or loss – operating expenses	-	280	280
Amount recognised in profit or loss – revenue	-	(3,609)	(3,609)
Other movements	1,843	2,783	4,626
Financial assets at FVTPL as at 31 December 2022	4,070	13,366	17,436

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

The total amount included in profit or loss for unrealised losses on Level 3 instruments is £nil (2021: £nil).

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

Trade and other receivables

The trade and other receivables financial assets consist of £2.5m (2021: £3.0m) in respect of fully and compulsory convertible debentures. £1.7m (2021: £1.5m) is included within other receivables due within one year and £0.8m (2021: £1.5m) is included in amounts due after more than one year. Trade and other receivables also consist of £7.7m (2021: £11.0m) in respect of litigation and insolvency funding. Litigation and insolvency funding is where the Group provides the finances to proceed with asset recovery work.

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

The significant unobservable inputs are the outcomes of future litigation. At 31 December 2022, should the value of litigation funding have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the balance would have increased and decreased respectively by £0.8m (2020: £1.1m).

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

Investment in Asset Recovery Fund L.P.

The long-term financial assets balance is the investment in Asset Recovery Fund L.P. The fair value is determined based on future cash flow modelling that takes into account the investee's expected future performance. The significant unobservable inputs are the future performance of the entities. The balance as at 31 December 2022 in respect of this is £4.0m (2021: £2.2m). At 31 December 2022, should the value of the investment in Asset Recovery Fund L.P. have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the balance would have increased and decreased respectively by £0.4m (2021: £0.2m). There are no inputs or variables to which the values of the investment in Asset Recovery Fund L.P. are correlated.

19.2 Financial liabilities at the year end

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

	2022 £'000	2021 £'000
Non-current financial liabilities		
Lease liabilities	26,362	31,778
Loans and other debts due to members after one year	6,271	-
Total non-current financial liabilities	32,633	31,778
Current financial liabilities		
Loans and other debts due to members within one year	78,393	71,077
Current borrowings	23,000	20,000
Lease liabilities	10,588	11,963
Trade payables	6,476	5,568
Accruals	41,014	37,641
Other payables	3,089	49,505
Amounts due to former members	179	2,041
Total current financial liabilities	162,739	197,795
Total financial liabilities	195,372	229,573

19.3 Financial instruments risk

Risk management objectives and policies

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

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

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

Market risk analysis

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

Foreign currency sensitivity

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

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

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

	Short term exposure KYD £'000	Short term exposure EUR £'000	Short term exposure USD £'000	Long term exposure EUR £'000	Long term exposure USD £'000
31 December 2022					
Financial assets - other long-term financial assets	-	-	-	23	4,044
Financial assets - trade and other receivables	-	348	3,841	-	1,615
Financial assets - cash and cash equivalents	65	191	3,034	-	-
Financial liabilities – trade and other payables	-	(768)	(630)	-	-
Total exposure – 31 December 2022	**65**	**(229)**	**6,245**	**23**	**5,659**
31 December 2021					
Financial assets - other long-term financial assets	-	-	-	-	2,227
Financial assets - trade and other receivables	-	305	3,772	-	1,478
Financial assets - cash and cash equivalents	-	177	5,812	-	-
Financial liabilities – trade and other payables	-	(999)	(409)	-	-
Total exposure – 31 December 2021	**-**	**(517)**	**9,175**	**-**	**3,705**

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

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

The following table illustrates the sensitivity of the Group's financial assets and financial liabilities to movements in the USD/GBP, the EUR/GBP and the KYD/GBP exchange rates 'all other things being equal'. It assumes a +/- 5% change of the GBP/USD, GBP/EUR and GBP/KYD exchanges rate for the year ended 31 December 2022 (2021: 5%). These percentages have been determined based on a reasonably possible change in exchange rates. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the GBP had strengthened against the USD by 5% (2021: 5%), the EUR by 5% (2021: 5%) and the KYD by 5% (2021: N/A) respectively then this would have had the following impact:

Impact on profit for the year	KYD £'000	EUR £'000	USD £'000
31 December 2022	3	10	595
31 December 2021	-	26	644

Interest rate sensitivity

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

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1% (2021: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a reasonably possible change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Impact on profit for the year	Bank borrowings £'000	Members' capital £'000
31 December 2022	358	393
31 December 2021	133	436

Credit risk

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

The Group is exposed to this risk on receivables from clients, and cash at bank. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December 2022.

Credit risk management

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

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

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

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

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

Impairment of financial assets

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

- trade receivables; and
- contract assets.

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

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

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

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

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

On the above basis the expected credit loss for trade receivables and contract assets as at 31 December 2022 were determined as follows:

	Expected credit loss rate 2022	2022 £'000	Expected credit loss rate 2021	2021 £'000
Current	0.12%	52,855	0.20%	45,959
More than 30 days	0.31%	20,040	0.55%	13,990
More than 60 days	1.01%	6,683	1.33%	4,788
More than 90 days	19.16%	12,374	16.49%	11,848
Trade receivables		91,952		76,585
Contract assets	0.12%	112,668	0.20%	117,651
Total trade receivables and contract assets		204,620		194,236
Expected credit losses for trade receivables and contract assets		(2,707)		(2,421)
Trade receivables and contract assets		**201,913**		**191,815**

The expected credit losses have increased year on year in reflection of the revised information available about past and current conditions and a forecast of the future economic conditions.

The closing balance of the trade receivables loss allowance as at 31 December 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	2022 £'000	2021 £'000
Balance as at 31 December	2,421	4,192
Net increase/(decrease) in allowance	1,121	(1,274)
Amounts written off	(835)	(497)
Balance as at 31 December	**2,707**	**2,421**

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations as they fall due. The Group manages its liquidity needs by periodically undertaking reviews of short, medium and long-term financing requirements as well as continually monitoring working capital usage. A significant part of the Group's funding is from members' capital, a revolving credit facility of £105m in place through to August 2027, and an overdraft facility of £15m. Members' capital is only repayable following retirement. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient.

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

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its trade receivables and cash and cash equivalents as detailed in Notes 17 and 18. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

The Group's capital management objectives are:

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

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

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

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

	2022 £'000	2021 £'000
Cash and cash equivalents	22,649	28,046
Bank borrowings	(23,000)	(20,000)
Net (debt)/cash (excluding lease liabilities)	**(351)**	**8,046**
Members' total interests	104,060	102,253
Pension deficit	41,976	52,882
Total members' interests (pension deficit added back)	**146,036**	**155,135**
Percentage of net (debt)/cash to members' interests (pension deficit added back)	0%	5%

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

As at 31 December 2022, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2022	Not later than three months £'000	Between three to six months £'000	Between six months and one year £'000	Later than one year and not later than five years £'000	Later than five years £'000	Total £'000
Bank borrowings	23,000	-	-	-	-	23,000
Lease obligations	2,755	2,732	5,101	16,719	9,643	36,950
Trade payables	6,476	-	-	-	-	6,476
Accruals	19,395	21,619	-	-	-	41,014
Other payables	3,089	-	-	-	-	3,089
Amounts due to former members	116	63	-	-	-	179
Loans and other debts due to members	59,714	18,679	-	6,271	-	84,664
Total	114,545	43,093	5,101	22,990	9,643	195,372

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

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

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

20 Provisions

	Claims provision £'000	Property provision £'000	Provision for foreseeable losses on revenue contracts £'000	Retirement annuities to former members £'000	Total £'000
Balance as at 1 January 2022	27,955	8,267	1,169	14,200	51,591
New annuity obligations	-	-	-	463	463
Amortisation of discount	-	374	-	204	578
Settlements during the year	(992)	(598)	-	(2,124)	(3,714)
Change in assumptions and experience losses	-	-	-	(2,278)	(2,278)
Reversal of provision	(11,125)	(148)	-	-	(11,273)
Provided during the year	1,022	692	107	-	1,821
Balance as at 31 December 2022	16,860	8,587	1,276	10,465	37,188

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

	2022 £'000	2021 £'000
Current	1,632	1,958
Non-current	35,556	49,633
	37,188	51,591

Claim provisions

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

Property provisions

Property provisions relate to dilapidations and dismantling costs for leased properties, and these are explicitly excluded from the measurement of lease labilities in accordance with IFRS 16. Utilisation of these provisions are incurred in conjunction with the profile of the leases to which they relate. The longest property provision will unwind over the next 13 years. Management use past experience with similar property provisions and the relative size of each property to determine an appropriate provision. Further details of profile of lease terms for right-of-use assets are disclosed in Note 13.

Provision for foreseeable losses on revenue contracts

When it is probable that total contract costs, being an estimate of all directly attributable costs, will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Retirement benefits of former members and partners of the predecessor firm

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

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

The obligation for annuities to former members include elements that are dependent on the life expectancy of the former members. Mortality rates were assumed to follow the 100% S3PA (2021: 100% S3PA) mortality base table, incorporating CMI_2021 (2021: CMI_2019) projections with a long-term improvement of 1.25% (2021: 1.25%) per annum for past and future years. The annuity provision has been actuarially calculated using a discount rate of 4.75% (2021: 1.6%) based on Government bonds and estimates of the expected payment period covered by the annuities. The inflation rate of 3.00% (2021 4.00%) is based on current actuarial benchmarks and management's historical experience.

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

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

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

	2022 £'000	2021 £'000
In less than one year	1,632	1,958
After one and within five years	4,186	4,874
After five years and within ten years	2,764	3,759
After ten and within twenty-five years	1,852	3,492
In more than twenty-five years	31	117
Balance as at 31 December	10,465	14,200

21 Trade and other payables

Trade and other payables consist of the following:

	2022 £'000	2021 £'000
Contract liabilities	31,232	26,711
Trade payables	6,476	5,568
Social security and other taxes	18,310	14,423
Other payables	3,089	49,505
Accruals	41,014	37,641
Deferred income	1,495	954
Amounts due to former members	179	2,041
Total trade and other payables	101,795	136,843

22 Operating cash flow adjustments

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

	2022 £'000	2021 £'000
Net changes in working capital		
Change in trade and other receivables	(10,673)	(13,754)
Change in trade and other payables	12,616	1,073
Change in provisions	(460)	3,535
Total changes in working capital	**1,483**	**(9,146)**
Non-cash adjustments		
Depreciation, amortisation, and impairment of non-financial assets	18,881	19,968
Loss/(profit) on disposal of property, plant, and equipment	87	(82)
Interest income	(541)	(470)
Interest expense	2,534	1,884
Gain on disposal of non-financial assets	-	(135)
Result from equity accounted joint venture and associate	(89)	(543)
Net interest on defined benefit liability	853	1,202
Unrealised exchange differences	405	(48)
Total non-cash adjustments	22,130	21,776

23 Changes in liabilities arising from financing activities

		As at 31 December 2021 £'000	Net cash repaid in financing activities £'000	Net cash proceeds from financing activities £'000	Other non-cash £'000	Re-allocation £'000	As at 31 December 2022 £'000
Borrowings	Current	20,000	(20,000)	23,000	-	-	**23,000**
Lease liabilities	Current	11,421	(12,251)	-	-	10,930	**10,100**
	Non-current	30,256	-	-	5,570	(10,930)	**24,896**
		61,677	(32,251)	23,000	5,570	-	**57,996**
Members' interests		65,154	(120,447)	13,546	120,483	(7,082)	**71,654**
Former members		2,041	(8,944)	-	-	7,082	**179**
		128,872	(161,642)	36,546	126,053	-	**129,829**

		As at 31 December 2020 £'000	Net cash repaid in financing activities £'000	Net cash proceeds from financing activities £'000	Other non-cash £'000	Re-allocation £'000	As at 31 December 2021 £'000
Borrowings	Current	36,000	(36,000)	20,000	-	-	20,000
Lease liabilities	Current	13,178	(13,695)	-	-	11,938	11,421
	Non-current	32,870	-	-	9,324	(11,938)	30,256
		82,048	(49,695)	20,000	9,324	-	61,677
Members' interests		55,614	(63,950)	8,600	71,940	(7.050)	65,154
Former members		3,003	(8,012)	-	-	7,050	2,041
		140,665	(121,657)	28,600	81,264	-	128,872

24 Related party transactions

Transactions with associates

During the year to 31 December 2022, the Group provided services to Grant Thornton Specialist Services Cyprus Limited valued at £nil (2021: £96,000). There are no outstanding balances with Grant Thornton Specialist Services Cyprus Limited.

Transactions with joint ventures

During the years to 31 December 2022 and 31 December 2021 Grant Thornton Singapore HoldCo Limited did not enter into any direct related party transactions with the Group.

The Group did enter in to related party transactions with subsidiary trading entities of Grant Thornton Singapore HoldCo Limited. During the year, the Group provided services valued at £26,000 (2021: £282,000), with £18,000 outstanding as at 31 December 2022 (2021: £123,000), and the Group received services valued at £236,000 (2021: £nil), with £37,000 outstanding as at 31 December 2022 (2021: £nil). During the year, the Group has provided a loan of £184,000 (2021: £nil), which is outstanding as at 31 December 2022.

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

No adjusting or significant non-adjusting events have occurred between the 31 December 2022 and the date of authorisation of these financial statements.

25.1 Other financial commitment

The Group has a financial commitment of USD 6.5m (2021: USD 10m) to invest additional monies into Asset Recovery Fund L.P. and USD 10m (2021: USD nil) into Asset Recovery II L.P., Cayman Islands registered entities, which are not recognised as a liability. These are loan commitments that are scoped out of IFRS 9, the impairment of which is considered immaterial. This commitment relates to certain live claims and the expectation is that no further amounts are to be committed until June 2023 in respect of these claims.

25.2 Contingent assets

Further compensation on the disposal of Grant Thornton House is expected and is considered to be a contingent asset as at 31 December 2022. The timing and magnitude of this compensation is the subject to ongoing negotiations with HS2 Limited.

25.3 Contingent liabilities

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

Parent entity statement of financial position

as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Goodwill	27	11,477	11,936
Other intangible assets	28	5,765	7,415
Tangible assets	29	10,791	11,751
Right-of-use asset	13	35,088	41,907
Right-of-use asset held as investment property	14	281	945
Investments in subsidiaries and associates	30	9,841	9,867
Other long-term financial assets		26	-
		73,269	83,821
Current assets			
Debtors due: amounts falling due within one year	31	240,397	282,884
Debtors due: amounts falling due after more than one year	31	12,149	9,700
Cash at bank and in hand		2,844	13,087
		255,390	305,671
Creditors: amounts falling due within one year	32	(139,555)	(169,552)
Provisions for liabilities	34	(1,632)	(1,958)
Net current assets		114,203	134,161
Total assets less current liabilities		187,472	217,982
Creditors: amounts falling due after more than one year	32	(24,896)	(30,256)
Provisions for liabilities	34	(27,498)	(40,730)
Net assets excluding amounts due to members		**135,078**	**146,996**

Parent entity statement of financial position (continued)

as at 31 December 2022

	Note	2022 £'000	2021 £'000
Loans and other debts due to members after more than one year	35	6,271	-
Members' capital classified as a liability	35	50,375	46,450
Loans and other debts due to members within one year	35	28,018	24,627
Members' other interests - profit for the year	35	76,744	81,400
Members' other interests - other reserves classified as equity	35	(26,330)	(5,481)
Total equity and amounts due to members		**135,078**	**146,996**

In accordance with the exemptions permitted by section 408 of the Companies Act 2006 as applicable by LLPs, the statement of comprehensive income of the LLP has not been presented. Profit for the year available for discretionary division among members totalled £76.7m (2021: £81.4m).

The financial statements of Grant Thornton UK LLP (Registered no: OC307742) on pages 71 to 80 were approved by the Designated Members, signed on their behalf and authorised for issue on 30 March 2023 by:

Dave Dunckley
Chief Executive Officer

Malcolm Gomersall
Chief Operating Officer

Parent entity statement of changes in equity

as at 31 December

	Other reserves £'000	Total equity £'000
Balance as at 1 January 2022	75,919	75,919
Allocated profits in respect of the prior year	(102,675)	(102,675)
Tax adjustments on payment of annuities to former members	426	426
Transactions with members	(102,249)	(102,249)
Profit for the financial year before members' remuneration charged as an expense	92,581	92,581
Members' remuneration charged as an expense	(15,837)	(15,837)
Total comprehensive income for the year	76,744	76,744
Balance as at 31 December 2022	**50,414**	**50,414**

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

Notes to the parent entity financial statements

26 Basis of preparation – Parent entity

The principal accounting policies adopted in the preparation of the parent financial statements together with the critical accounting judgements and key sources of estimation are the same as those set out in Notes 1 and 2 of the consolidated financial statements. Any accounting policies in addition to those applied in the preparation of the consolidated financial statements are detailed below. These polices have been consistently applied throughout the year and the preceding year. The true and fair override has been taken in respect of the non-amortisation of goodwill, which would otherwise have been £0.1m (2021: £0.1m), due to the consideration that the goodwill has an indefinite useful economic life.

Basis of accounting

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

The financial statements have been prepared under the historic cost convention, except as otherwise described in the accounting policies.

Investments in subsidiaries and associates

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

Disclosure exemptions adopted

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

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

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

Employee numbers

The LLP had no employees during the year (2021: None) and as a result has no employment costs to be disclosed.

27 Goodwill

The gross carrying amount was £11.5m as at 31 December 2022 (2021: £11.9m). £0.46m of goodwill has been impaired in the year (2021: £nil) in relation to a previous acquisition and a service we no longer offer.

28 Other intangible assets

	Software £'000	Assets under construction £'000	Total £'000
Gross carrying amount			
Balance as at 1 January 2022	18,633	274	18,907
Additions	-	39	39
Transfers	172	(172)	-
Disposals	(362)	-	(362)
Balance as at 31 December 2022	18,443	141	18,584
Amortisation			
Balance as at 1 January 2022	11,492	-	11,492
Charge for the year	1,689	-	1,689
Disposals	(362)	-	(362)
Balance as at 31 December 2022	12,819	-	12,819
Carrying amount as at 31 December 2022	**5,624**	**141**	**5,765**
Carrying amount as at 31 December 2021	7,141	274	7,415

29 Tangible assets

	Leasehold property improvements £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Assets under construction £'000	Total £'000
Gross carrying amount						
Balance as at 1 January 2022	16,857	5,350	1,069	5,663	1,328	30,267
Additions	53	13	148	1,970	1,839	4,023
Transfers	1,900	686	376	-	(2,962)	-
Disposals	(6,083)	(1,828)	(929)	(1,175)	-	(10,015)
Balance as at 31 December 2022	12,727	4,221	664	6,458	205	24,275
Depreciation and impairment						
Balance as at 1 January 2022	11,472	3,896	796	2,352	-	18,516
Disposals	(5,734)	(1,762)	(929)	(647)	-	(9,072)
Depreciation	1,949	795	217	1,079	-	4,040
Balance as at 31 December 2022	7,687	2,929	84	2,784	-	13,484
Carrying amount as at 31 December 2022	**5,040**	**1,292**	**580**	**3,674**	**205**	**10,791**
Carrying amount as at 31 December 2021	5,385	1,454	273	3,311	1,328	11,751

30 Investments in subsidiaries and associates

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

	Cost £'000	Impairment £'000	Net book value £'000
Carrying amount as at 1 January 2022	9,867	-	9,867
Share of loss from equity accounted investments	(7)	-	(7)
Reclassification of associate	(19)	-	(19)
Carrying amount as at 31 December 2022	**9,841**	-	**9,841**

A list of investments held by the LLP is set out in Note 15 and Note 16 of the consolidated financial statements.

31 Debtors

	2022 £'000	2021 £'000
Due within one year		
Trade debtors	88,573	73,543
Contract assets	104,044	113,312
Amounts owed by group undertakings	8,713	6,335
Other debtors	4,079	62,849
Amounts due from members	13,010	5,923
Fully and compulsory convertible debentures	827	1,478
Prepayments and accrued income	21,151	19,444
	240,397	282,884
Due after more than one year		
Other debtors	985	-
Fully and compulsory convertible debentures	1,653	1,478
Prepayments and accrued income	9,511	8,222
	12,149	9,700

Allowances for credit losses relating to amounts owed by group undertakings are immaterial. A reclassification between prepayments due within one year and after more than one year of £7.1m has been made in respect of the prior year figures.

32 Creditors

	2022 £'000	2021 £'000
Due within one year		
Bank loans	23,000	20,000
Contract liabilities	30,679	26,711
Trade creditors	6,371	5,497
Amounts owed to group undertakings	47,456	40,662
Taxation and social security	8,559	6,307
Lease liabilities	10,100	11,421
Other creditors	526	47,185
Amounts due to former members	179	2,041
Accruals and deferred income	12,685	9,728
	139,555	169,552
Due after more than one year		
Lease liabilities	24,896	30,256
	24,896	30,256

33 Leases

The carrying amount of right-of-use assets, right-of-use assets held as investment properties and lease liabilities and the related movements during the year are substantially the same as those disclosed for the Group. Details of the Group's leasing arrangements, including the maturity analysis of lease liabilities, are also substantially the same. Details can be found in Notes 13 and 14.

34 Provisions for liabilities

	Claims provision £'000	Property provision £'000	Provision for foreseeable losses on revenue contracts £'000	Former members' annuities £'000	Total £'000
Balance as at 1 January 2022	19,052	8,267	1,169	14,200	42,688
New annuity obligations	-	-	-	463	463
Amortisation of discount	-	374	-	204	578
Settlement during the year	(194)	(598)	-	(2,124)	(2,916)
Change in assumptions and experience losses	-	-	-	(2,278)	(2,278)
Reversal of provision	(11,078)	(148)	-	-	(11,226)
Provided during the year	1,022	692	107	-	1,821
Balance as at 31 December 2022	8,802	8,587	1,276	10,465	29,130

	2022 £'000	2021 £'000
Current	1,632	1,958
Non-current	27,498	40,730
Balance as at 31 December	29,130	42,688

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

	2022 £'000	2021 £'000
In less than one year	1,632	1,958
After one and within five years	4,186	4,874
After five and within ten years	2,764	3,759
After ten and within twenty-five years	1,852	3,492
In more than twenty-five years	31	117
Balance as at 31 December	10,465	14,200

Details of the provisions are included in the Group financial statements as detailed in Note 20.

35 Members' interests

	Members' other interests – Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members interests £'000
Balance as at 1 January 2022	75,919	65,154	141,073
Members' remuneration charged as an expense	-	15,837	15,837
Profit for the financial year available for discretionary division among members	76,744	-	76,744
Members' interests after profit for year	152,663	80,991	233,654
Allocated profits in respect of the prior year	(102,675)	102,675	-
Tax adjustments on payment of annuities to former members	426	-	426
Members' capital introduced	-	13,546	13,546
Other amounts introduced/(withdrawn) by members	-	(405)	(405)
Drawings (including tax payments)	-	(118,071)	(118,071)
Transfer of capital to former members' balances	-	(3,350)	(3,350)
Transfer of other amounts to former members' balances	-	(3,732)	(3,732)
Balance as at 31 December 2022	50,414	71,654	122,068

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

Members' interest (continued)

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

	2022 £'000	2021 £'000
Loans and other debts due to members in more than one year	6,271	-
Members' capital classified as a liability	50,375	46,450
Amounts due to members – profits	28,018	24,627
Loans and other debts due to members	84,664	71,077
Amounts due from members included in trade and other receivables	(13,010)	(5,923)
	71,654	**65,154**

36 Related party disclosures

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

Transactions with joint ventures

During the year to 31 December 2022, the LLP provided services to Grant Thornton Specialist Services Cyprus Limited valued at £nil (2021: £96,000). There are no outstanding balances with Grant Thornton Specialist Services Cyprus Limited.

During the year to 31 December 2022 and 31 December 2021 Grant Thornton Singapore HoldCo Limited did not enter into any direct related party transactions with the LLP.

The LLP did enter in to related party transactions with subsidiary trading entities of Grant Thornton Singapore HoldCo Limited. During the year, the LLP provided services valued at £26,000 (2021: £282,000), with £18,000 outstanding as at 31 December 2022 (2021: £123,000), and the LLP received services valued at £236,000 (2021: £nil), with £37,000 outstanding as at 31 December 2022 (2021: £nil). During the year, the LLP has provided a loan of £184,000 (2021: £nil), which is outstanding as at 31 December 2022.

37 Contingent liabilities

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

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