



Grant Thornton UK LLP

Annual Review and Financial Statements

For the year ended 30 June 2009

Registered no. OC307742

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Grant Thornton UK LLP is a limited liability partnership registered in England and Wales with registered number OC307742. A list of members' names is available for inspection at Grant Thornton House, Melton Street, Euston Square, London NW1 2EP, the firm's principal place of business and registered office.

CEO's review of the year

The 2008/09 financial year was one of transition for Grant Thornton. I was appointed CEO halfway through our financial year, on 1st January 2009 following the retirement of Michael Cleary. The new management team came into office at a time when the banking crisis and the economic recession had begun to have a marked impact on most businesses in the UK. In addition to these extraneous factors the firm was still completing the integration of one of the largest recent mergers in the accounting profession, the merger of Grant Thornton and Robson Rhodes on 2nd July 2007.

Against this backdrop we can be pleased with what we have achieved. Our Audit practice grew by 3.4%; our Forensic practice grew by 13.1%; our Recovery and Reorganisation practice grew by 11.0%. Not surprisingly, given the economic environment, our Corporate Finance business and those parts of Tax which are involved in transactional advice fell back. Overall, therefore, our turnover was down 4.1%. But one of the most important features of the year was that we put ourselves in a strong position to achieve a rapid recovery in profitability by driving through a restructuring which, regrettably, resulted in around 200 staff leaving the firm, a reduction in partner numbers from 286 at 1 July 2008 to 235 at 1 July 2009, and a significant staff redeployment programme in which we transferred approximately 150 staff from those parts of our business negatively impacted by the recession to those that were growing (notably Recovery and Reorganisation and Forensic). Whenever possible, we have sought to engage with our people to preserve jobs whilst containing our costs. This has resulted in some voluntary part-time working, sabbaticals and secondments as well as redeployment.

The effects of the recession and the actions that we have taken have inevitably affected our partner earnings. Average profit per partner was down 19% (to £201,000). However the pro forma average profit per partner (i.e. excluding the restructuring costs and using current partner numbers) was £253,000 (an increase of 2% on 2008). I am confident that following the actions that we took early in 2008/9 we will begin to see the benefits of our recent merger and of the investment that we have made in recent years.

Our firm continues to invest for the future; during the year we recruited 177 new trainees at a time when many of our competitors have drastically cut back trainee recruitment. During the year we also completed the acquisition of a portfolio of Individual Voluntary Arrangements from Accuma PLC in an asset purchase deal which cost us approximately £6.0m. We continue to invest in our international network which is critical to our strategy, and specifically, we have just rolled out our new global audit methodology and introduced our new global audit software, 'Voyager', to replace 'Explorer', our previous global audit software which we have used successfully for the last 12 years.

So, as I look forward to my first full year as CEO, I can report that the firm has maintained its position as number one in the AIM market; we have recently become the fourth largest auditor in the listed company audit market; we are number 3 in the top 2,500 privately held business market; a top 3 provider of audit services to the Audit Commission; and a significant provider of advisory services to the FTSE 250. This is a testament to the quality of our people and our clear focus on providing high quality and distinctive client service in those markets where we wish to take leadership positions.

Globally, as well as in the UK, our brand continues to make significant progress. In the last three years Grant Thornton International has been the fastest growing of the large accounting firm networks.

CEO's review of the year (continued)

Grant Thornton has a bright future. We have navigated our way through choppy economic waters over the last 12 months with the support of our clients and our people. Our strategy and roadmap for the next three years revolves around four key areas:

- providing distinctive client service and striving to improve our client satisfaction scores.
- becoming a magnet for talented people
- having a clear strategy in our four key markets
- having a relentless focus on improving our operations to ensure that we are able to continue to invest for the future, for the benefit of our clients and our people.

I look forward to reporting next year on what I believe will be a successful year for the firm.

A handwritten signature in black ink, appearing to read "Scott Barnes", with a long, sweeping horizontal line extending to the right.

Scott Barnes
Chief Executive Officer

Business and financial review

Objectives and strategy

In his review of the year, Scott Barnes (CEO) has summarised the firm's strategy and roadmap for the next three years and further details are given in the firm's 2009 Transparency report which was published at the end of September and is available on the firm's website.

The National Leadership Board has reflected our strategy by introducing a 'one firm scorecard' approach in four key areas: Markets, Clients, People and Operations. This approach has been cascaded throughout the firm so that each operating unit has its own scorecard supporting the overall objectives and direction of the business.

Overall financial performance

Some of the issues brought about by the Robson Rhodes merger in the previous financial year carried over into the 2008/9 year but, having positioned ourselves to take advantage of the opportunities that the merger presented, it wasn't long before the depth and severity of the current economic downturn became apparent around the Autumn of 2008. Whilst our Recovery and Reorganisation practice was a natural beneficiary of the recessionary pressures, a number of other areas of the business, and particularly the transactional services units, were adversely impacted. Our response in terms of right-sizing our resource levels was swift but measured and largely completed by the start of the 2009 calendar year. However, the full profit and loss account benefit of the actions taken will not be felt until the 2009/10 financial year.

Against the economic back-drop noted above, turnover dropped by 4.1% overall to £378.2m. Perhaps not surprisingly, the Recovery and Reorganisation practice grew its top line but there was growth too in the Assurance and Forensic Investigation Services segments. Corporate Finance revenues fell by 33.0%.

Headcount (including salaried partners) decreased by 2.4% although staff employment costs increased by 0.2% to £198.2m. Discretionary bonuses were significantly reduced in the current year but these savings were more than off-set by a combination of the costs of the redundancy programme and pay reviews granted at the beginning of the financial year.

Our margins continued to come under pressure as the market for many of our services remained highly competitive and fee recovery rates were further impacted by the reaction of clients to the recession. The reorganisation of the Birmingham operations into a single location early in the financial year represented the last office consolidation arising from the July 2007 merger with Robson Rhodes.

Operating profits for the year were £58.6m compared to £74.3m for 2007/8. The year on year decrease in operating profits reflects the impact of the economic downturn on the business. Senior management consider the prompt corrective actions taken during the year leave the business well placed to capitalise once the recovery gets under way and deliver a strong result in 2009/10.

The profit on sale of fixed assets in the year principally arose on the disposal of the firm's freehold property in Leicester where the office has relocated to newly refurbished leased accommodation a short distance away.

After net interest costs, which increased by £1.9m despite lower bank borrowing rates because of a £3.2m adverse year on year movement in the net interest on pension scheme assets/liabilities, the profit for the year decreased by 23.1% to £55.3m.

Business and financial review (continued)

Overall financial performance (continued)

The right-sizing of resource levels affected the partner population as well. Despite the average number of partners decreasing in the year by 12, the average amount of profit allocated to each partner fell from £248,000 to £201,000.

Our markets

As detailed more fully in the CEO's review of the year, we continue to develop and grow the Assurance practice with some success. This year we received the Accountant of the Year Award in the Growth Company Awards 2009.

We are one of the principal providers to the Audit Commission, Audit Scotland and the Wales Audit Office of external audits of government bodies. Our public sector audits include Manchester City Council, Bristol City Council, a number of London Boroughs and a range of significant Healthcare Trusts, all of which are large and complex organisations. We also work with the National Audit Office and the Northern Ireland Audit Office, as well as auditing a number of NHS Foundation Trusts.

In non-audit services, our standing is equally positive. We work with many high-profile organisations, and our people have recently won the 'Best Tax Team in a Large Firm' at the 2009 LexisNexis Taxation Awards. Recovery and Reorganisation fees grew to £75.4 million for the year. The core corporate and personal insolvency practices continued to flourish, as demand for restructuring and recovery services grew on the back of the economic downturn. Additionally, our growing specialist Forensic Investigation Services team has conducted investigations and provided expert evidence in connection with a number of large, high profile assignments.

With over 200 corporate finance professionals nationwide, Grant Thornton is consistently ranked in the top 5 for UK private equity deals completed amongst accountancy firms and is the preferred provider to the mergers and acquisitions middle market. Our Government and Infrastructure Advisory team has also been leading the way among the industry's top rated financial advisers. It ranks first place in a number of league tables and during the year the team successfully advised a major developer in successfully establishing a new long-term strategic property partnership with Croydon Council. The £400m Croydon Urban Regeneration Vehicle (aka Curv), is the first example of a local authority establishing an asset backed vehicle using an LLP structure.

We continue to develop our expertise in a wide range of industry sectors but with particular focus on the financial services, property and construction, media, not for profit, health and technology sectors in which we can demonstrate a real depth of industry knowledge.

Accounting policy changes

There were no accounting policy changes in 2008/9.

Management judgments and estimates

Material elements of the financial statements which are highly dependent upon management judgments and estimates are those in the areas of the firm's defined benefit pension scheme, retirement annuities to partners following retirement and recognition of revenue in relation to work in progress.

Business and financial review (continued)

Management judgments and estimates (continued)

Defined benefit pension scheme

The group operates two defined benefit pension schemes - The Grant Thornton Pensions Fund and the much smaller Robson Rhodes Retirement Benefit Scheme. Both schemes are closed to new members. The assumptions used to value the schemes are adopted by the firm following discussion with the schemes' actuarial advisers. Key assumptions include those in relation to the discount rate to be applied to liabilities as well as those in relation to mortality. The assumptions in respect of discount rate are consistent with the requirements of FRS17, which requires the use of an applicable yield on AA Corporate Bonds to be applied. We have continued to use the same underlying mortality assumptions as last year, specifically the 92 series tables, except that this year's assumptions reflect 'medium cohort' mortality improvement projections up to 2009 whereas these improvements were only projected up to 2005 last year. Given the ongoing inherent unpredictability of anticipating future improvement in mortality, no allowance for improvements beyond 2009 has been built in to the estimate of future liabilities reflected in the accounts. If instead 'medium cohort' projections were applied beyond 2009, we estimate that the liabilities would increase by circa £11m.

Because increases in life expectancy are considered to vary depending on a person's age and will also depend on how far into the future the change is being measured, it is difficult to derive the financial impact on pension scheme liabilities of a one year change in assumed life expectancy across all age groups. The tables below, however, provide an appreciation of the impact on life expectancy of allowing for longevity improvements beyond 2009 adopting medium cohort assumptions.
Current assumption: no allowance for improvements post 2009

	Life expectancy (years)	
	Male	Female
Currently aged 65	20.8	22.7
Aged 65 in 20 years' time	20.8	22.7

Alternative assumption: allowance for 'medium cohort' improvements post 2009

	Life expectancy (years)	
	Male	Female
Currently aged 65	22.0	24.0
Aged 65 in 20 years' time	23.1	25.1

Retirement annuities to partners

The firm also obtains actuarial advice for the purpose of evaluating its annuity obligations to certain current and former members and certain partners in the predecessor partnership. Key areas of estimate include the discount rate, where the SORP provides direction on rates to be applied, and mortality, where the firm has used assumptions consistent with those adopted for its defined benefit pension scheme. Approximate calculations suggest that incorporating future 'medium cohort' improvements would increase the annuity liabilities by about £1m.

Business and financial review (continued)

Management judgments and estimates (continued)

Revenue recognition

Revenue is recognised by reference to the stage of completion of the contract concerned and the degree of uncertainty inherent in that stage of completion as well as the nature of the assignment. The stage of completion and estimated recoverable value of work in progress balances are reviewed individually by partners and managers responsible for the assignment. We reflect the inherent uncertainty arising from the stage of completion by discounting the estimated profits attributable to the stage of completion of an assignment. The level of discounting decreases as a contract progresses and its ultimate profitability becomes more predictable. There is then a separate review of material assignments to ensure that the firm's accounts reflect a prudent approach while complying with relevant accounting standards.

Balance sheet analysis

Net assets attributable to members in the group balance sheet decreased by £67.3m giving rise to net liabilities at the year end of £22.5m. Total members' interests decreased by £68.0m to a deficit of £30.1m. The largest single contributor has been the pension scheme liability increasing by £30.3m. Other significant factors in the reduction in net assets have been the fall in profits of £16.6m, a reduction in members' capital balances of £8.9m and an increase in provisions for liabilities of £7.3m. The pension scheme deficit is particularly volatile in the current economic environment, as demonstrated by the movement in the value of scheme assets since the year end which has improved by some £25.0m in the three months to the end of September.

Within the totals, fixed assets have decreased by £0.2m from last year. Capital expenditure during the year on property improvements, furniture and equipment amounted to £5.6m whereas the value of fixed asset investments, principally within our captive insurance subsidiary, increased by £1.1m.

At £80.0m, net current assets were £27.8m lower than at the previous year end with most of the difference explained by an increase in various creditor balances, including a £9.1m increase in amounts due to former partners following a number of partner retirements.

Claims provisions and property provisions in aggregate increased by £4.9m to £17.3m, while the provision for former members' annuities went up by £2.3m due almost exclusively to actuarial losses.

As noted earlier, the firm's defined benefit pension scheme obligations have increased significantly from £44.9m to £75.2m, due mainly to net actuarial losses in the year of £33.1m. Underpinning these net actuarial losses was worse than expected returns on scheme assets of £43.0m. The value of the schemes' assets are measured at the balance sheet date and, as mentioned above, investment values have recovered significantly since then.

Capital, treasury, liquidity

The firm's liquidity risk is managed through periodically undertaking reviews of its short, medium and long term funding requirements as well as continuously monitoring its working capital usage.

Central management exercise control over external treasury using conventional techniques to minimise the firm's total cost of third party borrowing and, where possible, to maximise the return achieved on invested surplus funds, having regard to risk and the need for ready availability to such funds.

Business and financial review (continued)

Capital, treasury, liquidity (continued)

A significant part of the firm's funding is from members' capital, which is only repayable following retirement except under very exceptional circumstances. Members' capital requirements are determined from time to time by the Chief Executive Officer and the amount of capital required to be contributed increases depending on the amount of fixed profit share or number of profit sharing units a member has. As has been previously noted, there were a number of partner retirements during the year and arrangements were put in place to spread the repayment of capital balances so as not to cause an immediate large outflow of funds.

Members also contribute to the firm's funding via medium terms loans and undrawn profits. Whilst the value of loans is typically modest, the funding levels provided by way of undrawn profits is significant, albeit somewhat reduced this year due to the fall in profitability. Funding from undrawn profits is provided through the combined mechanisms of the timing of taxation payments (which are used to limit partner drawings and where payments are administered by the firm), a prudent drawings policy and post year end allocation of profits.

The borrowing facilities put in place as part of the Robson Rhodes merger are for a five year period to July 2012 and are made up of a combination of term loans and revolving credit facilities. These will be utilised in line with mainly predictable cycles of drawing demand and working capital need. Net debt before loans and other debts due to members increased from £28.4m at 30 June 2008 to £41.0m at 30 June 2009, although £6.0m of this is due to funding of the asset purchase deal with Accuma referred to in the CEO's review of the year. The increase is broadly in accordance with our cash flow projections and remain well within the facilities at the firm's disposal.

Following the conclusion of the actuarial valuation of the Grant Thornton defined benefit scheme as at 30 June 2008, a new schedule of contributions has been agreed with the trustees whereby contributions will now be expressed as a sum of money rather than a percentage of pensionable salaries. Annual contributions (ignoring those arising under salary sacrifice arrangements) will start at £5.6m for the year ending 30 June 2010, increasing gradually to £8.3m for the year ending 30 June 2018. Total contributions (including those made under salary sacrifice arrangements) for the year ending 30 June 2010 are expected to be £6.7m which compares with the £5.7m paid in the year to 30 June 2009. The settlement of obligations in respect of annuities to former partners amounted to £3.1m in the year to 30 June 2009 and is expected to stay broadly at this level in the 2009/10 year. Taken together, the projected 2009/2010 settlements for these two significant obligations amounts to approximately £9.8m including the salary sacrifice elements, or 2.6% of the firm's turnover (last year £8.8m or 2.2%). Subject to changes in demographic and financial assumptions and experience in respect of the pension scheme assets, there is no reason why this level of cash commitment to these obligations will vary materially in the medium term.

Members' report

The members present their report together with the financial statements for the year ended 30 June 2009.

Principal activity

Grant Thornton UK LLP (the "partnership") and its subsidiary entities (together the "group") are principally engaged in the provision of accounting, business assurance, insolvency and restructuring, transaction advisory and tax services in the UK.

Designated members

The designated members during the year ended 30 June 2009 and those who have been appointed subsequently are as follows:

S Barnes	-	CEO (appointed 11 December 2008)
D A S Maxwell	-	National Leadership Board Member (appointed 11 December 2008)
J D Mew	-	National Leadership Board Member
S Morris	-	National Leadership Board Member
S Romanovitch	-	National Leadership Board Member (appointed 10 September 2008)
S Maslin	-	Chairman of the Partnership Committee (appointed Chairman 1 July 2008)
T A J Back		
D Barnes		(appointed 1 October 2008)
J Bowler		
M J Cleary		(resigned 31 December 2008)
J G Davies		(appointed 1 July 2009)
P Flatley		(appointed 1 July 2009)
C Hartnell		
E J G Healey		(resigned 30 June 2009)
A Lees		(appointed 1 October 2008, resigned 30 September 2009)
T J W Lincoln		
N Morrison		
R N Proctor		
S J Quest		(resigned 30 June 2009)
R C Rowe		(resigned 31 December 2008)
N Ruddock		(resigned 30 September 2009)
M Ward		(appointed 7 September 2008, resigned 11 December 2008)
D M Whitehead		(resigned 30 June 2009)
N S Wood		(appointed 1 July 2009)

Members' drawings and the subscription and repayment of members' capital

The partnership operates a drawings policy which has regard to a cautious estimate of budgeted profits. Drawings are restricted to prudent levels, taking into account working capital performance, until the results for the year and individual members' allocations have been determined. In addition, the Membership Agreement provides a framework for further restriction of drawings under circumstances where the cash requirements of the business need to take priority over the cash needs of the members.

Members' capital requirements are determined from time to time by the CEO having regard to the short, medium and long term needs of the partnership. The amount of capital required to be contributed increases depending on the amount of fixed profit share or number of profit sharing units a member has. Members may opt to contribute up to the highest required level. Whilst the Membership Agreement provides power to the CEO to repay a member's capital before retirement, such discretion is only exercised in exceptional cases.

Members' report (continued)

Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (LLP) Regulations 2001 made under the Limited Liability Partnerships Act 2000 require the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the limited liability partnership and the group and of the profit or loss of the group for that period. The members have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In preparing those financial statements the members are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

Under the Limited Liability Partnership Regulations 2001, the members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and the group and which enable them to ensure that the financial statements comply with those regulations. The members have a general responsibility to safeguard the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Auditors

PKF (UK) LLP will be proposed for reappointment.

On behalf of the members



S Maslin
Chairman of the Partnership Committee

11 November 2009

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including the revised Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in March 2006 (United Kingdom Generally Accepted Accounting Practice), and under the historical cost convention except that they have been modified to include the revaluation of certain fixed assets.

The principal accounting policies of the group are set out below and these have remained unchanged from the previous year.

Basis of consolidation

The group financial statements consolidate those of the partnership and those subsidiary undertakings in which it has a beneficial interest, further details of which are set out in note 9.

The financial statements of all group entities are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method. At the date of acquisition, which is the date on which the group obtains control of the business acquired, the identifiable assets and liabilities of the entity acquired are included in the balance sheet at their fair value. Where the fair value of the consideration paid exceeds the fair value of the net assets acquired, this excess is recorded as goodwill. The results of entities acquired or disposed of are included in the group profit and loss account from or up to the date that control passes respectively.

Turnover

Group turnover is the total amount estimated to be receivable for services rendered and disbursements charged to clients during the year, excluding VAT. Client disbursements incurred are deducted from turnover in arriving at net fees in the profit and loss account.

Turnover is recognised when a right to consideration has been obtained through performance under each contract and reflects the contract activity during the year having regard to the stage of completion of each contract and the relative uncertainty of predicting ultimate profitability on long term assignments. Stage of completion is measured by comparing actual contract costs to date with estimated total contract costs. Revenue in respect of conditional or contingent fee engagements, which is over and above any agreed minimum fee, is recognised when the contingent event occurs.

Long term contracts

The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised has regard to the stage of completion of the project and the relative uncertainty of predicting ultimate profitability. The approach has been to reflect this relative uncertainty by discounting the estimated profits attributable to the stage of completion of a contract. The level of discounting decreases as a contract progresses and its ultimate profitability becomes more predictable.

Long term contracts (continued)

Long-term contract balances are included as amounts recoverable on contracts within debtors, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on contracts in the year in which the loss is first foreseen. Costs in respect of conditional or contingent fee engagements are fully provided for as incurred to the extent they exceed any agreed minimum fee and unless crystallisation of the contingent event could have reasonably been foreseen at the year end, in which case the carrying value is at the lower of cost and net realisable value.

Goodwill

Goodwill, representing the excess of the fair value of the consideration given on acquisition of a business over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life of ten years. This period is the period over which the members estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold properties, by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Long and short leasehold properties	Period of the lease
Furniture and equipment	5-8 years
Office equipment	3-5 years
Motor cars	4 years

No depreciation is provided on freehold properties because the estimated residual value of the properties are such that any depreciation charge would be immaterial.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investments

Investments are included at cost less amounts written off, save for those held by Fulwood Insurances Limited, the group's principal captive insurance company, which are included using mid market prices at the balance sheet date. The nature of Fulwood's business is such that a portfolio of investments is held for the long term even though the individual investments making up the portfolio may be regularly changed in response to market risks and opportunities.

Investments (continued)

Any movements in the value of Fulwood's investment portfolio are reflected through the profit and loss account, except for the origination or reversal of unrealised surpluses at the balance sheet date which are transferred to or from the revaluation reserve. Revaluations below historical cost are taken to the profit and loss account where they are considered to be permanent.

Divisible profits and partners' and members' remuneration

The SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through financial statements prepared in compliance with recommended practice, 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 current and former members, pension scheme charges, the spreading of acquisition integration costs 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 have been taken into account within other reserves in the balance sheet.

Remuneration that is paid to salaried partners (who are not members) under an employment contract is expensed to the profit and loss account in arriving at profit before members' remuneration and profit shares.

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

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

Members' interests

Members' capital is repayable and is therefore classified as a liability. Other than in exceptional cases, it is not repaid until after retirement. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year notwithstanding repayment could be made after more than one year at the discretion of the CEO.

Amounts due to members after more than one year comprise provisions for annuities to current members and certain loans from members which are not repayable within twelve months of the balance sheet date.

Taxation

The taxation payable on the partnership profits is the personal liability of the members, although payment of such liabilities is administered by the partnership on behalf of the members. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

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

Retirement benefits

Defined Contribution Pension Scheme

The pension costs charged as part of cost of sales are the employer's contributions payable to the scheme in respect of the accounting period.

Defined Benefit Pension Scheme

Scheme assets are measured at fair values which, in the case of quoted investments is at bid price. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the consolidated balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Retirement benefits of former members and partners of the predecessor firm

LLP members for the time being have a contractual obligation to provide certain former and current members and certain partners of the predecessor partnership with annuities following their retirement.

The obligation for all annuities remains with the members for the time being and, in accordance with the requirements of the SORP, the financial statements include obligations for retirement annuities payable in the future to current and retired members. The obligation has been discounted to its net present value. The nature of the annuities contractually payable in the future to current members is such that no further rights will accrue to those members based on further service. The obligation for annuities to former members is included within provisions for liabilities and the obligation for annuities to current members is included within loans and other debts due to/(from) members.

New obligations granted to members on their retirement and changes in estimates and assumptions in respect of existing obligations, together with the unwinding of the discount, are dealt with through the profit and loss account.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

The financial statements of foreign subsidiaries and the related goodwill are translated at the closing exchange rate at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves through the statement of total recognised gains and losses.

Liquid resources

Liquid resources represent current asset investments that are disposable without disruption to the business, and are either readily convertible into cash at or close to its carrying value, or are traded in an active market. This includes short term deposits that may be withdrawn at more than 24 hours' notice.

Consolidated profit and loss account

	Note	2009 £'000	2008 £'000
Turnover	1	378,172	394,137
Other external charges: client disbursements		<u>(23,113)</u>	<u>(23,709)</u>
Net fees		355,059	370,428
Cost of sales	2	<u>(159,822)</u>	<u>(161,293)</u>
Gross profit		195,237	209,135
Other operating costs	2	<u>(136,679)</u>	<u>(134,847)</u>
Operating profit	1	58,558	74,288
Income from fixed asset investments		29	-
Profit on sale of fixed assets		1,094	145
Net interest and other similar charges	3	<u>(4,366)</u>	<u>(2,477)</u>
Profit on ordinary activities before tax		55,315	71,956
Tax on profit on ordinary activities of subsidiaries	5	19	(31)
Profit for the financial year before members' remuneration and profit shares		<u>55,334</u>	<u>71,925</u>
Profit for the financial year before members' remuneration and profit shares		55,334	71,925
Members' remuneration charged as an expense	16	<u>(21,620)</u>	<u>(21,654)</u>
Profit for the financial year available for discretionary division among members	16	<u>33,714</u>	<u>50,271</u>

Profits have arisen from continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of total recognised gains and losses

	Note	2009 £'000	2008 £'000
Profit for the financial year available for discretionary division among members		33,714	50,271
Exchange losses on translation of foreign operations		(251)	-
Movement in unrealised gains/losses on investments		90	21
Actuarial losses on pension scheme	22	(33,068)	(26,401)
Total recognised gains and losses for the year		485	23,891

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated balance sheet

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	7		19,411		19,713
Tangible assets	8		34,240		35,276
Investments	9		10,136		9,003
			<u>63,787</u>		<u>63,992</u>
Current assets					
Debtors	10	166,448		167,968	
Cash at bank and in hand	11	17,345		19,312	
			183,793		187,280
Creditors: amounts falling due within one year	12		(103,767)		(79,441)
			<u>80,026</u>		<u>107,839</u>
Net current assets			143,813		171,831
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	13		(44,238)		(42,519)
Provisions for liabilities	15		(46,942)		(39,676)
Pension scheme liability	22		(75,157)		(44,887)
Net (liabilities)/assets attributable to members			<u>(22,524)</u>		<u>44,749</u>
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability	16		43,955		52,825
Other amounts	16		6,923		15,930
			<u>50,878</u>		<u>68,755</u>
Loans and other debts due to members after more than one year					
Other amounts	16		2,775		3,100
			<u>53,653</u>		<u>71,855</u>
Equity					
Members' other interests - other reserves classified as equity	16		(76,228)		(27,067)
Revaluation reserve	16		51		(39)
			<u>(22,524)</u>		<u>44,749</u>
Total members' interests					
Loans and other debts due to members	16		53,653		71,855
Members' other interests	16		(76,177)		(27,106)
Amounts due from members	16		(7,602)		(6,910)
			<u>(30,126)</u>		<u>37,839</u>

The financial statements were approved by the Partnership Committee on 11 November 2009 and signed on behalf of the partnership by:



Scott Barnes Chief Executive Officer



Steve Maslin Chairman of the Partnership Committee

The accompanying accounting policies and notes form an integral part of these financial statements.

Partnership balance sheet

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	7		18,375		17,391
Tangible assets	8		33,986		35,067
Investments	9		4,522		3,969
			<u>56,883</u>		<u>56,427</u>
Current assets					
Debtors	10	163,204		166,647	
Cash at bank and in hand	11	13,686		15,893	
			176,890		182,540
Creditors: amounts falling due within one year	12		(96,959)		(78,532)
Net current assets			<u>79,931</u>		<u>104,008</u>
Total assets less current liabilities			136,814		160,435
Creditors: amounts falling due after more than one year	13		(44,238)		(42,519)
Provisions for liabilities	15		(37,927)		(32,768)
Net assets attributable to members			<u>54,649</u>		<u>85,148</u>
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability	16		43,955		52,825
Other amounts	16		11,478		15,930
			<u>55,433</u>		<u>68,755</u>
Loans and other debts due to members after more than one year					
Other amounts	16		2,775		3,100
			<u>58,208</u>		<u>71,855</u>
Equity					
Members' other interests - other reserves classified as equity	16		(3,559)		13,293
			<u>54,649</u>		<u>85,148</u>
Total members' interests					
Loans and other debts due to members	16		58,208		71,855
Members' other interests	16		(3,559)		13,293
Amounts due from members	16		(7,602)		(6,910)
			<u>47,047</u>		<u>78,238</u>

The financial statements were approved by the Partnership Committee on 11 November 2009 and signed on behalf of the partnership by:



Scott Barnes Chief Executive Officer



Steve Maslin Chairman of the Partnership Committee

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated cash flow statement

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	17	78,555	88,260
Returns on investments and servicing of finance			
Interest received		906	1,628
Interest paid		(2,325)	(4,012)
Finance lease interest paid		(1,365)	(1,391)
Dividends received		29	-
Net cash outflow from returns on investments and servicing of finance		<u>(2,755)</u>	<u>(3,775)</u>
Taxation		(19)	(12)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(150)	-
Purchase of tangible fixed assets		(5,625)	(5,729)
Sale of tangible fixed assets		2,561	918
Purchase of investments		(50,325)	(37,593)
Sale of investments		49,599	36,728
Net cash outflow from capital expenditure and financial investment		<u>(3,940)</u>	<u>(5,676)</u>
Acquisitions and disposals	19		
Purchase of businesses		(2,471)	(5,782)
Net overdraft acquired with purchased businesses		-	(3,591)
Net cash outflow from acquisitions and disposals		<u>(2,471)</u>	<u>(9,373)</u>
Transactions with members and former members			
Payments to or on behalf of members		(72,222)	(76,331)
Capital contributions by members		3,373	24,993
Annuity payments to former members		(2,455)	(2,425)
Repayments to former members		(9,803)	(3,553)
Net cash outflow from transactions with members and former members		<u>(81,107)</u>	<u>(57,316)</u>
Management of liquid resources			
Net sale/(purchase) of short term deposits		2,038	(4,931)
Net cash inflow/(outflow) from management of liquid resources		<u>2,038</u>	<u>(4,931)</u>
Financing			
Net receipts/(payments) from borrowing		11,158	(852)
Capital element of finance lease rentals		(971)	(548)
Net cash inflow/(outflow) from financing		<u>10,187</u>	<u>(1,400)</u>
Increase in cash	18	<u>490</u>	<u>5,777</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1 Segmental analysis and profit for the financial year

Turnover is attributable to the following classes of continuing business. The analysis is based on the predominant nature of the services provided during an engagement rather than by the technical discipline of those performing the work:

	2009 £'000	2008 £'000
Accountancy and growth and development	19,535	20,940
Assurance	121,170	117,172
Corporate finance	43,992	65,650
Forensic investigation services	16,698	14,764
Other	3,748	4,981
Recovery and reorganisation	75,353	67,907
Taxation and financial planning	97,676	102,723
	378,172	394,137

The destination of turnover was primarily to UK clients although 1.3% (2008: 1.7%) were sales to North America, 1.9% (2008: 1.7%) to mainland Europe and 0.8% (2008: 0.9%) to the rest of the world.

Analysis of operating profit and net assets are as follows:

	Operating profit		Net (liabilities)/assets	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Accountancy and growth and development	7,766	8,226	4,362	5,225
Assurance	48,168	46,029	26,879	29,036
Corporate finance	3,723	26,340	12,981	18,856
Forensic investigation services	10,275	6,921	7,570	5,911
Other	1,490	1,957	297	597
Recovery and reorganisation	39,208	31,849	40,348	32,753
Taxation and financial planning	38,829	40,353	19,579	23,753
	149,459	161,675	112,016	116,131
Unallocated items	(90,901)	(87,387)	(134,540)	(71,382)
	58,558	74,288	(22,524)	44,749

The firm's internal reporting structure does not measure results to operating profit or net assets strictly in accordance with the industry standard segmented turnover classifications. Accordingly, the allocation between the different classes of business has involved a degree of approximation based on reasonable and consistent assumptions.

Unallocated items affecting operating profit represent the costs of central support and infrastructure that are not directly controllable by individual business functions.

Segmental analysis and profit for the financial year (continued)

Net assets attributed to the business functions comprise trade debts, amounts recoverable on contracts, excess payments on account, provisions for foreseeable losses and certain claims provisions. All other assets and liabilities are controlled centrally and are not allocated across business functions.

The profit for the financial year is stated after:

	2009 £'000	2008 £'000
Auditors' remuneration:		
Audit services - Group and partnership	143	158
Other services - Subsidiary company audits	18	23
Depreciation and amortisation:		
Goodwill	2,609	2,260
Tangible fixed assets, owned	6,046	6,675
Tangible fixed assets, held under finance leases and hire purchase contracts	1,070	768
Provision for diminution in value:		
Write down of fixed asset investments	95	-
Other operating lease rentals:		
Equipment	3,005	4,467
Land and buildings	9,649	9,740
Exceptional one-off costs in connection with acquired businesses (see below)	-	7,746

Exceptional items

The costs of £7.7m incurred in connection with the acquisition of the Robson Rhodes business principally relate to harmonisation of estimation techniques applied to long term contract evaluation, termination costs of Robson Rhodes LLP's international membership of RSM International and property provisions arising from decisions to vacate certain leasehold premises.

2 Cost of sales and other operating costs

	2009 £'000	2008 £'000
Professional staff employment costs	159,822	161,293
Other operating costs:		
Support staff employment costs	38,366	36,462
Property	24,945	24,211
IT and other equipment costs	12,137	12,798
Administration	40,551	46,979
Other financial costs including insurance	12,149	9,042
Annuities to former members	3,936	475
Other	4,595	4,880
	136,679	134,847

3 Net interest and other similar charges

	2009 £'000	2008 £'000
Interest payable on bank loans and overdrafts	1,977	3,627
Finance charges in respect of finance leases	1,365	1,391
Other interest payable and similar charges	377	385
Unwinding of discount for former member annuity provisions	1,300	1,400
Net interest on pension scheme assets/liabilities	461	(2,698)
Other interest receivable and similar income	(1,114)	(1,628)
Net interest and similar charges	<u>4,366</u>	<u>2,477</u>

4 Partners and staff

Employment costs during the year (excluding members but including salaried partners) were as follows:

	2009 £'000	2008 £'000
Wages and salaries	158,305	164,578
Social security costs	16,227	17,258
Other pension costs	12,736	6,478
	<u>187,268</u>	<u>188,314</u>

The average number of full time equivalent members, salaried partners and employees during the year was 4,164 (2008: 4,271), all of whom were engaged in the group's principal activity:

	2009 Number	2008 Number
Members	279	291
Salaried partners	9	15
Professional staff	2,940	3,048
Support staff	936	917
	<u>4,164</u>	<u>4,271</u>

Profits are shared among members in accordance with agreed profit sharing arrangements. The average profit allocation in respect of the year's results, calculated by dividing allocable profits for the financial year by the average number of all members, amounted to £201,000 (2008: £248,000). However, the average profit allocation per variable share member amounted to £217,000 (2008: £276,000).

The profit attributable to the member with the largest entitlement was £908,508 (2008: £834,534). Allocated profits take into account pension and annuity payments rather than pension and annuity charges, the spreading of acquisition integration costs and include sums allocated as interest, members' motor expenses and capital profits but exclude profits in certain subsidiary entities.

Partners and staff (continued)

The average profit per member, calculated in accordance with the requirements of the SORP by dividing the profit for the financial year before members' remuneration and profit shares by the average number of members, amounted to £198,000 (2008: £247,000). The exceptional items referred to in note 1 have reduced the average members' profits for the year by £Nil (2008: £27,000).

The table below provides a reconciliation between the average profit per member calculated in accordance with the SORP and the average profit allocation per variable share member.

	2009 £'000	2008 £'000
Average profit per member	198	247
Integration costs, retirement annuities and other items	6	16
Retained profits for the year in subsidiary entities net of consolidation adjustments	<u>(3)</u>	<u>(15)</u>
Average profit allocation per member	201	248
Effect of fixed profit share members	16	28
Average profit allocation per variable share member	<u><u>217</u></u>	<u><u>276</u></u>

5 Tax on profit on ordinary activities

The tax (credit)/charge arises within the subsidiary undertakings of the group and represents:

	2009 £'000	2008 £'000
United Kingdom corporation tax at 28% (2008: 30%)	4,536	31
Compensating payments due from members	(4,555)	-
Total current tax and tax on profit on ordinary activities	<u><u>(19)</u></u>	<u><u>31</u></u>

The UK corporation tax charge in relevant subsidiary undertakings includes an additional amount in respect of UK transfer pricing legislation. The cost of this is offset by a compensating payment made by the members of the partnership to those subsidiaries which is dealt with through members' interests.

Fulwood Insurances Limited and Selden Insurance Company Limited are taxable at the standard rate in Guernsey of zero percent. Grant Thornton Specialist Services (Cayman) Limited and Grant Thornton (British Virgin Islands) Limited are not subject to corporation tax or the equivalent overseas tax.

Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained as follows:

	2009 £'000	2008 £'000
Profits on ordinary activities before tax of subsidiary undertakings	1,298	4,781
Profits of LLP subsidiary undertakings not subject to corporation tax	<u>(2,091)</u>	<u>(5,592)</u>
	(793)	(811)
Tax on loss on ordinary activities at 28% (2008: 30%)	(222)	(243)
Effect of:		
Losses taxed at zero percent or exempt from tax	230	274
Under/(over) provision from earlier years	-	12
Pension cost charge less than pension cost relief	(37)	(6)
Other timing differences	10	(6)
	<u>(19)</u>	<u>31</u>
Total current tax (credit)/charge		

6 Profit for the financial period

Grant Thornton UK LLP has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £32,704,000 (2008: £45,717,000).

7 Intangible fixed assets

The group and the partnership	The group Goodwill £'000	The partnership Goodwill £'000
Cost:		
At 1 July 2008	22,466	19,881
Adjustment re prior year acquisition (note 19)	2,035	3,210
Additions	150	150
Exchange adjustments	136	-
At 30 June 2009	<u>24,787</u>	<u>23,241</u>
Amortisation:		
At 1 July 2008	2,753	2,490
Provided in the year	2,609	2,376
Exchange adjustments	14	-
At 30 June 2009	<u>5,376</u>	<u>4,866</u>
Net book amount at 30 June 2009	<u>19,411</u>	<u>18,375</u>
Net book amount at 30 June 2008	<u>19,713</u>	<u>17,391</u>

The difference between the goodwill in the group and that in the partnership related to purchased goodwill in subsidiary undertakings and goodwill arising on consolidation.

8 Tangible fixed assets

The group	Freehold and long leasehold property £'000	Short leasehold property £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Total £'000
Cost:						
At 1 July 2008	18,090	15,537	12,801	11,852	7,136	65,416
Additions	-	3,110	1,143	1,372	1,899	7,524
Exchange adjustments	-	7	9	7	-	23
Disposals	(307)	(1,516)	(2,660)	(36)	(2,610)	(7,129)
At 30 June 2009	<u>17,783</u>	<u>17,138</u>	<u>11,293</u>	<u>13,195</u>	<u>6,425</u>	<u>65,834</u>
Depreciation:						
At 1 July 2008	5,707	6,329	8,349	6,634	3,121	30,140
Provided in the year	178	1,271	1,337	2,642	1,688	7,116
Disposals	-	(1,477)	(2,643)	(36)	(1,506)	(5,662)
At 30 June 2009	<u>5,885</u>	<u>6,123</u>	<u>7,043</u>	<u>9,240</u>	<u>3,303</u>	<u>31,594</u>
Net book amount at 30 June 2009	<u>11,898</u>	<u>11,015</u>	<u>4,250</u>	<u>3,955</u>	<u>3,122</u>	<u>34,240</u>
Net book amount at 30 June 2008	<u>12,383</u>	<u>9,208</u>	<u>4,452</u>	<u>5,218</u>	<u>4,015</u>	<u>35,276</u>
The partnership						
	Freehold and long leasehold property £'000	Short leasehold property £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Total £'000
Cost:						
At 1 July 2008	18,090	15,501	12,740	11,731	7,136	65,198
Additions	-	3,110	1,143	1,259	1,899	7,411
Disposals	(307)	(1,516)	(2,660)	(36)	(2,610)	(7,129)
At 30 June 2009	<u>17,783</u>	<u>17,095</u>	<u>11,223</u>	<u>12,954</u>	<u>6,425</u>	<u>65,480</u>
Depreciation:						
At 1 July 2008	5,707	6,329	8,347	6,627	3,121	30,131
Provided in the year	178	1,271	1,330	2,558	1,688	7,025
Disposals	-	(1,477)	(2,643)	(36)	(1,506)	(5,662)
At 30 June 2009	<u>5,885</u>	<u>6,123</u>	<u>7,034</u>	<u>9,149</u>	<u>3,303</u>	<u>31,494</u>
Net book amount at 30 June 2009	<u>11,898</u>	<u>10,972</u>	<u>4,189</u>	<u>3,805</u>	<u>3,122</u>	<u>33,986</u>
Net book amount at 30 June 2008	<u>12,383</u>	<u>9,172</u>	<u>4,393</u>	<u>5,104</u>	<u>4,015</u>	<u>35,067</u>

Tangible fixed assets (continued)

Freehold and long leasehold property at net book value at the balance sheet date in the above group and partnership tables is comprised of freehold property of £Nil (2008: £306,000) and long leasehold property £11,898,000 (2008: £12,077,000).

The previous tables include assets held under finance leases and similar hire purchase contracts as follows:

The group and the partnership	Freehold and long leasehold property £'000	Furniture and equipment £'000	Office equipment £'000	Motor cars £'000	Total £'000
Net book amount at 30 June 2009	<u>8,546</u>	<u>541</u>	<u>-</u>	<u>965</u>	<u>10,052</u>
Net book amount at 30 June 2008	<u>8,674</u>	<u>642</u>	<u>-</u>	<u>1,564</u>	<u>10,880</u>
Depreciation provided in the year	<u>127</u>	<u>101</u>	<u>-</u>	<u>669</u>	<u>897</u>

9 Fixed asset investments

The group	Listed investments £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 July 2008	9,146	20	9,166
Additions	50,325	400	50,725
Disposals	(49,599)	-	(49,599)
Revaluation	90	-	90
At 30 June 2009	<u>9,962</u>	<u>420</u>	<u>10,382</u>
Provisions			
At 1 July 2008	163	-	163
Additional provision	95	-	95
Eliminated on disposal	(12)	-	(12)
At 30 June 2009	<u>246</u>	<u>-</u>	<u>246</u>
Net book amount at 30 June 2009	<u>9,716</u>	<u>420</u>	<u>10,136</u>
Net book amount at 30 June 2008	<u>8,983</u>	<u>20</u>	<u>9,003</u>
		2009	2008
		£'000	£'000
Listed investments at market value held by Fulwood Insurances Limited		<u>9,441</u>	<u>8,668</u>
Market value of all listed investments held by the group		<u>9,563</u>	<u>8,771</u>
Total listed investments on historical cost basis		<u>9,716</u>	<u>8,983</u>

Fixed asset investments (continued)

The partnership	Investment in group undertakings £'000	Loans £'000	Listed investments £'000	Other investments £'000	Total £'000
Cost					
At 1 July 2008	4,014	168	478	-	4,660
Additions	1,368	-	55	400	1,823
Disposals	-	-	(12)	-	(12)
Adjustment re prior year acquisition (note 19)	(1,175)	-	-	-	(1,175)
At 30 June 2009	<u>4,207</u>	<u>168</u>	<u>521</u>	<u>400</u>	<u>5,296</u>
Provisions					
At 1 July 2008	360	168	163	-	691
Additional provision	-	-	95	-	95
Eliminated on disposal	-	-	(12)	-	(12)
At 30 June 2009	<u>360</u>	<u>168</u>	<u>246</u>	<u>-</u>	<u>774</u>
Net book amount at 30 June 2009	<u>3,847</u>	<u>-</u>	<u>275</u>	<u>400</u>	<u>4,522</u>
Net book amount at 30 June 2008	<u>3,654</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>3,969</u>
				2009	2008
				£'000	£'000
Listed investments at market value				<u>122</u>	<u>143</u>
Listed investments on historical cost basis				<u>275</u>	<u>315</u>

Fixed asset investments (continued)

At 30 June 2009, the group held an economic interest of 20% or more of the allotted share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Class of share capital held	Proportion held by the partnership and the group	Nature of business
Fulwood Insurances Limited	Guernsey	Ordinary	100%	Insurance services
Selden Insurance Company Limited	Guernsey	Ordinary	100%	Insurance services
Grant Thornton Services LLP	England	-	100%	Provision of staff to the group
Grant Thornton Business Services	England	Ordinary	100%	Provision of staff to the group
Grant Thornton Specialist Services (Cayman) Limited	Cayman Islands	Ordinary	100%	Provision of insolvency and restructuring services
Grant Thornton (British Virgin Islands) Limited	British Virgin Islands	Ordinary	100%	Provision of insolvency and restructuring services
Moffat Communications Limited *	England	Ordinary	100%	Provision of computer consultancy and project management

* On 13 August 2009 Moffat Communications Limited was sold.

At 30 June 2009, the group also held 100% of the ordinary share capital of, or interest in, the following companies and LLPs incorporated in England, which are either dormant, non-trading or act as holding companies:

GTI Limited	GTPN1 Limited
Barfreton Limited	GTPN2 Limited
Cape & Dalgleish Limited	Grant Thornton Nominees *
Grant Thornton Limited	Grant Thornton Property Nominees *
Grant Thornton Corporate Finance Limited	Grant Thornton Contracts LLP
Grant Thornton Management Consultants Limited	Grant Thornton Trust Company Limited
GTN1 Limited	Grant Thornton Consulting Limited
GTN2 Limited	Thornton Baker UK LLP
Thornton Baker Limited	Grant Thornton Primo Limited
Grant Thornton Employee Benefits Consulting LLP	Grant Thornton Business Consulting Limited
Grant Thornton Personal Financial Planning Limited	GT Partner 1 Limited
Grant Thornton Dormant No. 1 Limited (formerly Potentia International Limited)	

* Unlimited liability nominee companies in which the partnership has a 100% interest.

10 Debtors

	The group		The partnership	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade debtors	84,826	95,534	84,352	94,874
Amounts owed by group undertakings	-	-	60	1,269
Amounts recoverable on contracts	52,477	45,874	52,057	45,685
Other debtors	12,803	9,264	12,275	9,255
Amounts due from members	7,602	6,910	7,602	6,910
Prepayments and accrued income	8,740	10,386	6,858	8,654
	166,448	167,968	163,204	166,647

Included in the above for both the group and the partnership are the following amounts which are due after more than one year:

	The group		The partnership	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Other debtors	6,169	7,050	6,169	7,050
Prepayments and accrued income	400	286	400	286
	6,569	7,336	6,569	7,336

11 Cash at bank and in hand

	The group		The partnership	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Cash and immediately available bank balances	14,452	14,381	13,686	13,793
Short term deposits at bank	2,893	4,931	-	2,100
	17,345	19,312	13,686	15,893

12 Creditors: amounts falling due within one year

	The group		The partnership	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans	13,346	4,312	13,273	4,312
Excess payments received on account	20,428	17,769	20,428	17,769
Trade creditors	10,098	4,546	10,021	4,472
Amounts owed to group undertakings	-	-	10,502	17,533
Corporation tax	4,555	19	-	-
Social security and other taxes	16,953	10,696	12,017	5,896
Other creditors	2,487	2,140	1,002	1,141
Accruals and deferred income	20,456	33,636	14,272	21,086
Provisions for foreseeable losses	961	783	961	783
Amounts due to former members	13,772	4,708	13,772	4,708
Amounts due under finance leases and hire purchase contracts	711	832	711	832
	103,767	79,441	96,959	78,532

13 Creditors: amounts falling due after more than one year

	The group		The partnership	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans	32,086	29,960	32,086	29,960
Amounts due under finance leases and hire purchase contracts	12,152	12,559	12,152	12,559
	44,238	42,519	44,238	42,519

14 Borrowings

Borrowings are repayable as follows:

	The group		The partnership	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Within one year:				
Bank and other borrowings	13,346	4,312	13,273	4,312
Finance leases and hire purchase contracts	711	832	711	832
After one and within two years:				
Bank and other borrowings	5,360	3,674	5,360	3,674
Finance leases and hire purchase contracts	430	499	430	499
After two and within five years:				
Bank and other borrowings	26,726	26,286	26,726	26,286
Finance leases and hire purchase contracts	261	599	261	599
After five years:				
Finance leases and hire purchase contracts	11,461	11,461	11,461	11,461
	58,295	47,663	58,222	47,663

Borrowings (continued)

Loans totalling £96,000 (2008: £187,000) are secured on endowment policies taken out in the names of individual members. Bank loans totalling £45,261,000 (2008: £34,083,000) are repayable in a mixture of monthly, quarterly and annual instalments between 1 July 2009 and 2 July 2012 (2008: between 1 July 2008 and 2 July 2012), and other borrowings totalling £96,000 (2008: £187,000) are repayable in a single instalment in March 2010 (2008: March 2009).

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

15 Provisions for liabilities

The group

	Claims provisions £'000	Property provisions £'000	Former members' annuities £'000	Total £'000
At 1 July 2008	9,032	3,378	27,266	39,676
New obligations	-	-	1,536	1,536
Amortisation of discount	-	-	1,300	1,300
Settlement of obligations during year	(468)	-	(3,096)	(3,564)
Change in assumptions and experience (gains)/losses	-	-	2,400	2,400
Released to profit and loss account	(523)	(1,013)	-	(1,536)
Provided during year in profit and loss account	4,247	2,683	-	6,930
Transfer from loans and other debts due to members	-	-	200	200
	12,288	5,048	29,606	46,942
At 30 June 2009				

The partnership

	Claims provisions £'000	Property provisions £'000	Former members' annuities £'000	Total £'000
At 1 July 2008	2,216	3,286	27,266	32,768
New obligations	-	-	1,536	1,536
Amortisation of discount	-	-	1,300	1,300
Settlement of obligation during year	(468)	-	(3,096)	(3,564)
Change in assumptions and experience (gains)/losses	-	-	2,400	2,400
Released to profit and loss account	(523)	(1,004)	-	(1,527)
Provided during year in profit and loss account	2,048	2,683	-	4,731
Transfer from group undertaking	-	83	-	83
Transfer from loans and other debts due to members	-	-	200	200
	3,273	5,048	29,606	37,927
At 30 June 2009				

The provision for claims is in respect of the estimated amounts for commercial settlements and professional indemnity claims. Property provisions are in respect of dilapidations and surplus properties. The former members' annuity provision has been actuarially calculated using a discount rate based on Government bonds and estimates of the expected payment period covered by the annuities.

Provisions for liabilities (continued)

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

	2009 £'000	2008 £'000
In less than one year	3,202	3,089
After one and within five years	10,422	10,347
After five and within ten years	8,955	8,324
After ten and within twenty-five years	6,947	5,493
In more than twenty-five years	80	13
	<u>29,606</u>	<u>27,266</u>

16 Members' interests

The group

	Revaluation reserves £'000	Other reserves £'000	Total £'000	Loans and other debts due to/(from) members £'000	Total members' interests £'000
At 1 July 2008	(39)	(27,067)	(27,106)	64,945	37,839
Members' remuneration charged as an expense	-	-	-	21,620	21,620
Profit for the financial year available for discretionary division among members	-	33,714	33,714	-	33,714
Members' interests after profit for year	(39)	6,647	6,608	86,565	93,173
Allocated profits	-	(50,503)	(50,503)	50,503	-
Tax adjustments on payment of annuities to former members, royalties and interest	-	947	947	-	947
Members' capital introduced	-	-	-	3,373	3,373
Other amounts introduced by members	-	-	-	1,571	1,571
Drawings (including tax payments)	-	-	-	(72,339)	(72,339)
Transfer of capital to former members' balances	-	-	-	(12,243)	(12,243)
Transfer of other amounts to former members' balances	-	-	-	(6,624)	(6,624)
Transfer to provision for former members' annuities	-	-	-	(200)	(200)
Pension scheme actuarial loss	-	(33,068)	(33,068)	-	(33,068)
Movement in unrealised gains/losses on investments	90	-	90	-	90
Exchange losses on translation of foreign operations	-	(251)	(251)	-	(251)
Movement in compensating payments due to subsidiary undertakings	-	-	-	(4,555)	(4,555)
At 30 June 2009	<u>51</u>	<u>(76,228)</u>	<u>(76,177)</u>	<u>46,051</u>	<u>(30,126)</u>

Members' interests (continued)

The partnership	Other reserves £'000	Loans and other debts due to/(from) members £'000	Total members' interest £'000
At 1 July 2008	13,293	64,945	78,238
Members' remuneration charged as an expense	-	21,620	21,620
Profit for the financial year available for discretionary division among members	32,704	-	32,704
Partners' interests after profit for year	45,997	86,565	132,562
Allocated profits	(50,503)	50,503	-
Tax adjustments on payment of annuities to former members, royalties and interest	947	-	947
Members' capital introduced	-	3,373	3,373
Other amounts introduced by members	-	1,571	1,571
Drawings (including tax payments)	-	(72,339)	(72,339)
Transfer of capital to former members' balances	-	(12,243)	(12,243)
Transfer of other amounts to former members' balances	-	(6,624)	(6,624)
Transfer to provision for former members' annuities	-	(200)	(200)
At 30 June 2009	(3,559)	50,606	47,047

Allocated profits for the group and the partnership comprise:

Profits for the year ended 30 June 2008, allocated in the year ended 30 June 2009	£'000 50,503
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The loans and other debts due to/(from) members can be analysed follows:

The group	Due within one year £'000	Due after one year £'000	2009 £'000	Due within one year £'000	Due after one year £'000	2008 £'000
Members' capital classified as a liability	43,955	-	43,955	52,825	-	52,825
Other amounts due to members	11,478	1,175	12,653	15,930	1,200	17,130
Movement in compensating payments due to subsidiary undertakings	(4,555)	-	(4,555)	-	-	-
Provision for annuities in relation to current members	-	1,600	1,600	-	1,900	1,900
Loans and other debts due to members	50,878	2,775	53,653	68,755	3,100	71,855
Amounts due from members included in debtors	(7,602)	-	(7,602)	(6,910)	-	(6,910)
	43,276	2,775	46,051	61,845	3,100	64,945

Members' interests (continued)

	Due within one year £'000	Due after one year £'000	2009 £'000	Due within one year £'000	Due after one year £'000	2008 £'000
The partnership						
Members' capital classified as a liability	43,955	-	43,955	52,825	-	52,825
Other amounts due to members	11,478	1,175	12,653	15,930	1,200	17,130
Provision for annuities in relation to current members	-	1,600	1,600	-	1,900	1,900
Loans and other debts due to members	55,433	2,775	58,208	68,755	3,100	71,855
Amounts due from members included in debtors	(7,602)	-	(7,602)	(6,910)	-	(6,910)
	<u>47,831</u>	<u>2,775</u>	<u>50,606</u>	<u>61,845</u>	<u>3,100</u>	<u>64,945</u>

Loans and other debts due to members rank pari passu with unsecured creditors. The legal opinion given in an appendix to the SORP, Accounting by Limited Liability Partnerships, is that members' other interests, represented above by other reserves, rank after unsecured creditors.

17 Net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit	58,558	74,288
Depreciation and amortisation	9,725	9,703
Decrease/(increase) in debtors	2,343	(4,630)
Increase in creditors	1,759	10,809
Increase in provision against investments	83	-
Adjustments in provisions for liabilities	8,862	1,685
Tax withheld from royalty payments	484	-
Adjustments in pension liability	(3,259)	(3,595)
Net cash inflow from operating activities	<u>78,555</u>	<u>88,260</u>

Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Increase in cash in the year	490	5,777
Cash (inflow)/outflow from financing	(11,158)	852
Cash outflow from finance leases	971	548
Cash outflow from transactions with members	68,849	51,338
Cash (inflow)/outflow from movement in short term deposits	(2,038)	4,931
Change in net funds resulting from cash flows	57,114	63,446
Exchange movement	(419)	-
Non-cash items	(51,092)	(107,534)
Movement in net debt in the year	5,603	(44,088)
Net debt at 1 July 2008	(100,206)	(56,118)
Net debt at 30 June 2009	<u>(94,603)</u>	<u>(100,206)</u>

18 Analysis of changes in net debt

	At 1 July 2008 £'000	Cash flow £'000	Exchange movement £'000	Other non- cash items £'000	At 30 June 2009 £'000
Cash in hand and at bank	14,381	490	(419)	-	14,452
Short term deposits	4,931	(2,038)	-	-	2,893
Debt	(34,274)	(11,158)	-	-	(45,432)
Finance leases	(13,389)	971	-	(445)	(12,863)
Net debt before loans and other debts due to members	(28,351)	(11,735)	(419)	(445)	(40,950)
Loans and other debts due to members	(71,855)	68,849	-	(50,647)	(53,653)
Net debt including loans and other debts due to members	(100,206)	57,114	(419)	(51,092)	(94,603)

Non-cash items within the finance lease movement represent the capital component of new finance leases and hire purchase contracts. Non-cash items within the movement in loans and other debts due to members principally represent allocated profits.

19 Acquisitions

On 2 July 2007, the group acquired a substantial part of the trading activities, together with many of the net assets, of RSM Robson Rhodes LLP. That acquisition was accounted for in the year ended 30 June 2008 and the provisional fair values of the assets, liabilities and consideration gave rise to goodwill of £21,973,000 in the group accounts.

The provisional fair values have been reviewed during the current year and the consideration increased by £2,471,000 and net assets acquired by £436,000, thereby increasing the group goodwill on acquisition by £2,035,000. The fair value of an investment in a subsidiary was reduced by £1,175,000, increasing the goodwill adjustment in the partnership to £3,210,000.

The additional consideration relates to further payments to RSM Robson Rhodes LLP, as allowed for by the acquisition agreement, but which were not anticipated at last year end. The investment in the subsidiary has been revised downwards following a more thorough appraisal of its trading potential at acquisition.

20 Capital commitments

	The group		The partnership	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Contracted for but not provided in these financial statements	-	1,100	-	1,100

21 Contingent liabilities

There were no contingent liabilities at 30 June 2009 (2008: none) other than those related to the claim provisions referred to in note 15 and in connection with guarantees given by the partnership relating to the defined benefit pension scheme as more fully described in note 22.

22 Retirement benefits

Defined Contribution Pension Scheme

The group operates defined contribution pension schemes for the benefit of certain employees. The assets of the schemes are administered in funds independent from those of the group.

Employer contributions to the schemes by the group in the year ended 30 June 2009 amounted to £9,772,000 (2008: £4,116,000). The outstanding contributions to the schemes at the year end were £843,000 (2008: £790,000) and represented the unpaid contributions for June 2009.

Defined Benefit Pension Scheme

The group operates two defined benefit pension schemes for the benefit of certain employees, the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. The assets of the schemes are administered by trustees in funds independent from the assets of the group.

The Robson Rhodes scheme is significantly smaller than the Grant Thornton scheme. Both schemes are closed to new members.

The major assumptions used for the purpose of the FRS 17 valuation at 30 June 2009 were:

	2009	2008
	%	%
Expected return on assets - Robson Rhodes scheme	7.05	6.60
Expected return on assets - Grant Thornton scheme	7.90	7.60
Rate of general increase in salaries	5.50	6.00
Rate of revaluation of accrued and deferred pensions - Grant Thornton scheme	3.50	4.00
Rate of revaluation of accrued and deferred pensions - Robson Rhodes scheme	5.00	5.00
Rate of increase in pensions in payment - pre 1 July 2006	3.35	3.75
Rate of increase in pensions in payment - post 30 June 2006	2.50	2.50
Discount rate	6.20	6.70
Price inflation	3.50	4.00
Mortality assumption	PA92C09MC*	PA92C05MC*

*Mortality rates are assumed to follow the PA92 series, incorporating medium cohort projections up to 2009 (2008: up to 2005) and adjusted as necessary to reflect the observed rates of mortality amongst members of pension schemes operated in a similar sector.

The rate of return on each asset class should reflect long term expectations at the beginning of the period. On gilts, bonds and cash the expected return is determined by applying the redemption yields to the market value of the assets held at the beginning of the period. For equities, the expected return is calculated by applying the rate of return expected over the long term to the market value of the equities held at the start of the period. The rate of return available on property is assumed to be mid-way between the returns for equities and gilts.

Retirement benefits (continued)

The assumed rates of mortality have been based on standard tables, themselves derived from an analysis (undertaken by the Continuous Mortality Investigation Bureau (CMI)) of deaths within the insured pensioner population over a four year period centered around 1992. The assumptions build in projections of improvements in mortality rates from 1992 up to 2009, including a projection (again based on analysis done by the CMI) of even higher rates of improvement for individuals born between 1925 and 1945 than for individuals born either side. This differential projection of the rates of improvement is assumed to continue for a certain period before the assumed rates of improvement converge. The actual assumption for the two schemes are derived by fitting this particular standard table to the observed rates of death among members of occupational pension schemes of employers in the financial services sector (of which Grant Thornton and Robson Rhodes pensioners would be a subset) and making adjustments as necessary to obtain the best fit to the financial services sector data.

All the assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2009		2008		2007	2006	2005
	£'000	%	£'000	%	£'000	£'000	£'000
UK Equities	73,193	42.6	89,139	44.5	115,100	96,000	79,500
Overseas Equities	29,185	17.0	34,700	17.3	34,500	29,500	25,000
Fixed interest Gilts	1,044	0.6	968	0.5	-	-	-
Index-linked Gilts	24,027	14.0	24,064	12.0	20,800	18,500	19,800
Corporate Bonds	22,437	13.1	22,100	11.0	20,700	22,600	18,900
Property	20,581	12.0	26,800	13.4	20,800	18,500	15,900
Cash	1,202	0.7	2,637	1.3	2,100	900	1,500
Total market value of assets	<u>171,669</u>	<u>100.0</u>	<u>200,408</u>	<u>100.0</u>	<u>214,000</u>	<u>186,000</u>	<u>160,600</u>
Present value of scheme liabilities (all funded)	<u>(246,826)</u>		<u>(245,295)</u>		<u>(238,200)</u>	<u>(240,300)</u>	<u>(218,000)</u>
Net pension liability recognised in the consolidated balance sheet	<u>(75,157)</u>		<u>(44,887)</u>		<u>(24,200)</u>	<u>(54,300)</u>	<u>(57,400)</u>

The history of experience losses and (gains) has been:

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Difference between expected and actual return on scheme assets	42,983	33,639	(13,300)	(12,100)	(10,500)
Experience (gains) and losses on scheme liabilities	(25,772)	6,206	(200)	100	(5,400)
Changes in the actuarial assumptions underlying the present value of the scheme liabilities	15,857	(13,444)	(13,000)	11,000	24,200
Total actuarial losses and (gains)	<u>33,068</u>	<u>26,401</u>	<u>(26,500)</u>	<u>(1,000)</u>	<u>8,300</u>

Retirement benefits (continued)

Reconciliation of scheme liabilities during the year:

	2009 £'000	2008 £'000
Scheme liabilities at the beginning of year	245,295	238,200
Arising on acquisitions	-	3,927
Interest cost	16,208	13,826
Current service cost	3,335	2,351
Member contributions	4	1,406
Benefits paid by scheme	(8,101)	(7,177)
Loss/(gain) on change of actuarial assumptions	15,857	(13,444)
Experience (gain)/ loss on liabilities	(25,772)	6,206
Scheme liabilities at end of year	<u>246,826</u>	<u>245,295</u>

Reconciliation of scheme assets during the year:

	2009 £'000	2008 £'000
Market value at beginning of year	200,408	214,000
Arising on acquisitions	-	3,348
Benefits paid	(8,101)	(7,177)
Employer contributions	6,594	5,946
Member contributions	4	1,406
Expected return on assets	15,747	16,524
Loss on assets	(42,983)	(33,639)
Market value at end of year	<u>171,669</u>	<u>200,408</u>

Actual return on scheme assets:

	2009 £'000	2008 £'000
Expected return on scheme assets	15,747	16,524
Actuarial loss	(42,983)	(33,639)
Actual return on scheme assets	<u>(27,236)</u>	<u>(17,115)</u>

The amount charged to operating profit was:

	2009 £'000	2008 £'000
Current service cost	3,335	2,351
Total operating charge	<u>3,335</u>	<u>2,351</u>

Retirement benefits (continued)

Other finance costs/(income) comprises:

	2009 £'000	2008 £'000
Expected return on pension scheme assets	(15,747)	(16,524)
Interest on pension scheme liabilities	16,208	13,826
	<u>461</u>	<u>(2,698)</u>

The amount recognised in the statement of total recognised gains and losses is:

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	42,983	33,639
Experience (gains)/ losses arising on the scheme liabilities	(25,772)	6,206
Changes in the actuarial assumptions underlying the present value of the scheme liabilities	15,857	(13,444)
	<u>33,068</u>	<u>26,401</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £61.0m (2008 - £27.9m loss).

The movement in the deficit in the year was:

	2009 £'000	2008 £'000
Deficit in schemes at beginning of year	(44,887)	(24,200)
Arising on acquisitions	-	(579)
Current service cost	(3,335)	(2,351)
Contributions	6,594	5,946
Other finance (costs)/income	(461)	2,698
Actuarial loss	(33,068)	(26,401)
	<u>(75,157)</u>	<u>(44,887)</u>

At the year end, there was a small deficit in the Robson Rhodes scheme so the deficit noted above predominantly arises in the Grant Thornton scheme. The actuarial valuation of the Grant Thornton scheme as at 30 June 2008 was completed during the year and a schedule of contributions has been agreed with the trustees. In recognition that the level of pensionable pay will tend to decrease in real terms now that the scheme is closed to new members, total contributions covering the ongoing accrual of benefit by the members, the trustees' costs and an element designed to eliminate the funding shortfall by June 2018, have now been expressed as a sum of money rather than a percentage of pensionable salaries. Annual contributions will start at £5.6m for the year ending 30 June 2010, increasing gradually to £8.3m for the year ending 30 June 2018, although in reality the position and funding required will be reassessed as at 30 June 2011 (at the latest) when the next triennial review is carried out. In addition to these contributions, the firm will pay 5% of pensionable salaries in respect of members who have opted into the salary sacrifice arrangement. Aggregate employer contributions for both schemes in the year commencing 1 July 2009 are expected to be £6.9m (1 July 2008: £5.9m) and member contributions for the same period are expected to be £Nil (2008: £1.4m).

Retirement benefits (continued)

Guarantee and recognition of obligations

A subsidiary entity, Grant Thornton Services LLP ("GT Services"), is the principal employer to both the Grant Thornton Pensions Fund and the Robson Rhodes Retirement Benefit Scheme. Both schemes are defined benefit pension schemes. GT Services is the sole participating employer of the active members of the GT scheme. Another unlimited liability company subsidiary entity, Grant Thornton Business Services ("GT Business Services") is the sole participating employer of the active members of the Robson Rhodes scheme. The FRS 17 obligations in respect of the schemes are set out above. The partnership pays GT Services and GT Business Services for the supply of staff to the partnership in accordance with the terms of a Staff Supply Agreement between the partnership and GT Services, such charges being sufficient to cover all of the employment costs of the staff, including all pension payments made by GT Services or GT Business Services to the scheme.

On 28 June 2004, the partnership provided a guarantee to the trustees of the Grant Thornton Pensions Fund under which it has undertaken to pay immediately, following a demand properly served on it by the trustees, any amount which becomes due and payable by GT Services and which remain unpaid by GT Services for a period of not less than two months from the due date.

In addition, on 29 March 2006, the partnership provided a further guarantee to the trustees of the Grant Thornton Pensions Fund in connection with the contributions payable to it by GT Services. The guarantee is to enable the trustees to provide a Type 1 Contingent Asset (as defined in section 6.1 of the document 'Guidance in relation to contingent assets' issued by the Board of the Pension Protection Fund in September 2006) to the Board of the Pensions Protection Fund. The guarantee was provided in connection with the Pensions Protection Fund Risk Based Levy and resulted in a significant reduction in the amount of the Risk Based Levy chargeable by the Pensions Protection Fund on the pension scheme.

The obligation is limited to all present and future obligations and liabilities of GT Services to make payments to the scheme up to a maximum amount which, when added to the assets of the scheme, would result in the scheme being 105% funded on the date on which any liability under the guarantee arises, calculated on the basis set out in section 179 of the Pensions Act 2004.

On 2 July 2007, the partnership provided a guarantee to the trustees of the Robson Rhodes Retirement Benefit Scheme under which it has undertaken to pay immediately, following a demand by the trustees, any amount which becomes due and payable by GT Business Services in respect of its guaranteed obligations. Such obligations are defined and limited in the same way as those for GT Services set out above.

The obligations to the schemes are reflected in the respective balance sheets of GT Services and GT Business Services as the participating employers. The obligations are not reflected in the individual entity balance sheet of the partnership because, apart from the contingent liability, 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 balance sheet date.

23 Leasing commitments

Operating lease payments amounting to £14,652,000 (30 June 2008: £11,393,000) are due within one year. The leases to which these amounts relate expire as follows:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	94	462	452	2,062
Between one and five years	3,508	826	2,781	483
In five years or more	9,756	6	5,605	10
	13,358	1,294	8,838	2,555

24 Transactions with related parties

The group has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose any transactions between itself and its subsidiary undertakings.

Mayshill Limited ("Mayshill") is beneficially owned by those continuing members of the partnership who were members on 30 June 2007. On 2 July 2007, the partnership loaned Mayshill £8,812,500 to enable Mayshill to acquire the customer goodwill of RSM Robson Rhodes LLP. The loan is repayable over 10 years in equal instalments and attracts interest at 2% over base rate. The loan principal outstanding at 30 June 2009 was £7,050,000 (2008: £7,931,250). Other unsettled transactions between Mayshill and the partnership are carried in a loan account which also attracts interest at 2% over base rate. At 30 June 2009, the balance on this loan was £922,166 (2008: £1,045,000) owed by the partnership. The net interest receivable by the partnership on these two loans for the year ended 30 June 2009 was £314,000 (2008: £583,000) although interest payments and receipts are subject to deduction of basic rate income tax.

On 2 July 2007, the partnership also entered into a 10 year agreement with Mayshill under which Mayshill has granted an exclusive licence to the partnership to use the customer goodwill acquired from RSM Robson Rhodes LLP. An annual royalty is payable by the partnership to Mayshill and this amounted to £1,070,000 (2008: £1,350,000) for the year ended 30 June 2009, although payments are subject to deduction of basic rate income tax.

Independent auditors' report to the members of Grant Thornton UK LLP

We have audited the group and parent entity financial statements ("the financial statements") of Grant Thornton UK LLP for the year ended 30 June 2009 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and partnership balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the limited liability partnership, as a body, in accordance with section 235 of the Companies Act 1985, as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the members of the limited liability partnership those matters we are required to state to them in an auditors' 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 limited liability partnership and the members of the limited liability partnership as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

The members' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of members' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985, as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, the limited liability partnership has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the CEO's review of the year, the business and financial review and the members' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and limited liability partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In

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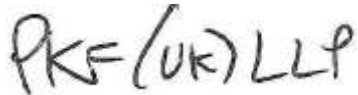
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forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent entity's affairs as at 30 June 2009 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.



PKF (UK) LLP
REGISTERED AUDITORS
LONDON, UK

11 November 2009