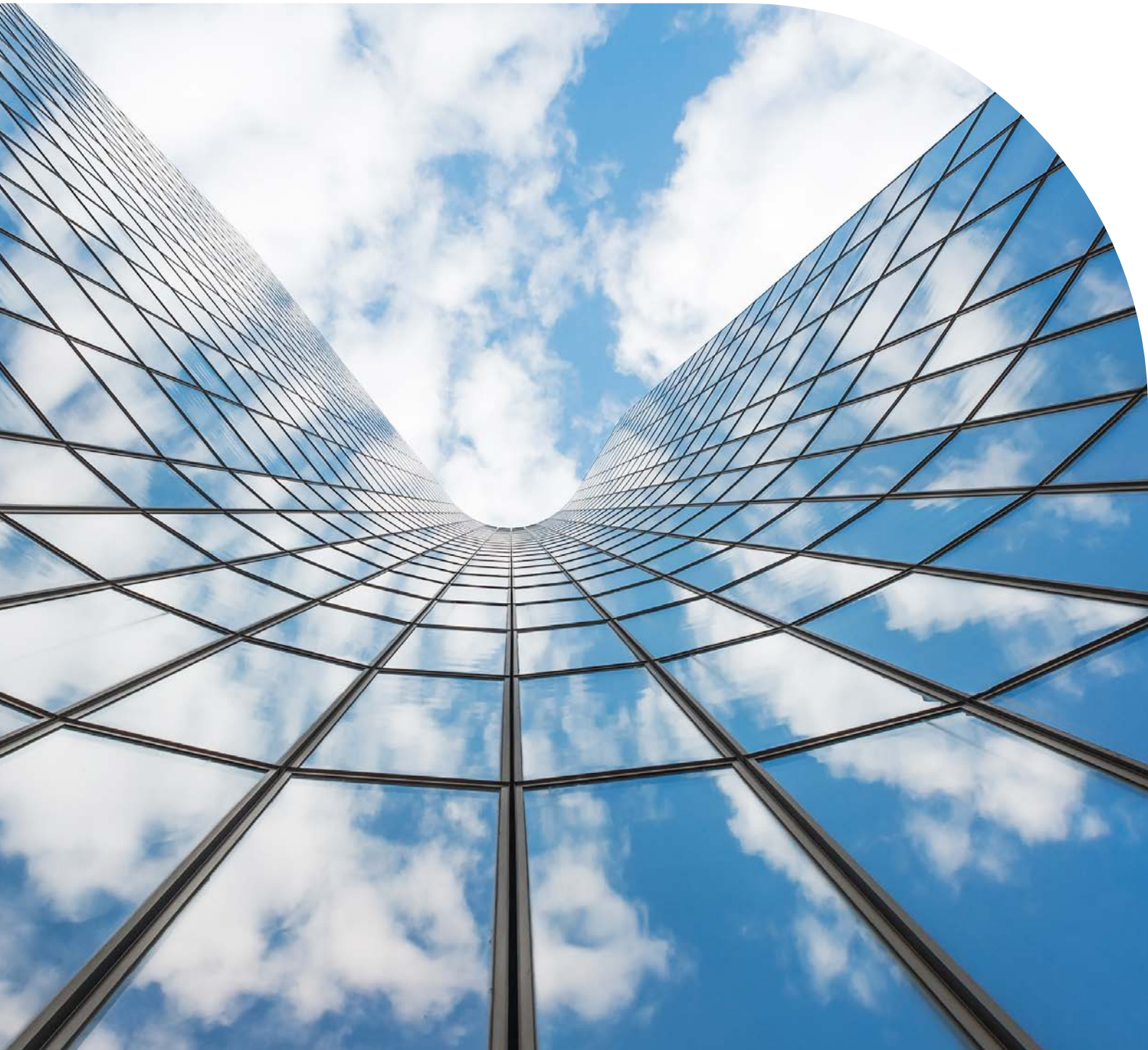


# Grant Thornton Limited Transparency Report 2023





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References to 'Grant Thornton' in this report are to the brand under which the member firms of GTIL operate and deliver services to clients. Together, these member firms form the Grant Thornton network of independent firms (the 'network'). 'Grant Thornton' is used to refer either to the member firms collectively or to individual or several firms within the network, as the context requires.



# Executive summary

Welcome to the latest edition of our Transparency Report, a vital document that underscores our unwavering commitment to audit quality and integrity.



As a leading audit firm in the Channel Islands, we recognise that our role is pivotal in maintaining the trust that stakeholders place in financial reporting. This report is designed to offer an in-depth view of our operations, governance, and quality control systems, reflecting our dedication to excellence and transparency in all our professional endeavours.

Audit quality remains at the heart of our mission. We are steadfast in our commitment to delivering audits that adhere to the highest standards of accuracy, objectivity, and independence. Our approach to audit quality is multifaceted, involving rigorous internal controls, continuous professional development for our staff, and a robust culture of ethical practice. We believe that by maintaining these high standards, we can contribute to the stability and reliability of financial markets.

In this report, you will find detailed insights into our audit processes, the governance frameworks that support our operations, and the measures we take to ensure compliance with both local and international regulatory requirements. We also highlight the investments we make in technology and training, which are essential in keeping our methodologies up-to-date and enhancing our audit capabilities.

Our commitment to quality is not just about meeting regulatory requirements; it is about exceeding them. We continuously seek ways to improve our services and adapt to the evolving landscape of the audit profession. By fostering an environment of continuous improvement, we aim to set new benchmarks in audit quality and provide unparalleled value to our clients and stakeholders.

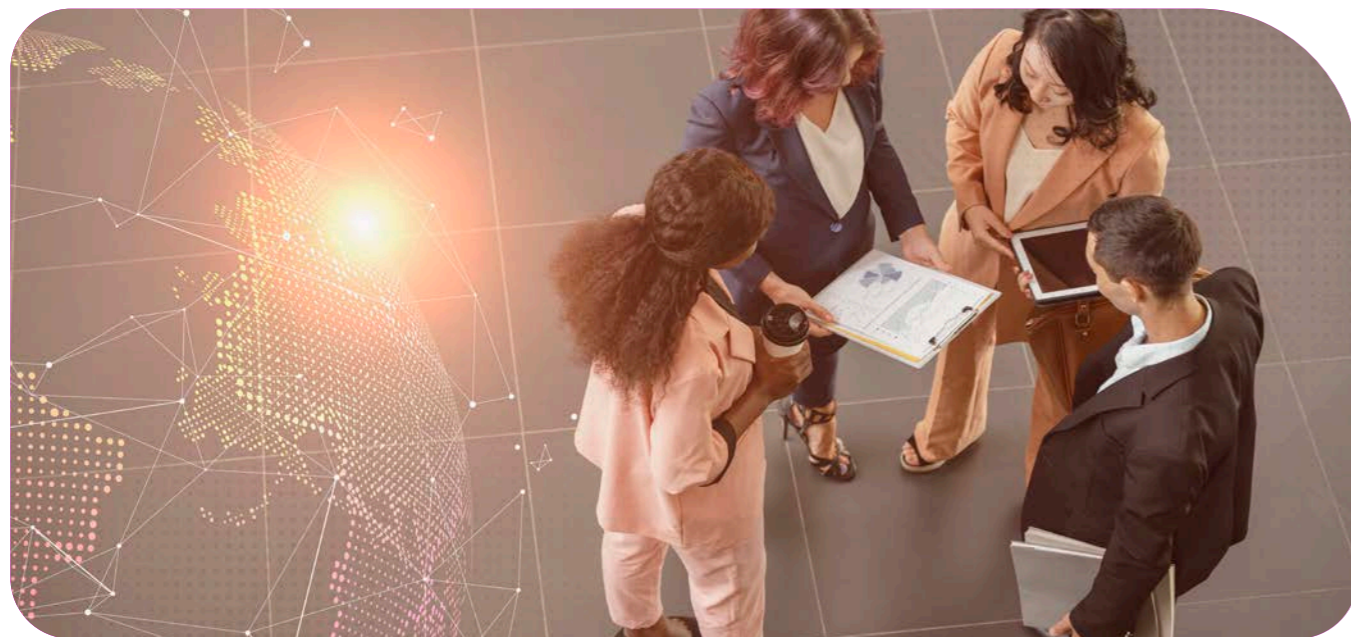
We hope this Transparency Report serves as a testament to our dedication to audit quality and provides a clear and comprehensive overview of how we uphold the principles of transparency, integrity, and excellence in our work. We invite you to explore the various sections of this report to understand better the steps we take to ensure that our audits are conducted with the utmost precision and care.

Thank you for your continued trust and support.

**Adam Budworth**  
Managing Director  
Grant Thornton Limited

# Legal structure and ownership

Grant Thornton Limited (GTL) was incorporated under the Companies (Jersey) Law 1991 on 9 October 2007 with company number 98924.



Its registered office is Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey. It is subject to audit regulation under the FRC and the ICAEW, under the Crown Dependencies' Audit Rules. The company is owned by 8 shareholders all of whom are located in the Channel Islands and are individuals. All the shareholders are active participants in the business.

GTL has three principal subsidiaries, LSI Secretaries Limited, Castle Nominees Limited and LSI Nominees Limited all of which are regulated under the conduct of Trust Company Business in Jersey by the Jersey Financial Services Commission under a Category O license.

We are a full member firm of Grant Thornton International Limited (GTIL) which is a private company limited by guarantee, incorporated in England and Wales. It is a non-practising international coordinating entity that does not provide services to clients. GTIL is one of the world's leading organisations of independently owned and managed accounting and consulting firms.

# Governance

## Grant Thornton International Limited (GTIL)

The board of governors provides the principal and overriding authority for the network. The board has a number of responsibilities including:

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

The chair of the board (the chair) is a proactive role, with a focus on ensuring that the board functions as a coordinated group in support of the CEO to deliver on the global strategy. Judith Sprieser was appointed chair as of 1 January 2020, for a term of three years, and she was reappointed for a second term as chair as of 1 January 2023 for a term of two years.

Judith is GTIL's first independent chair. The role of the chair is pivotal to creating the conditions necessary for a highly effective board, focused on the global strategic development of the Grant Thornton network.

### Independent board members

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

### Chief Executive Officer

The CEO is appointed by the GTIL board for an initial term of up to five years, renewable once for a further period of up to three years. In 2017, the board appointed Peter Bodin, formerly the CEO of the Swedish member firm, to be the GTIL CEO for a term of five years, as of 1 January 2018. The board reappointed Peter for a second term of three years, as of 1 January 2023, as CEO he is responsible for the:

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

### Global Leadership Team (GLT)

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

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

As at 31 December 2023 the GTIL network had more than 68,000 people in over 145 member firms across the globe with the latest reported revenue of USD7.2bn.



# Governance

## Member firms for EU and EEA

A list of EU/EEA Grant Thornton member firms who perform statutory audits of annual and consolidated annual financial statements.

Country	Legal entity	Country	Legal entity
Austria	Grant Thornton Austria GmbH	Hungary	Grant Thornton Audit Kft.
Austria	Grant Thornton ALPEN-ADRIA Wirtschaftsprüfung GmbH	Iceland	Grant Thornton endurskoðun ehf
Belgium	Grant Thornton Bedrijfsrevisoren BV	Ireland	Grant Thornton
Bulgaria	Grant Thornton OOD	Ireland	Grant Thornton (NI) LLP
Croatia	Grant Thornton revizija d.o.o.	Italy	Ria Grant Thornton S.p.A.
Cyprus	Grant Thornton (Cyprus) Ltd	Latvia	Grant Thornton Baltic Audit SIA
Czech Republic	Grant Thornton Audit s.r.o.	Lichtenstein	Grant Thornton AG, Schaan
Denmark	Grant Thornton, Godkendt Revisionsspartnerselskab	Lithuania	Grant Thornton Baltic UAB
Estonia	Grant Thornton Baltic OÜ	Luxembourg	Grant Thornton Audit & Assurance
Finland	Revico Grant Thornton Oy	Malta	Grant Thornton Malta
Finland	Idman Vilen Grant Thornton Oy	Netherlands	Grant Thornton Accountants en Adviseurs BV
Finland	Advico Finland Oy	Norway	Grant Thornton Revisjon AS
France	Grant Thornton SAS	Poland	Grant Thornton Frąckowiak PSA
France	AEG Finances Audit Expertise Gestion SAS	Poland	Grant Thornton Polska PSA
France	IGEC SAS	Portugal	Grant Thornton & Associados, SROC,Lda
France	Tuillet Audit SAS	Romania	Grant Thornton Audit SRL
France	Grant Thornton Audit SAS	Slovak Republic	Grant Thornton Audit, s.r.o.
France	Carib Audit & Conseil	Slovenia	Grant Thornton Audit d.o.o.
Germany	Grant Thornton AG	Spain	Grant Thornton, S.L.P.
Germany	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH	Sweden	Grant Thornton Sweden AB
Greece	Grant Thornton SA		

Total assurance revenues attributable to EU/EEA member firms is USD 621m\* (approximately 20% of total global assurance revenues of USD 3.2bn). As at 30 September 2023.

## Grant Thornton Limited

GTL board consists of 19 members, being the Chairman, Managing Director and 17 other directors. The Board met at least quarterly. It is the Board's responsibility to steward the business, manage the statutory affairs and direct strategy. The Board delegates certain activities to the Management Committee to action between full meetings of the Board. Pursuant to an agreement between the board and the shareholders of GTL, certain matters are required to be approved by the shareholders. Examples of such matters are the commencement of a new service line, major capital investments, the prospective appointment of new directors and the approval of the firm's strategy.



### Management of our business

The firm is run on a day-to-day basis by the Managing Director, Adam Budworth, who is assisted by a Management Committee, made up of certain directors and senior staff (details outlined below). Adam is responsible for:

- ensuring the firm operates according to the firm's 2025 Strategy; and
- the management of the firm in a manner consistent with the interests of clients, our people and the firm's values and ethical standards.

As Managing Director, Adam is ultimately responsible for the firm's system of quality management.

The appointment of the Managing Director is made by simple majority vote of the shareholders. Adam Budworth was appointed Managing Director with effect from 1 October 2018.

## Management Committee



The Committee is appointed by the Managing Director. It is comprised of Service Line leaders and operational heads from all functions.

The Managing Director may also select a Chairperson, subject to majority approval of the directors, to chair meetings of the directors and assist the Managing Director with managing the practice during their term in office. The Committee is responsible for:

- coordinating the opportunities for value creation and allocating resources to those expected to utilise them; the preparation and implementation of agreed business plans;
- reviewing management information and processes; communicating information;
- ensuring that the decisions of the directors in relation to the operation and future direction of the firm are effective;
- monitoring the day-to-day running of the firm, including maintenance of internal controls and risk management; and
- other functions as required.

# Risk management

Managing and mitigating risk across the firm is an integral part of implementing the strategy of Grant Thornton and ensuring a system of quality management exists. Our leadership team instills a culture of quality, integrity and ethical behaviour by their actions and communications.

As part of this the Risk Management Committee, led by our Risk and Compliance Director, Linda Renouf, identifies risks based on the facts and circumstances of the firm and its engagements. Once the risks have been identified, policies and procedures are developed that help address those risks and integrate risk management into each of the firm's internal functions (such as HR, Finance and IT), as well as working with the firm's directors and staff to assist and support their implementation of the risk management policies and procedures.

The firm has established business unit risk working groups to further address the specific risk issues impacting each business unit in the firm. Areas covered by risk management policies and procedures include independence, client acceptance, client re-acceptance and anti-money laundering procedures.

Acceptance and re-acceptance of our clients is considered a cornerstone of the firm wide risk management approach. Given this importance, prior to acceptance, certain engagements that meet one or more defined GTIL criteria are submitted to their global review team for approval.

Overall, there is a continuous focus on enhancing the risk management framework including, for example, the development of systems and processes that will enhance the client acceptance/re-acceptance global review and approval process and additional software providing improved accuracy when it comes to understanding group structures and beneficial ownership.

## Ethics and independence

GTIL has ethics and independence policies and procedures that incorporate the requirements of the IESBA Code of Ethics and where appropriate the US Securities and Exchange Commission (SEC) and Public Accountant Oversight Board (PCAOB) requirements. These are amended or supplemented as required by local policies and procedures that address the requirements of ICAEW and the FRC. These requirements are communicated via the firm's Quality Management Manual and are reinforced through training and communications when changes are made.

To ensure compliance with these requirements, the firm has appointed Wynand Pretorius, a senior experienced audit director, as the director responsible for ethics and

independence. He is supported by the Risk and Compliance Director, Linda Renouf, and a dedicated compliance team. Wynand must be consulted whenever there are key judgements on potential conflicts, for example in areas such as corporate finance and tax consulting services to audit clients to ensure that the spirit, as well as the letter, of the standards are met.

Inspiring our people to fulfil our ethical and independence standards starts at the top. Directors recognise that their behaviours are key to the maintenance of our strong ethical environment and culture. In addition, the internal controls we have in place to support our ethical environment are routinely checked as part of the firm's robust internal monitoring procedures.

Wynand has a direct line of communication to the Managing Director and is responsible for ensuring that the firm complies with the ethical requirements set by the firm's regulators.

Specific controls in place include:

- audit partner rotation on publicly traded entities;
- adherence to detailed procedures to identify potential conflicts of interest, prior to accepting non-audit work; and
- application of policies regarding partners and staff working for clients when leaving the firm.

In addition, all directors and managers maintain a real time record of listed investments held on the Global Independence System (GIS) (*further details provided below*) and the Risk & Compliance team ensures that any potential conflicts are identified and resolved as they arise.

Our firm has a strong culture of consultation, which we believe is vital in maintaining an independent approach, and this is a point of emphasis at the technical interviews of all prospective audit partners and directors.

Annually, the Risk and Compliance team perform an independence compliance review where, on a sample basis, individuals are audited to ensure compliance with the GIS rules. No violations were identified during the last review and the firm has maintained its independence as required by the standards during the year.



# Risk management

## Relationship checking

Maintaining objectivity and independence of thought is vital to maintaining our reputation. We have a robust system of independence and conflict checks, which is designed to identify potential conflicts of interest at the earliest possible juncture and deal with them appropriately. Sources of potential conflict will range from providing additional services to existing audit clients and acceptance of new clients, to investments by the firm and staff.

For audit and similar engagements, where independence is a matter of public interest, our procedures are even more stringent. We ensure that directors carry out a check of whether other services have been provided that might impact on our independence before engaging with new audit clients. We also require the engagement team to confirm their independence on each audit file. Furthermore, for all publicly quoted clients, we disclose other services provided to the audit committee at the planning and conclusion stages. In addition to our own independence practices, GTIL requires member firms to adopt policies and procedures to safeguard the independence of all member firms. These policies and procedures include a requirement for member firms to maintain a listing of companies considered 'restricted' as a result of an audit relationship. Details of these restricted companies are maintained on a global restricted list through a system maintained by GTIL.

Professional personnel in member firms have access to this global restricted list via the GTIL intranet (GT Connect). The global restricted list serves as a point of reference for member firms considering providing non-audit services to public companies. When the prospective client appears on the global restricted list, consultation is required with the audit director to ensure that any threats to independence created by the proposed non-audit service can be adequately safeguarded and that the proposed non-audit service is permitted. The global restricted list is also reviewed and updated by GTIL on a regular basis.

GTIL has also adopted an automated independence tracking system, the GIS. Partners/Directors and client-facing managers in member firms are required to maintain a portfolio in GIS of those publicly traded securities in which they have a financial interest.

The GIS monitors these financial interests against the global restricted list and is designed to alert the member firm or the individual professional and a national compliance officer, in the event that a security held also appears on the global restricted list. The GIS provides a mechanism to assist the individual and the national compliance officer in determining whether the security may continue to be held, based upon the facts and circumstances. Conducting reviews for potential conflicts of interest and/or threats to independence (jointly referred to as "relationship checks") prior to proposing on an engagement are important safeguards against threats to objectivity.

GTIL has instituted a policy that establishes a standardised approach to conducting these checks for potential relationships, where the client or prospective client has international operations which is also outlined in the Member Firm Obligations (MFOs).

## Client acceptance and continuance

All of our statutory audit clients are subject to categorisation policies to ensure that appropriate risk management procedures are applied and this categorisation is used to drive key procedures including:

- the requirement to consult and obtain; GTIL Key Assurance Assignment approval before accepting and continuing with certain new clients;
- assurance Assignment approval before accepting and continuing with certain new clients;
- the need for the audit partner role and 'on-site' roles to be performed by team members with relevant experience; the need to appoint an appropriately experienced review partner for certain categories of audit; and
- the requirement for technical reviews for certain categories of audit.

We only engage with clients where we have the necessary capacity, skills and expertise to offer the highest possible standards of service and care to meet client expectations and ensure that the acceptance does not prejudice our independence, objectivity or integrity. This is assessed at the initial point of onboarding for each client in conjunction with engagement teams.



## Rotation of key audit partners and staff

Grant Thornton has policies and procedures in place that are consistent with the requirements set out in the Ethical Standards that are applicable to our engagements. These requirements place restrictions on the number of consecutive years that partners and other key members of the engagement team may participate in the audit.

Engagement leads and other senior team members responsible for audits are required to rotate off the engagement after specified periods of time, which depends on their role and the type of entity.

These rules are based on the relevant requirements for the specific audit, which in most cases is the IESBA International Code of Ethics as follows:

Role	Term (years)		Cool-off (years)	
	PIE / Other Listed	Non-PIE Clients <sup>1</sup>	PIE	Non-Listed
Engagement Leader	7	10	5	3
Engagement Quality Reviewer	7	10	3	3
Any Other Key Audit Director	7	10	2	2

<sup>1</sup> Appropriate safeguards required if longer

## Learning and development

A key facet of our quality and risk management strategy is to continuously invest in the learning and development of our people. The importance of continuous development within the firm is supported by each service line providing on-the-job training and related systems training to each new employee. The learning and development of our people is critical to the success of our business and our ability to ensure that quality is high across all our service lines.

Our development philosophy is based not only on formal training, but also on-the-job learning and significant levels of day-to-day coaching and a strong focus on feedback being sought and given around employees' performance. Each management and supervisory career level within the firm has a specific leadership program that is designed to equip the employee with the necessary leadership skills as they progress their career within Grant Thornton.

The key foundation to all our Learning & Development activities is our Competency Framework which is a tool that highlights the key performance expectations at each career level, defines the capabilities required for outstanding performance at each career level, and suggests development actions that may be taken to develop the required capabilities for success at Grant Thornton.

The Competency Framework has been designed to help employees to:

- build their skills and capabilities by providing blended development activities;
- allows employees to take control of their career and motivate teams to achieve higher performance; and
- deliver the critical success factors detailed in our strategy

All staff set their own goals around these initiatives that support the achievement of the firm's strategy to be market leaders in our chosen fields. To further support our culture of continuous development we hold performance reviews on an annual basis and have created a culture where employees are positively encouraged to seek and obtain feedback at the end of each client assignment.

Staff are rewarded based on individual performance and contributions both to the client, their respective service line and to the firm as a whole. Our People & Culture team ensures that all of the above processes are consistently and fairly applied across our business, and are in line with best practice. This supports our commitment to ensuring our firm operates to a high level of professionalism and ensures that we put quality at the heart of everything we do.

## Continuing professional development

We are committed to ensuring that our people have the skills and expertise necessary to provide the range of quality services and technical excellence required by our clients.

All partners and qualified staff are required to keep up-to-date with professional guidance, including the firm's own risk management, ethical and independence requirements. All those within specialist disciplines or serving specialist markets, including statutory audit, must comply with mandatory training requirements, which are actively monitored. Internally, we provide access to technical resources and support, which include technical updates, training workshops, professional and personal development courses.

# Measuring audit quality

## Audit quality management systems

A rigorous quality management system ensures all our staff understand the role they play in delivering quality work and achieving the high standards we set ourselves – the standards our clients expect. Nowhere is this more important than in the case of audit or assurance where our independence and the quality of our work are critical for our clients, the public and professional regulators.

We have established a range of safeguards and internal processes governing audit and assurance appointments and the independence of partners and staff, including:

- technical and procedural manuals, to ensure work is delivered to a consistently high standard;
- training and development of all partners and staff (including induction and appraisal);
- quality management procedures, to ensure each assignment meets required standards and quality; and
- quality assurance processes, including retrospective and hot reviews, to enable management to gain comfort that procedures are in place, are operating and are effective.

Our quality management approach for auditing, assurance and financial reporting assignments has several key elements:

- ethics and integrity – we only accept and continue to act for clients we judge to show integrity and for whom we consider the risks of acting to be acceptable;
- a robust and rigorous risk-based audit approach, with significant resources committed to ensuring audit quality, consultation, on-the-job and technical training;
- the skills and personal qualities of our partners and staff; a consultative culture, where partners and staff are always encouraged and, in certain circumstances, required to consult; and
- objectivity and independence – absolute understanding throughout the firm that our hard-won reputation is dependent on the quality of our work and the quality of the decisions that we take.

These processes are checked annually as part of our internal quality review processes.



Our system of quality management is conducted in accordance with ISQM 1 - quality management for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements as adopted by the FRC (previously ISQC 1).

This system provides our clients, GTIL, other member firms and our local regulators, (ICAEW, FRC, JFSC and GFSC), with reasonable assurance that our personnel comply with applicable professional standards and GTIL policies and procedures.

In addition to periodic external quality reviews by GTIL, under the Grant Thornton Assurance Review (GTAR) programme, our audits are subject to regular external inspection as part of our obligations to ICAEW, FRC, and PCAOB.

The review findings and observations are communicated to the audit practice and directly to the individual teams so that any learning points can be addressed and taken into account in the drive for continuous improvement.



## Internal monitoring

Our internal monitoring programme is carried out on a continuous basis to ensure any quality issues are monitored and addressed in a timely manner, and our aim for continuous improvement is achievable. Our reviews assess the quality of the audit and assurance work in our audit and assurance department, which includes assurance services, financial services audit and corporate audits performed across all of our offices. Reviews cover all office locations of the firm.

GTIL is committed to providing and maintaining a high standard of audit work.

One part of achieving this is carrying out regular reviews of the system of quality management including review of the whole firm's key controls and cold file reviews of a selection of completed engagements. Annual cold file reviews are conducted on the Group's portfolio of audit clients on a rotating basis and giving consideration to clients on the following basis:

- industry/sector;
- engagement leader;
- fees;
- risk;
- year of take on; and
- service line.

Similar processes are adopted across all client-facing segments of our business to ensure that our reputation is protected and maintained.

Our quality monitoring programme is robust, and key features include:

- use of a standard approach developed by GTIL;
- annual reviews are completed under the direction and guidance of the Head of Audit to ensure integrity and consistency of all responsible individuals;
- reviewers are assigned based on their independence, skillset, industry experience and professional competence;
- where deficiencies are identified, the audit leader is required to develop an action plan to address the findings of the review;
- themes arising from the Audit Quality review are communicated to the Audit practice through training, and technical updates;
- themes will also receive an increased focus in subsequent inspection programs to measure the extent of improvement; and
- root cause analysis is completed on all significant deficiencies arising and appropriate action plans are developed.



# Measuring audit quality

## Global audit quality monitoring

A dedicated team in GTIL is responsible for managing our global audit and assurance quality-monitoring programme, referred to as the GTAR. The GTAR process evaluates each member firm's local quality monitoring system, as well as each firm's compliance with professional standards, global audit and assurance policies and procedures, and other risk-based criteria.

Member firms are typically reviewed once every three years. Independent and suitably qualified partners and managers from other member firms, under the overall direction of the global audit quality management leader, also conduct inspections.

GTIL's global monitoring helps to reinforce the requirement that member firms have an effective process for ensuring that the right people are using the right tools to apply the audit methodology in the right ways.

### GTAR will assess if member firms:

- comply with professional auditing and assurance standards;
- implement the global audit and assurance methodology (and in turn, the ISAs as a minimum);
- issue audit reports that are appropriate in the circumstances;
- comply with international ethical and quality management policies;
- comply with quality assurance standards during the audit;
- have designed and implemented an effective system of quality management;
- identify root causes for significant findings;
- have implemented the requirements of previous action plans; and
- comply with global risk management policies and procedures.

The most recent GTAR for Grant Thornton was completed in December 2021 and our audit quality control system was evaluated as "suitably designed and implemented to provide reasonable assurance of confirming with applicable professional standards and GTIL's requirements in all material respects."

## External monitoring

Grant Thornton is also registered with the PCAOB in the US and are subject to inspections by the PCAOB. Since registration and at the time of this report, no inspections have taken place.

Since January 2022, GTL has been within scope of the Financial Reporting Council (FRC) in the UK and is subject to inspection by the FRC. The FRC inspection will include an inspection of the firm's system of quality management and a selection of UK PIE audit engagement files. At the time of this report, the Firm has had one file inspected. The FRC issued their report to the Firm in May 2024, which concluded that the Firm's audit work needs limited improvements.

Grant Thornton is also subject to review by ICAEW as delegated by the FRC under the requirements of the Crown Dependency (Jersey and Guernsey) Audit Rules. The last external quality assurance review of Grant Thornton took place in January 2021. ICAEW issued their report to the firm in June 2021, which concluded that the firm's audit work was generally of a good standard on the files reviewed and that the firm demonstrated a positive attitude towards compliance.

ICAEW was satisfied with the firm's proposed actions to address matters raised.

Grant Thornton was subject to review by the ICAEW in relation to UK entities. The external review of Grant Thornton took place in September 2023. ICAEW issued their report to the Firm in November 2023, which concluded that the Firm's audit work was generally of a good standard and follows a good audit compliance regime on the files reviewed.

We remain dedicated to improving our systems of quality management, including monitoring audit quality and implementing changes to our policies and practices in order to enhance audit quality. All inspections process and dialogue with the inspection staff provided us with valuable information, as we strive to enhance our audit quality and meet our responsibilities to investors and other stakeholders.

GTIL member firms continue to demonstrate their commitment to transparency, integrity and quality management by undergoing independent internal and third party inspections. The member firms and GTIL welcome the results of these inspections, which assist in a constant search for improvement of member firms' service provision.

## Other regulatory reviews

A summary of the reviews performed by other regulators:

Body	Review scope	Date of reviews (last or prospective)
Financial Reporting Council	PIE audits	2024
ICAEW – QAD Team	Corporate audits not in FRC scope Certain public sector bodies	2022
PCAOB	Audit of US Issuers	No review performed or scheduled – GTL has no audits in scope
JFSC – Delegated to ICAEW QAD	Crown Dependency audits	2021
GFSC- Delegated to ICAEW QAD	Crown Dependency audits	2021

## Client Voice

In addition to internal and regulatory monitoring, a key measure of quality is understanding our clients' satisfaction. On a monthly basis, we ask our clients to complete a satisfaction survey where the service provision has been completed.

The clients are asked to rate Grant Thornton on various aspects of the service they received, from the quality of the audit or assurance service, the value received, if the service had improved and if they would use our services in the future and recommend us to another organisation. This ensures we have a constant level of client satisfaction, which we use in our KPIs, and it allows us to take action should that level of service drop for any reason.

**Net Promoter Score (NPS)** – measures clients' loyalty (how likely they would be to recommend us to others)

**Client Satisfaction Index (CSI)** – measures clients' satisfaction with the outcomes of engagements

**Client Experience Index (CXI)** – assesses clients' overall experience and how relationship teams are performing against our client promise



2023 - 2024 firm average\*

Net Promoter Score (NPS)	53%
Client Satisfaction Index (CSI)	8.4
Client Experience Index (CXI)	8.2
Response Rate	19%

\* **Net promoter score (NPS)** is a commonly used market research metric that is based on asking respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague. Developed by Fred Reicheld in conjunction with Bain & Company and Satmetrix.

### How it works

The NPS assumes a subdivision of respondents into "promoters" who provide ratings of 9 or 10, "passives" who provide ratings of 7 or 8, and "detractors" who provide ratings of 6 or lower. Calculating the net promoter score involves subtracting the percentage of detractors from the percentage of promoters collected by the survey item. NPS has been widely adopted by Fortune 500 companies and other organizations and as of 2023 versions of the NPS are now used by two-thirds of Fortune 1000 companies.

### What do the scores mean

- Above 0 is good
- Above 20 is favourable
- Above 50 is excellent
- Above 80 is world class

Grant Thornton Limited's score of 54% compares with a GTIL average of 47%. Typically in Accounting and Consulting firms an NPS of 40 is reported.

CSI/CSX measures the level of satisfaction with the service delivery and the overall experience. A score over 80 for each measure is considered excellent.

# Delivering audit and assurance quality

Audit and Assurance is an important part of our business and plays a critical role in protecting public interest. Our leadership is committed to audit and assurance quality – quality in our work, quality in our practices and quality in our people.

Critical to our success in achieving and maintaining quality are our structures, which underpin our objectives as we continue to grow and develop as a firm.

## Implementation of ISQM 1

In December 2020, the IAASB released the final Pronouncement of the International Standard on Quality Management (ISQM) 1 to replace the International Standard on Quality Control (ISQC) 1, which introduced a more robust and proactive approach to managing quality. ISQM 1 requires the firm to design, implement, monitor and evaluate the overall system of quality management, including an annual evaluation as to the effectiveness of the system.

ISQM 1 is effective from 15 December 2022. An assessment was performed by GTIL at 15 December 2023 of which the outcome was it was found to be effective.

The system of quality management is required to operate on a risk-based approach, in a continual and iterative manner, and to be responsive to changes in the nature and circumstances of the firm and its engagements. This allows the firm to proactively manage the quality of engagements performed. The risk-based approach is embedded in the requirements of ISQM 1 through establishing quality objectives, identifying and assessing risks to the achievement of the quality objectives (i.e. quality risks), and designing and implementing responses to address the quality risk.

The GTIL approach is to ensure that all network firms implement a baseline set of quality objectives, quality risks and responses to enable consistent application across the entire network. Locally, we have the responsibility to evaluate this baseline and determine relevance to our firm and the level of adaptation or supplementing required to ensure they are appropriate for the use in our firm's system of quality management. Incorporating

the requirements of ISQM 1 as published by IAASA and FRC (referred to as ISQM 1 for the remainder of this report) into the baseline responses set by GTIL is an example of supplementing required locally.

While GTIL has set a baseline, GTIL is ultimately responsible for our design, implementation and operation of the system of quality management. Using this approach, the firm is building on responses already in place under the previous ISQC 1 framework.

## Audit and assurance leadership

We understand that everyone can have a different definition of value, and this is no different when receiving audit or assurance services. To ensure GTIL delivers the value that is most critical to stakeholders, we begin our work by building highly qualified teams. Our teams are comprised of dedicated audit and assurance professionals who understand clients' businesses as well as their sectors. Together, these teams not only deliver a high quality audit or assurance service to stakeholders, they also take the opportunity to provide additional value by providing insights and observations about important and relevant topics - insights that may lead to new ways of thinking, performance improvement or efficiencies.

The firm's audit and assurance directors lead from the front and are responsible for driving audit and assurance quality. However, it is the day-to-day activities and experiences that bring our quality culture to life, and our audit and assurance senior members work with the Risk and Compliance and Audit Technical teams to embed key practices, disseminate key messages and demonstrate the standards and behaviours we expect in our people.



## The Audit Technical teams (ATT)

The ATT support the audit and assurance directors in the development and enhancement of audit and assurance quality. This is done through the provision of training and technical guidance on audit, assurance and financial reporting matters, advice on complex issues, carrying out reviews of the financial statements of public interest and other higher risk entities prior to issue and on-going monitoring of compliance with key quality and risk management performance indicators.

The ATT are also responsible for the management and implementation of the firm's audit and assurance quality monitoring programme, which is a key mechanism for measuring the quality of our audit and assurance services.

## Global audit and assurance methodology and technology

GTIL provides a framework for all Grant Thornton member firms to deliver consistent, robust, rigorous and high quality audits and assurance engagements.

This is achieved through the provision of a global audit and assurance methodology and software, protocols to facilitate consultation with specialists in other member firms, a comprehensive intranet service with up-to-date information on relevant professional standards, a worldwide restricted entity list, an International Financial Reporting Standards (IFRS) help desk and topical alerts. GTIL does not provide any services to clients itself.

GTIL's Methodology and Learning team hold frequent member firm outreach calls to address the information needs of individuals in Grant Thornton member firms who oversee consultations on audit matters, who manage inspections performed by audit regulators, or who work in a similar role. In these calls, GTIL communicate methodology concepts

and recent releases, providing member firms a forum for questions and enabling all firms to move forward together with consistency.

LEAP (Leading an Effective Audit Practice) is an ongoing, collaborative effort led by GTIL to promote and retain quality and compliance throughout all our member firm audit practices. LEAP has three core streams, a global audit methodology referred to as 'LEAP', a suite of centrally developed, globally consistent learning and the engagement software that is discussed below.

GTIL have been using LEAP methodology since 2020 across all engagements. Among other benefits, the LEAP methodology:

- Provides a clear linkage to auditing standards using International Standards on Auditing (ISA) based terms;
- Applies an account based approach to address the risk of material misstatement; and
- Allows each audit team greater flexibility in designing their response to the risks of material misstatement within entities they audit.

GTIL adapted our audit tool platform, leap, to facilitate an effective roll out of the LEAP methodology. These changes:

- Support a tailored in approach, a key fundamental of the LEAP methodology; and
- Offer flexibility and scalability to perform audits of all types and sizes.

# Delivering audit and assurance quality

## Audit and assurance quality

Underpinning our commitment to continuously improve audit and assurance quality is a robust system of quality management. GTIL has developed policies of quality management, which apply to all member firms. These policies are based on the requirements set out in ISQM 1 for firms and the Code of Ethics for Professional Accountants issued by IESBA. These policies and procedures are set out in the firm's Ethics and Quality Management Manual. The policies and procedures have been tailored to ensure they also comply to our local standards issued by the FRC.

We continue to make investments to advance our audit and assurance quality and our system of quality management, ensuring we effectively comply with the ISQM 1 that became effective on the 15th December 2022. This involves ensuring our quality processes and management are designed to identify, understand and respond to quality risks related to the firm and the engagements we perform.

In addition to our own quality management procedures, which comprise robust and frequent peer review of audit and assurance files and client financial statements, and as a member of the forum of firms, we are required to abide by a system of quality management. The Global GTAR programme reviews the conduct of audit and assurance work performed by each member firm. GTAR is a systematic check of the quality of member firms' audit and assurance procedures, carried out regularly by independent and suitably qualified partners and managers from other member firms under the overall direction of GTIL. Grant Thornton consistently achieves some of the highest ratings in the global network.



## International support

GTIL has a full-time IFRS team that is responsible for promoting high quality, consistent application of IFRS throughout the global organisation. The IFRS team is advised and supported by member firm IFRS experts including an IFRS interpretations group, a financial instruments working group and an insurance working group. The IFRS team promotes consistency by:

- Offering face-to-face training programmes and online learning resources;
- Operating an IFRS help desk service;
- Providing an IFRS checklist and an IFRS Interim Reports checklist; and
- Publishing extensive technical interpretive guidance, newsletters and other tools and resources, internally and externally.

These materials, along with IFRS developments, are communicated via a network of designated IFRS champions in member firms. For firms with significant IFRS work, the GTAR inspection team will include team members who are experienced in IFRS accounting. Any issues concerning IFRS are brought to the attention of the GTIL IFRS team for review to determine if training or additional guidance is necessary.

Every year, GTIL engages either an external financial reporting expert, to provide IFRS training to our auditors, or participates in IFRS Masterclass webinars hosted by GTIL. This covers recent and upcoming changes to IFRS, or deal with specific issues identified where different interpretations require judgement.



## Clear and unambiguous audit reporting

Regular mandatory training in specialist areas is key to ensuring that partners and staff are aware of the latest issues and can address them within the audit and assurance approach. It also means that we communicate with clients' boards and audit committees on matters of relevance to them in a clear and unambiguous style. For example, our professionals working on audits of US public companies and foreign private issuers attend GTIL led classroom-based training annually, and undertake online training on areas such as SEC affiliate independence rules, SEC reporting requirements, audit committee communications, disclosures and the SEC review and comment process.

We maintain a dialogue with audit committees at various stages in the audit process on a wide range of issues from initial scoping to the key judgements made. Our formal audit strategy and key issues memoranda give structure to interaction and communication with boards and audit committees.

## Engagement acceptance and continuance

Each audit and assurance engagement is categorised by reference to its risk, complexity and any specialised experience requirements. This categorisation is used to drive appropriate quality management procedures.

Our centralised client take on team ensure for all new potential clients and any new assignments the firm's rigorous acceptance and continuance processes are adhered to and documented.

All new assignments require approval before the appointment is accepted. This approval is by the appropriate engagement partner and in certain cases by the Head of Risk and Quality. Where specific high risk indicators are identified Key Assurance Assignment (KAA) approval is required from GTIL.

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

## Supervision, consultation and review

We have a strong culture of consultation, supervision and support, which is embedded throughout the audit and assurance methodology. Involvement of a second Responsible Individual (RI), our ATT teams and where necessary the Head of Audit and Assurance, provide appropriate levels of quality management as well as support for all audit and assurance personnel.

This mixture of experience and technical ability, within a culture where we are able to challenge each other, ensures quality is driven throughout the audit or assurance engagement.

Audit clients who are PIEs or entities whose securities are publicly traded are subject to an engagement quality management review (as required by ISQM 2) by partners who are approved by the Head of Audit and Assurance. Review RIs are also in place for other complex or high-risk category clients to address certain quality and risk management matters.

# Financial information

GTLs total fee income for the year ended 30 September 2023 was £25,475,270. This is analysed as follows:

Services	£
Revenues from statutory audits of public-interest entities	634,801
Other audit revenues	14,720,526
Revenues from non-audit services to audited entities	624,755
Revenues from non-audit services to other entities	9,495,188
<b>Total</b>	<b>25,475,270</b>

## The basis for directors' remuneration

The remuneration of directors is determined based on their responsibilities and experience, their role in management and the outcome of the annual performance assessment. Bonuses are awarded depending on the performance of the firm as a whole, the service line contribution and any exceptional matters that warrant financial recognition.

## List of Public-interest entities audited during the year ended 30 September 2023

- Alphabeta Access Products Limited
- Alternative Liquidity Fund Limited
- Argentina Synthetic Sovereign Investments (Jersey) Limited
- Axiom European Financial Debt Fund Limited (liquidated after 30 September 2023)
- Castelnau Group Limited
- CEIBA Investments Limited
- Doric Nimrod Air Two Limited
- Doric Nimrod Air Three Limited
- Sequoia Economic Infrastructure Income Fund Limited





# Grant Thornton

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