



Grant Thornton

An instinct for growth™

Transparency report 2017

Committed to audit quality

YEAR END - 31 DECEMBER 2017



Contents

Section	Page
Foreword from the Managing Partner	4
Report from the Independent Non-Executive	6
Structure and governance	8
Governance and management	9
Grant Thornton International Limited (GTIL)	13
Driving quality	15
Delivering audit quality	16
Measuring audit quality	20
People and culture	23
Risk management	27
Corporate Social Responsibility (CSR)	30
Financial information	33
Appendices	35
Appendix 1: Public Interest Entity (PIE) clients	36
Appendix 2: Leadership and governance	37
Appendix 3: Management Committee	38
Appendix 4: Independent Non-Executive (INE)	41
Appendix 5: Professional body committees	42
Appendix 6: Statement on the firm's internal quality control systems	44
Appendix 7: Compliance with transparency regulations	45
Further information	47

Foreword from the Managing Partner

As newly-appointed Managing Partner for Grant Thornton Ireland, it gives me great pleasure to present our 2017 Transparency Report. 2017 has been another exceptional year of growth for Grant Thornton Ireland, exceeding our expectations. We believe our high quality service is a key factor in our continued growth.



Our commitment to quality in everything we do has come to increased focus in the last year as we strive to create a culture of excellence. At Grant Thornton we recognise that continuous quality improvement is crucial for improving public confidence in the audit market.

As Managing Partner, I am fully aware of the importance that our clients, audit committees, regulators and the public, place on audit quality. This report is designed to help our stakeholders understand us better and to demonstrate that we have the skills, resources and tools needed to conduct high quality audits objectively and effectively and that we continue to invest in these areas to strive for continuous quality improvement. In 2018 we will work to prepare for the introduction of our new global audit platform and methodology (LEAP) by bridging the gap and introducing key improvements to our audit processes which will improve alignment to the audit standards. LEAP will be rolled out in 2019 and will represent a step change in ensuring our audit process is future fit, making it easier for people to focus on the areas of most risk and deliver great quality.

We have also continued to build on our capabilities and resources within our Risk, Compliance and Professional Standards (RCPS) and technical support team. We believe our continued growth will serve to increase competition within the large Irish firms, particularly in the areas of audit and taxation. We believe we are very well positioned to continue to capitalise on these opportunities as they are presented.

In 2015 we launched our five-year global strategy, '**Growing Together 2020**'. This transformational strategy focuses on growing our people and our clients together by unlocking their potential for growth. A primary goal of our strategy is to constantly deliver high quality.

As part of our ongoing efforts to create a culture that promotes and nurtures diversity and that focuses on retaining top talent through active talent management, we developed our Women in Leadership programme, *Aspire*. This programme was launched in 2017 with the aim of developing a strong female leadership pipeline and to acknowledge the valuable contribution of our female talent. It has provided participants with the opportunity to identify personal drivers, required skills and behaviours to help succeed in their chosen career path and to share tools and tips to navigate the challenges along the way. The programme has been one of our stand out people development initiatives in 2017 and has again been successfully launched for 2018.

Our focus on the development of our people can also be demonstrated through our leadership development programme, *Elevate*. The objective of this programme is to create a distinct group of transformational leaders within Grant Thornton, who are empowered to positively influence, drive and evolve the people and culture of the firm to achieve our stated firm-wide, service, department and team objectives.

Audit and assurance have always been and continues to be, important part of our business. We continue to focus on enhancing audit quality and independence, particularly in light of continuing changes in the audit profession, including significant regulatory developments with the implementation of the new European Union Audit Regulation and Directive on 17 June 2016. In 2017 we implemented changes to our internal quality review process to challenge our audit department, expect exceptional quality at all times and effectively measure our quality output. In addition, we have actively engaged with our independent non-executive to identify areas where quality focus can be improved.

As a firm, we welcome the regulatory changes, as they will drive audit quality and increase competition, independence and public confidence in the profession.

This report demonstrates that we are strongly positioned and that we are continuing to invest to ensure that our systems and methodologies are optimised in order for us to continue to deliver high quality and effective audits to our clients.

Looking forward to 2018, our growth is projected to continue but quality will become an ever-increasing factor as we move to further embed our culture of excellence.

Our people are pivotal to our success and I am excited to pioneer programmes which will empower our people to achieve the best and in turn deliver the best service and quality to our clients.

Michael McAteer
Managing Partner



Report from the Independent Non-Executive

In May 2017, I was appointed as Independent Non-Executive for Grant Thornton Ireland. This appointment is set out by the Irish Audit Firm Governance Code (the Code) issued by the Professional Standards, Chartered Accountants Ireland (PSCAI).



This key feature of the code reflects the belief that regulation is not a substitute for effective governance and that good governance complements regulation in promoting audit quality.

This is my first report since my appointment as an Independent Non-Executive (INE) for Grant Thornton Ireland. The role is reflected in the objectives of the Code published by PSCAI in respect of the financial years of all Public Interest Entities (PIEs) commencing on or after 1 January 2013. The Code states that the involvement of INEs should enhance confidence in the public interest aspects of the firm's decision making, stakeholder dialogue and management of reputational risks, including those arising in the firm's businesses that are not otherwise effectively addressed by regulation.

Responsibility for the inspection and promotion of improvements in the quality of auditing of public interest entities recently transferred from PSCAI to IAASA. A review of the implementation and operation of the Code by IAASA is currently underway and I have engaged with IAASA in the context of Grant Thornton, so that I can fully understand the regulator's objectives. This included how the implementation of the Code may advance competition in appointment choice for PIEs in relation to audit and assurance assignments.

Although the Code is focused on the audit quality of PIEs it is critical to the good governance of Grant Thornton that sufficient consideration is given and is seen to be given to the public interest, in all aspects of the firm's decision making processes.

An INE tries to provide independent assurance to all relevant stakeholders that this is the case, whilst at the same time playing an important role in safeguarding and enhancing the firm's reputation.

As recognised by the Code, audit firms, including Grant Thornton, share operations, brands and reputations with businesses that are subject to little or no regulation and this can pose significant risks to the reputation and continued existence of a firm, including its audit practice. The Code envisages the INE role as having a place in addressing these risks, as well as enhancing confidence in firms' decision making and ensuring that stakeholder concerns are properly communicated at the highest level.

The terms of reference of my appointment are set out in **appendix 4, page 41**.

Grant Thornton is a partnership, not a corporate entity and a significant part of my involvement to date has been in understanding how this works in practice. As an INE, I have no powers to ensure that any advice I offer has been acted on, nor do I have any decision making capability in that role.

Apart from meeting both the current and former Managing Partners, the Head of Assurance and Head of Audit, I have also attended a number of the Management Committee's meetings as an observer. Reports on internal, network and external reviews of the firm's work and related correspondence were discussed and reviewed.

In addition to the matters brought to the INE's attention, the INE has raised matters related to rapid growth and the management of its attendant risks and risks related to non-regulated activities. I am satisfied that the firm is addressing these risks in an appropriate manner.

Based on my engagement to date, I have observed that 'tone at the top' is appropriately implemented to increase accountability at all levels and to drive audit quality. In addition, I am satisfied that risk management and quality control procedures are appropriately robust and taken seriously by the Management Committee, who have also demonstrated a focus on continuous improvement in light of regulatory reviews.

I am very pleased with and encouraged by, the openness which has characterised my interactions with Grant Thornton in this initial period of my role and I have experienced a real willingness on the part of its leadership to engage in a meaningful and positive way.

Brian Kearney
Independent Non-Executive





Structure and governance

Governance and management

Leadership

At Grant Thornton, we care about the work we do for clients and always aim to ensure our work and influence in the markets we operate within builds on our strong reputation as a firm. We are relied upon to provide independent advice rooted in the highest professional ethics, principles and professional standards. We help create the commercial and social environments that enable long-term success, growth for businesses and where people flourish.

High on every partner's agenda is a desire to maintain each individual's commitment to our strong ethical culture. In all that they do, partners seek to set the tone for the business and empower our people to meet their potential. Above all, our people are encouraged to speak out, take responsibility and demonstrate integrity and agility. It is an intrinsic part of our culture. We like to tell it like it is. It is our partners who help to shape the domestic and international debate by actively participating with professional and industry bodies. Together we work with our peers to support necessary changes to improve our profession.

Legal structure and ownership

Grant Thornton Ireland is an unincorporated partnership under the Partnership Act, 1890 and comprises **48 partners**. It is regulated by IAASA and PSCAI. The firm also conducts certain types of business through a number of incorporated entities as set out in the following table.

We are a full member firm of Grant Thornton International Limited (GTIL) which is a not-for-profit, non-practising, international umbrella membership entity organised as a private company limited by guarantee not having a share capital, incorporated in England and Wales. GTIL is one of the world's leading organisations of independently owned and managed accounting and consulting firms.

Company name	Status	Type of business	Regulatory authority
Grant Thornton	Partnership	Audit and assurance services, business consulting and accountants reports	IAASA and PSCAI
Grant Thornton Financial Counselling Limited	Limited Company	Life assurance, pensions advice, investment and financial planning advice	Central Bank of Ireland
Grant Thornton Financial and Taxation Consultants Limited	Limited Company	Tax consultancy and compliance, payroll and company secretarial	PSCAI
Grant Thornton Consulting Limited	Limited Company	Business risk services, Financial Accounting and Advisory Services (FAAS), consultancy and outsourcing	PSCAI
Grant Thornton Business Advisory Services Limited	Limited Company	Consultancy, non audit, accounting services and outsourcing	PSCAI
Grant Thornton Corporate Finance Limited	Limited Company	Advisory and Recovery and Reorganisation	PSCAI
Madison Asset Management Services Ltd	Limited Company	Property Management	PSCAI
Grant Thornton Debt Solutions Limited	Limited Company	Personal insolvency services	PSCAI
Watch Portfolio Management (Ireland) Limited	Limited Company	Personal insolvency services	PSCAI
Grant Thornton Pensioner Trustees Limited	Limited Company	Trustee Pension Services	PSCAI
Grant Thornton (NI) LLP	Limited Liability Partnership	Audit and assurance, tax compliance and consultancy, corporate finance and transaction services	PSCAI

Governance and risk management

We are committed to the highest standards of governance. We continually monitor developments in corporate governance so that we can benchmark our performance against them. We adopt best practice in a way that is relevant to our activities, to the risk environment that we face and to the needs of our clients and people. As a partnership, the firm is owned by its partners, whose rights and obligations are set out in the firm's partnership agreement.

The partners vote every three years to confirm the appointment of a Managing Partner in accordance with the partnership agreement. This gives the Managing Partner the authority to exercise strong and effective leadership of the business. This authority is underpinned by robust independent oversight on behalf of the partners by the firm's Management Committee (the 'Committee').

It is considered appropriate that the management structure of the firm develops with the growth of the business. Therefore, the structures set out below may be supplemented from time to time with additional appointments, such as committees, executive appointments to the Committee and non-executive appointments. In 2017 Grant Thornton appointed Brian Kearney as INE. For further information, see **Report from the Independent Non-Executive, page 6**.

Management of our business

The firm is run on a day-to-day basis by the Managing Partner, Michael McAteer, who is assisted by a Management Committee, made up of certain partners (details outlined below). Michael is responsible for:

- ensuring that the firm operates according to the firm's strategic plan which has been set out to guide the firm for the next three years; and
- the management of the firm in a manner consistent with the interests of clients, our people and the firm's values and ethical standards.

The appointment of the Managing Partner is made by simple majority vote of equity partners. The Managing Partner will not hold office for more than three consecutive terms, of three years each. **Michael McAteer was appointed Managing Partner with effect from 1 January 2018**. Paul McCann finished his second term as Managing Partner on 31 December 2017.

Management Committee

The Committee is appointed by the Managing Partner. The Managing Partner may also select a Chairperson, subject to majority approval of the partners, to chair meetings of the partners and assist the Managing Partner with partnership matters and managing the practise during his term in office. The Committee is responsible for:

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

The Committee communicates regularly with the firm's partners and people on a wide range of issues including strategy implementation, current developments and the firm's values in action. Communication methods include office visits, the Managing Partner's monthly blog, formal business updates across the firm and a formal meeting of the partner group, at least twice annually.



The Committee is focused on a framework of constant improvement. During the period ended 31 December 2017, the Committee have regularly considered how they can improve their effectiveness both as a body and as individual members of the team. The Committee meets monthly, with additional meetings as and when required.

The Committee, year end **31 December 2017**, consisted of the following partners, each of who are appointed for a term of three years;

- Paul McCann, Managing Partner;
- Gearoid Costello, Chairperson;
- Patrick Dillon;
- Bernard Doherty;
- Colin Feely;
- Michael McAteer; and
- Tony Thornbury;

The current Committee consists of the following partners, effective from **1 January 2018**:

- Michael McAteer, Managing Partner;
- Brendan Foster, Chairperson;
- Fergus Condon;
- Bernard Doherty;
- Colin Feely;
- Richard Gillan;
- Stephen Murray; and
- Stephen Tennant.

Their brief biographies are set out in **appendix 3**, page 38.

Remuneration Committee

The firm has a Remuneration Committee which consists of five equity partners, one of whom is the Managing Partner. The other members are elected for a period of three years. The Remuneration Committee determines how the firm's annual profits will be allocated and distributed to partners. Profits are primarily allocated in accordance with partner's profit sharing units, which are allocated depending on role, assessed ability and performance.

In addition, a percentage of the profit pool is allocated based on a balanced assessment of behavioural and operational metrics. This links performance to the firm's strategy and achievement of its long-term goals.

The roles and responsibilities of the Remuneration Committee are as follows:

- recommending the profit share for equity partners;
- recommending the points allocation to newly appointed equity partners, reviewing and recommending any changes thereafter; and
- approval of annual partners' bonuses.

The current committee consists of the following partners:

- Michael McAteer, Managing Partner;
- Elaine Daly;
- Patrick Dillon;
- Kevin Foley; and
- Damian Gleeson.

Partners

Grant Thornton is a dynamic organisation led by its **48 partners** across eight locations. A full meeting of the firm's partners is held at least twice annually. Regular weekly/fortnightly meetings are held in each office location. Furthermore, there are a number of strategic partnership groups with regular meetings to discuss particular aspects of the firm's strategic goals and governance. These groups are supplemented by managers and directors with the requisite skills and expertise.

Partners as at 31 December 2017

Michael McAteer - Managing Partner	Sasha Kerins
Aengus Burns	Peter Legge
Fergus Condon	Tim Lohan
Aidan Connaughton	John Lyons
Gearoid Costelloe	Peter McArdle
Jason Crawford	Paul McCann
Elaine Daly	Niamh Meenan
Noel Delaney	Jim Mulqueen
Patrick Dillon	Stephen Murray
Bernard Doherty	Michael Neary
Sinead Donovan	John Neville
Sheila Duignan	Michael Nolan
Colin Feely	Denise O'Connell
Kevin Foley	Declan O'Hanlon
Brendan Foster	Jarlath O'Keefe
Richard Gillan	Jillian O'Sullivan
Damian Gleeson	Dwayne Price
John Gleeson	Paul Raleigh
John Glennon	Michael Shelley
Mike Harris	Neal Taylor
Paul Jacobs	Stephen Tennant
Michael Keenan	Tony Thornbury
Dara Kelly	Peter Vale
Louise Kelly	Frank Walsh

The Irish Audit Firm Governance Code (the Code)

The Code was published by the Professional Standards department of Chartered Accountants Ireland (PSCAI) in 2012 and applies to financial periods commencing on or after 1 January 2013. The primary purpose of the Code is to provide a formal benchmark of good governance practice, against which firms which audit public interest entities (defined as entities registered in the Republic of Ireland which are included within the scope of SI 277 of 2007: Transparency Directive 2004/109/EC Regulations 2007, as amended) can report for the benefit of shareholders in such entities.

The Code supports firms in their objectives of performing high quality work that gives confidence to stakeholders. Additionally the Code's aim is to:

- enhance the stature of firms as highly visible exemplars of best practice governance;
- enrich firms' transparency reports;
- encourage changes in governance which improve the way that firms are run; and
- strengthen the regulatory regime by achieving transparent and effective governance without disproportionate regulation.

The Code consists of six areas which are broken down into 19 principles and 29 provisions.

Compliance with the provisions helps firms to apply the Code's principles but does not intend to absolve firms from the fact that they may need to implement additional measures to embrace the spirit of the Code. Grant Thornton has implemented additional measures and structures where necessary to ensure this is the case.

Grant Thornton International Limited (GTIL)

About Grant Thornton (Ireland)

Grant Thornton is Ireland's fastest growing professional services firm. We deliver solutions to all business challenges. Clients choose us because the breadth of financial and business services they need is available, delivered innovatively and always to the highest standards.

At Grant Thornton we are committed to long term relationships. We are different. We are Grant Thornton.

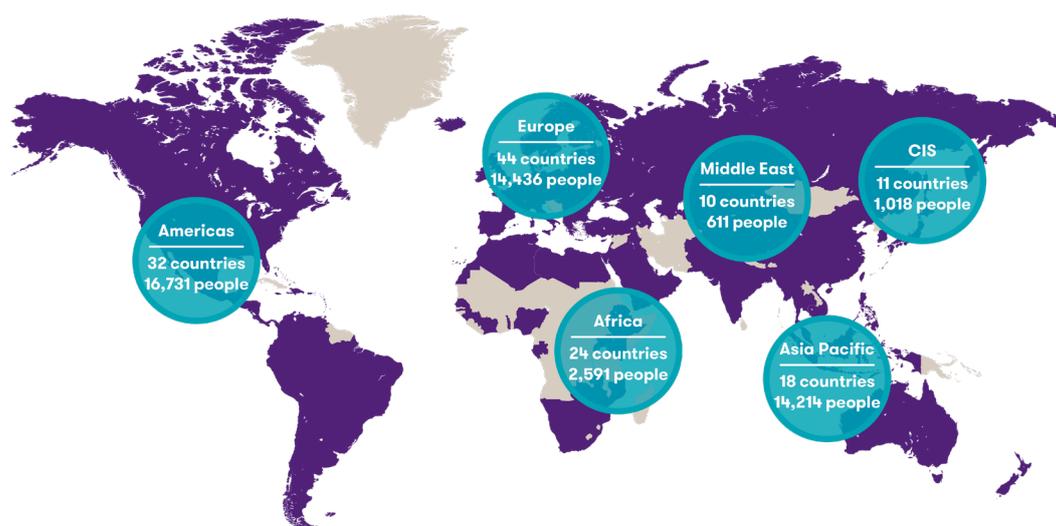
The firm comprises over 1,000 people operating from offices in Dublin, Belfast, Cork, Galway, Kildare, Limerick and Longford.

About Grant Thornton International Ltd (GTIL)

As a member of Grant Thornton International, a \$5bn global organisation of member firms with 50,000 people in over 130 countries, we have the scale to meet your changing needs, but with the insight and agility that helps you to stay one step ahead.

Privately owned, publicly listed and public sector clients come to us for our technical skills and industry capabilities but also for our different way of working. Our partners and teams invest the time to truly understand your business, giving real insight and a fresh perspective to keep you moving.

We've got scale, combined with local market understanding. That means we're everywhere you are, as well as where you want to be. Whether a business has domestic or international aspirations, Grant Thornton can help you to unlock your potential for growth.



Our distinctive client experience sets us apart



US \$5.0bn (2017 revenue)



50,000 people



700+ offices



135+ countries

NB: 'countries' refers to where Grant Thornton has a physical presence

Grant Thornton member audit firms - European Union (EU)/European Economic Area (EEA) member states

The table below shows the statutory auditors and audit firms which are members of the Grant Thornton network in the EU or EEA member states and the countries in which they are registered or have their principal place of business, as at 30 September 2017.

Country	Legal entity	Country	Legal entity
Austria	Grant Thornton Unitreu GmbH Wirtschafts- und Steuerberatungsgesellschaft	Iceland	Grant Thornton Endurskoðon Ehf
Belgium	Grant Thornton Bedrijfsrevisoren	Ireland	Grant Thornton
Bulgaria	Grant Thornton Ood	Ireland	Grant Thornton Business Advisory Services Ltd.
Croatia	Grant Thornton revizija d.o.o.	Ireland	Grant Thornton (NI) LLP
Cyprus	Grant Thornton (Cyprus) Ltd.	Italy	Ria Grant Thornton S.p.A.
Czech Republic	Grant Thornton Audit s.r.o.	Latvia	Grant Thornton Baltic SIA
Denmark	Grant Thornton Statsautoriseret Revisionspartnerselskab	Liechtenstein	Grant Thornton AG
Estonia	Grant Thornton Baltic Oü	Liechtenstein	ReviTrust Grant Thornton AG
Finland	Advico Grant Thornton Oy	Lithuania	Grant Thornton Lithuania
Finland	Idman Vilen Grant Thornton Oy	Luxembourg	Compliance & Control S.A.
Finland	Revico Grant Thornton Oy	Malta	Grant Thornton Malta
France	AEG Finances	Netherlands	Grant Thornton Accountants en Adviseurs B.V.
France	Carib Audit	Netherlands	Incompanion B.V.
France	Grant Thornton	Norway	Grant Thornton Revisjon AS
France	IGEC	Poland	Grant Thornton Frąckowiak Sp. z.o.o. sp.k.
France	Tuillet Audit	Poland	Grant Thornton Polska Sp. z.o.o. Sp.k.
Germany	Warth & Klein Grant Thornton AG	Portugal	Grant Thornton & Associados, SROC, Lda.
Germany	ATS Allgemeine Treuhand GmbH	Romania	Grant Thornton Audit SRL
Germany	Warth & Klein Grant Thornton GmbH & Co. KG	Slovakia	Grant Thornton Audit, s.r.o.
Germany	Sozietät Prof. Dr. Dr. h. c. W. Klein u.a	Slovenia	Grant Thornton Audit d.o.o.
Germany	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH	Spain	Grant Thornton, S.L.P.
Germany	Warth & Klein Grant Thornton Revisionsunion GmbH	Spain	Grant Thornton Andalusia, S.L.P.
Gibraltar	Grant Thornton (Gibraltar) Ltd.	Spain	Cruces Y Asociados Auditores, S.L.P.
Greece	Grant Thornton SA	Sweden	Grant Thornton Sweden AB
Hungary	IB Grant Thornton Audit Kft.	UK	Grant Thornton UK LLP



Driving quality

Delivering audit quality

As is evident throughout this report, quality is the bedrock of the firm, quality in our work, quality in our practices and quality in our people. Critical to our success in achieving and maintaining quality are our structures which underpin our objectives as we continue to grow and develop as a firm.

Audit leadership

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

The firm's audit partners lead from the front and are responsible for driving audit quality. They are supported in this role by the Risk, Compliance and Professional Services (RCPS) team, individuals within the audit practice and by the resources available from other member firms.

Risk, Compliance and Professional Standards (RCPS) team

The RCPS team support the audit partners in the development and enhancement of audit quality. This includes provision of training and technical guidance on audit and financial reporting matters, advice on complex issues, carrying out reviews of the financial statements of Public Interest Entities (PIEs) prior to approval and on-going monitoring of compliance with key quality and risk management controls. The team also responds to the latest technical developments and issues in the profession by providing internal and external commentary from the firm's viewpoint and client ready summaries of developments in key areas.

Grant Thornton International Ltd (GTIL)

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

GTIL member firms are currently collaborating on a project, approaching \$100 million of investment, for the design and development of a new global audit and analytics technology and supporting audit methodology. Phase one of the project was to pilot the project in several member firms in 2017 to ensure that achieving high-quality audits is more efficient, we deliver deeper audit insight for our clients and we increase the satisfaction and enthusiasm of our people. The pilot has been deemed a success and roll-out across other member firms will take place over the coming years, with all member firms having adopted the project by 2020. Grant Thornton Ireland will implement this methodology and tool in 2019.

Audit quality

At Grant Thornton quality and openness in consultation are embedded in our culture. Our national quality control system is aligned with:

- the Financial Reporting Council's (FRC) IFAC Code of Ethics for Professional Accountants;
- International Standard on Auditing (ISA) 220: Quality Control for Audits of Historical Financial Information; and
- International Standard on Quality Control (ISQC1) for firms.

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

Grant Thornton Ireland is currently regulated by the Irish Auditing and Accounting Supervisory Authority (IAASA) for the direct audit inspections of PIE's and Professional Standards, PSCAI (formerly CARB), for non-PIE audits performed. PSCAI conducts practice reviews on a three yearly cycle. In addition, the Irish firm is registered with the US Public Company Accounting Oversight Board (PCAOB) and is eligible for review by them.

Details of external reviews are given in '**measuring audit quality**', see page 20.



Supporting robust audit delivery

Our global audit methodology Horizon™, which is used by all member firms within GTIL, provides audit teams with a clear and direct link between identified financial reporting risks, internal controls that address the risks and audit procedures. This approach enables audit teams to judge how the current environment impacts upon an entity's financial reporting, how the entity responded and how to develop an appropriate audit response. The methodology includes integrated quality control processes, for example, policies and procedures on an engagement quality control review. The methodology is applied using the Voyager™ software, manuals and policies. These are benchmarked against the International Standards on Auditing (ISA), International Standard on Quality Control (ISQC1), and the Code of Ethics for Professional Accountants (the IESBA Code), as well as Irish and UK law and related national requirements.

Engagement acceptance and continuance

Each audit engagement is categorised by reference to its risk, complexity and any specialised experience requirements. This categorisation is used to drive appropriate quality control procedures and where necessary, involvement of the firm's industry specialists. The initial acceptance of audit engagements must be approved by a partner from outside the proposed audit team. High-profile engagements must also be pre-approved by the Head of Assurance (or an alternate) and in certain circumstances, consultation with GTIL is also required. A similar process for continuance of engagements is required on an annual basis. If there are any significant changes in circumstances or other risk indicators are present, approval by a partner outside of the audit team, the Head of Assurance and/or GTIL may again be required.

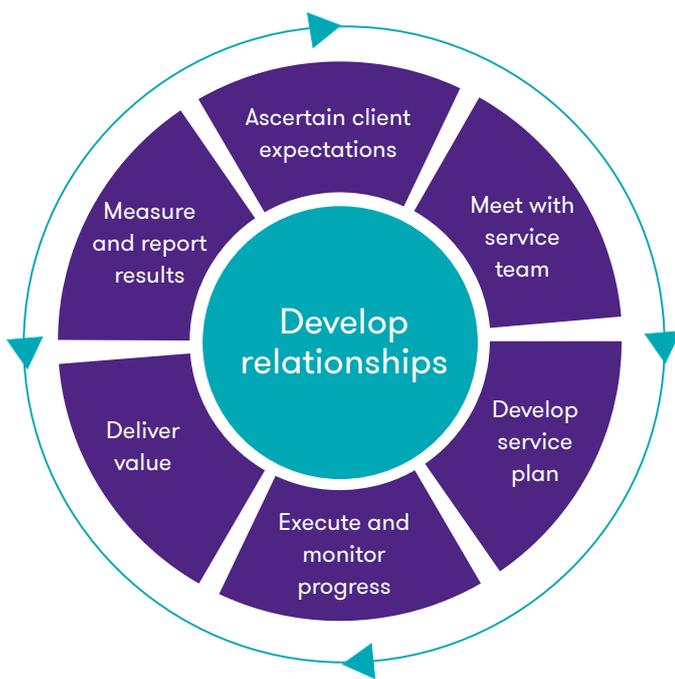
Supervision, consultation and review

We have a strong culture of consultation, supervision and support, which is embedded throughout the audit methodology. Involvement of a second Responsible Individual (RI), our RCPS team and, where necessary, the Head of Assurance, provide appropriate levels of quality control as well as support for all audit personnel. This mixture of experience and technical ability, within a culture where we are able to challenge each other, ensures quality is driven throughout the audit process. PIE audit clients are subject to an engagement quality control review (as required by ISQC1) by partners who are led and approved by the Head of Assurance. Review RIs are also in place for other complex or high-risk category clients to address certain quality and risk management matters.

Achieving the highest standards

At Grant Thornton, we strive to achieve the highest standards. Outlined below are some of the key features that evidence our commitment to this goal:

- **key accounts review** – our service team will meet three times a year to ensure feedback and information is shared, service delivery objectives are met and forthcoming priorities are identified;
- **client satisfaction review** – each year an independent partner will discuss the performance of the service team with the client;
- **client service plan** – arising from the key account review and client satisfaction review, we draw up a client service plan every year;
- **queries and response times** – queries will be dealt with promptly with an initial point of contact taking responsibility for the delivery of a solution rather than passing to a colleague; and
- **customer care** – on joining, all staff are trained in key customer care areas. Our philosophy is “right first time”.



People

No system, team or service ever reaches the highest standards without the right people. In Grant Thornton we believe in recruiting the right people in order to deliver the highest quality audit.

One indicator of audit quality, emanating from our people, is the culture of the firm, including whether our people are encouraged to perform high quality audits. Encouraged by being provided with the time, resources and training and development which they need to make this inevitable. Our reputation is built on the quality of our work and we ensure that we have the highest levels of expertise within each audit team. Substantial Partner, Director and Manager (PDM) involvement is required throughout the audit process, including:

- coaching and mentoring;
- encouraging consultation;
- giving feedback; and
- providing on-the-job learning.

At Grant Thornton, we endeavour to create a culture of openness and involvement, where people are encouraged to contribute their views. These are areas we continue to focus on as we foster a coaching, learning and collaborative environment. Technical excellence, audit quality, critical thinking and ethical behaviours are also reinforced to everyone involved in audit during their onboarding and throughout subsequent learning programmes.

In addition to developing their broad business insight, all of our people are required to maintain their technical competence and comply with relevant regulatory and professional development requirements. This is reviewed by managers annually, in conjunction with an individual's personal development plan. Within the assurance service line, there are annual and quarterly technical updates, as well as courses on financial reporting, company law, ethics and auditing matters and sector-specific training. We continually review the skills and competence of all our people and ensure they meet the needs of their clients. We support people's development not only through structured learning programmes, but also through a variety of tools including feedback, mentoring, on-the-job coaching and a wide range of secondment opportunities both internally and externally.

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

Measuring audit quality

Internal quality control systems

We refuse to settle for second best. Rigorous quality management systems and internal control processes, risk assessment measures and monitoring systems ensure we all live up to the high standards we set ourselves, the standards our clients expect. Nowhere are these more important than in the case of audit, our independence and the quality of our work are critical for our clients and professional regulators. We have established a range of safeguards governing audit appointments and the independence of partners and staff. Each area of the business is required to have in place rigorous quality management procedures, including:

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

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

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

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

Our system on quality control is conducted in accordance with International Standard on Quality Control (ISQC1) - “*quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements*”.

This system provides our clients, GTIL, other member firms and our local regulators, IAASA and PSCAI, with reasonable assurance that our personnel comply with applicable professional standards and GTIL policies and procedures.

In addition to periodic external quality reviews by GTIL under the GTAR programme, our audits are subject to regular external inspection as part of our obligations to IAASA and PSCAI. All audit team members receive mentoring, documented feedback and direct access to partners as well as personal and professional development courses.

Our audit quality reviews are carried out internally each year to assess the quality of the audit work, in our audit department which includes financial services audit and corporate audits performed across all of our offices. The reviews are risk focused and review teams are selected from outside the business sector under review. Reviews cover all office locations of the firm.

A rating system is applied to ensure quality is measurable and high standards are maintained. In accordance with regulatory requirements, the reviews focus on the procedures that we have adopted to ensure that our assurance work is of the highest quality. Similar processes are adopted across all client-facing segments of our business to ensure that our reputation is protected and maintained.

Serious consideration is given by senior management to any recommendations made as a result of internal reviews and action is taken to implement appropriate changes.

GTIL quality assurance procedures

In addition to our own quality control procedures, as a member firm of GTIL, we are required to abide by a system of quality control that encompasses, at a minimum, the following standards issued by the International Federation of Accountants (IFAC) (as supplemented by additional GTIL quality assurance policies):

- ISQC1 quality control for firms that perform audits and reviews of historical financial information and other assurance and related services engagements;
- ISA 220: quality control for audits of historical financial information; and
- IFAC code of ethics for professional accountants.

One of the pillars of the GTIL global strategy is to support member firms in their delivery of consistently high quality client service worldwide. Quality control of assurance services is overseen by a worldwide director, quality control. Member firms are provided with guidance on the design and implementation of their own quality control systems to support their compliance with all applicable international and local standards.

The **GTAR programme (see page 17)** reviews the conduct of audit work performed by each member firm. Each member firm is obliged to submit to an inspection of its audit practice by GTIL. GTAR is a systematic check of the quality of member firms' audit procedures, carried out at least once every three years by independent and suitable qualified partners and managers from other member firms under the overall direction of GTIL. The inspection process is designed to monitor member firms' compliance with professional standards and GTIL audit quality control policies and procedures.

Supporting robust audit delivery

GTIL provides resources that assist member firms in delivering a robust and rigorous audit. They include:

- the Horizon™ audit methodology, with supporting state-of-the-art software, manuals and policies, benchmarked against the ISA, ISQC1 and the IFAC code of ethics for professional accountants;
- protocols that enable member firms to consult with audit specialists in other member firms throughout the international organisation; and
- a comprehensive intranet service that includes up-to-date information for member firms on relevant professional standards, a worldwide restricted-entity list, an IFRS help desk, topical alerts, financial statement templates and examples.

Clear and unambiguous audit reporting

Regular mandatory training in specialist areas, such as public company audit work, is key to ensuring that partners and staff are aware of the latest issues and can address them within the audit approach. It also means that we communicate with clients' boards and audit committees on matters of relevance to them in a clear and unambiguous style.

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

International support

GTIL has a full-time IFRS team that is responsible for promoting high quality and consistent application of IFRS throughout the global organisation. The IFRS team is advised and supported by member firm IFRS experts including an IFRS interpretations group. The IFRS team promotes consistency through an international training programme, operating an IFRS help desk service and by publishing extensive technical and interpretative guidance, newsletters and other tools and resources.

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

Independent oversight and external quality assurance review

A number of the firm's activities, including audit and investment business, financial and wealth planning and some aspects of our corporate finance work are regulated by independent bodies. Our audit practice and investment business services, including certain corporate finance work, are regulated by IAASA and PSCAI (formerly CARB), our primary regulators. Our wealth management business is regulated by the Financial Regulator.

IAASA commenced a firm wide procedures and PIE audit review in December 2017. The results of this review are outstanding at the time of issuing this report.

We have regular reviews by PSCAI to consider the suitability of the firm's audit methodology and quality of audit assignments.

The last external quality assurance review of Grant Thornton took place in November 2015, this covered PIEs. The CARB Quality Assurance Committee assigned a grading of B. CARB award a grade of B under the following circumstances:

- instances of non-compliance have been recorded but the inspector is confident on each of the following:

- the proposed actions set out in the firms closing notes adequately address all the issues;
- the firm has the ability (competence and resources) to take action within the stated time-scale; and
- the firm has the commitment to take the action.

CARB conducted an insolvency review in November 2014 which resulted in no significant findings and an unqualified report. PSCAI conducted an investment business review in November 2016, the Quality Assurance Committee assigned a grading of C. PSCAI award a grade of C under the following circumstances:

- instances of non-compliance have been recorded and the firm has undertaken to take action to address the issues raised. In view of the remedies volunteered by the firm, there is no need for the Committee to impose any further conditions and/or restrictions but some further follow up action is required. As a result:
 - there is need to clarify one or more of the actions taken;
 - evidence is required to be provided; or
 - commitments made in the firms closing meeting notes need to be reinforced.

The firm is also subject to Central Bank of Ireland oversight with regards its financial counselling services and in this regard a Grant Thornton Financial Counselling (GTFC) review was conducted in September 2013 where again, no significant findings were reported.

The firm is registered with the United States Public Company Accounting Oversight Board (PCAOB). PCAOB conducted a quality assurance review of Grant Thornton in December 2017. The results of this review are outstanding at the time of issuing this report.

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

People and culture

As a professional services firm providing a full range of audit, tax and advisory services to our clients, it is imperative that quality is at the cornerstone of everything we do. Critical to our success in achieving and maintaining our quality standards, it is important that our people and culture initiatives around recruiting, developing, training and managing our people support this objective.

Our people and culture team are committed to a framework that promotes:

- utilising the best sourcing methods to attract the best candidates and making the hiring experience promote Grant Thornton as the place to work;
- an emphasis on the importance of the firm's culture and values from onboarding and throughout the employee's career;
- developing and retaining our employees through programmes that stretch and challenge them to be the best leaders within their chosen area of expertise;
- a culture of continuous learning and professional development through our performance management process that also recognises and rewards this contribution; and
- a focus on achieving technical expertise and excellence.

Hiring the right people for our business is critical and to support this we have a dedicated resourcing team whose primary objective is to source the best available person for the roles within the firm. This process is supported by our recruitment and selection policy which applies across the business.

On their first day with the firm, each new staff member attends a formal onboarding event which covers a range of topics that enable the employee to understand the culture of Grant Thornton but is also focused on engaging our new employees from day one on how to achieve success within the firm.

We provide an environment of continuous learning and give our people the tools and resources to achieve their potential, to enable an environment where champions are inevitable.

This is supported by the relevant service line then providing on the job training and related systems training to each new employee. The training and development of our people is critical to the success of our business and our ability to ensure that quality is high across all our service lines.

Our development philosophy is based not only on formal training, with on-the-job learning and significant levels of day-to-day coaching.

Our leadership programme, Elevate, is designed to support these commitments through a programme that will create leaders within the firm. In addition, we run a female leadership programme, Aspire, which aims to develop and retain our key female leaders of the future.

Our competency framework provides a clear path for individual career progression and our talent development portfolio of courses, derived from these competencies, ensuring that all our staff have access to the training that will support their progress and advancement in their careers.

To support the firm's commitment to staff performing in a more effective and efficient manner and to deliver quality and success in their roles, all staff are invited to attend a one day training programme on personal effectiveness and managing projects.

Utilising Workday has, and continues to, empower employees through a more evolved performance management process that contributes greatly to making this process effective and efficient for both the reviewer and reviewee. Goal setting is based on the firm's four strategic drivers:

- strategic growth;
- distinctive client service;
- people and culture; and
- efficient operations.

All staff set their own goals around these four priorities which supports the achievement of the firm's strategy to be market leaders in our chosen fields. To further support our culture of continuous development we hold performance reviews on an annual and interim basis, as well as individual review and feedback sessions taking place at the end of each client assignment.

Our Trainee Progression System (TPS) provides a very structured process for trainees to gain experience and to advance through their traineeship before becoming fully qualified. All applications for advancement are reviewed thoroughly by the respective PDM team before recommendations for promotion are approved.

Regarding our remuneration strategy, we benchmark our salary ranges annually against the market and adjust if necessary to ensure competitiveness, in order to continue to attract and retain key talent.

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

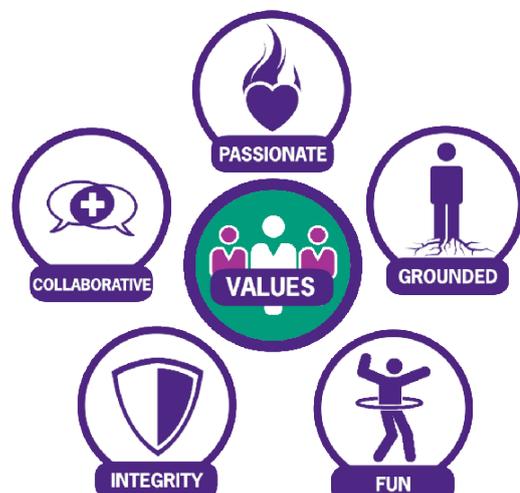
Values

At Grant Thornton we are proud to speak out on commercially relevant issues that connect business with the interests of society at large. We are a fast growing firm with unique people and something to say, a group of people that are ready to speak out and make a difference.

Our brand position in Ireland embodies a series of values that support the ideas of a human perspective and a focus on relationships, with robust independence. Our values represent the way we conduct ourselves personally and underpin how we do business. These core principles and values are key to our success.

Our values

As well as a distinctive global culture, we have developed five core values:



“Our people are pivotal to our success and I am excited to pioneer programmes which will empower our people to achieve the best and in turn deliver the best service and quality to our clients.”

Michael McAteer, Managing Partner

Objectives and strategy

The firm’s overall aim is to retain and continually enhance its position as an innovative and entrepreneurial professional financial services business, which upholds the highest professional and ethical standards and excels in its chosen market sectors by:

- acting for high quality clients; and
- attracting and retaining quality people at all levels who are proud to be part of the firm.

Crucial to us achieving this ambition is developing our people so that they are able to provide our clients with the skills and expertise they need to find appropriate solutions to their problems. Doing so will enable us to continue to build the reputation of the firm for leadership and excellence in all that we do.

Our quality people

We have created an environment where all of our people can make a difference, to themselves, their career, teams and to the success of the firm and our clients.

Our people thrive on high achievement and innovative thinking. This provides our clients with the best possible standards of service and advice. We are committed to ensuring that all our people have the skills and expertise necessary to provide the range of quality services and technical excellence required by our clients. Our dedicated training centre, the Grant Thornton Academy, is a testament to that commitment.

The Academy runs induction courses, tutorials for trainee accountants and ongoing training for qualified staff which enables our people to take control of their careers, wherever their path may lead them in the firm. We encourage all our people to seize the opportunities to build their business and personal skills and to grow as individuals.

We are also committed to ensuring all our people are well rewarded. It is not just about financial reward, it is effective inductions, high quality appraisals and excellent learning and development opportunities, including secondment within Ireland and overseas.

It is about engaging with our people at all levels and providing a truly flexible range of working options and employment benefits. All our people are entitled to request flexible working and we empower them to put forward what works for them, their team and above all, our clients.

We support everyone at Grant Thornton to achieve their best. Our people thrive on working with some of the market’s most interesting organisations on challenging and professionally rewarding assignments.

Participating in the profession

The firm participates actively in the way the profession develops. We encourage partners and senior personnel to contribute to professional bodies and many of them have spoken at continuing professional development seminars for professional bodies such as Chartered Accountants Ireland (CAI), the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA), the Institute of Certified Public Accountants (ICPA) and the Irish Taxation Institute (ITI), to name but some.

Our PDMs are involved in various committees of professional bodies and trade associations, details of which are set out in **appendix 5, page 42**.

Continuing professional development

We are committed to ensuring that our people have the skills and expertise necessary to provide the range of quality services and technical excellence required by our clients. All partners and qualified staff are required to keep up to date with professional guidance, including the firm's own risk management, ethical and independence requirements. All those within specialist disciplines or serving specialist markets, including statutory audit, must comply with mandatory training requirements, which are actively monitored. Internally, we provide access to technical resources and support which include technical updates, training workshops, professional and personal development courses.



Risk management

Managing and mitigating risk across the organisation is an integral part of implementing the strategy of Grant Thornton. The Risk Management Committee identify the risks in the firm's strategy and then develop policies and procedures that help address those risks and integrate risk management into each of the practice's internal functions (such as People and Culture and IT). As well as working with the firm's partners and staff to assist and support their implementation of the risk management policies and procedures.

The firm has established business unit risk working groups to more specifically address the risk issues impacting each function in the firm. Areas covered by risk management policies and procedures include independence, member firm client acceptance, client re-acceptance and Anti-Money Laundering (AML) procedures.

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

Overall, there is a continuous focus on enhancing the risk management framework including, for example, the development of proprietary software that will centralise the client acceptance or re-acceptance global review and approval process.

Ethics

The firm has appointed Aidan Connaughton, a senior experienced partner and Head of Assurance, as the partner responsible for ethics. He is supported by the Director of RCPS in dealing with ethical issues. Aidan must be consulted whenever there are key judgments on potential conflicts, for example, in areas such as corporate finance and tax consulting services to audit clients to ensure that the spirit, as well as the letter, of the standards is met.

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

Ethics and independence

Aidan reports directly to the Managing Partner and is responsible for ensuring that the firm complies with the requirements set by the firm's regulators. Specific controls in place include:

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

In addition, all partners and managers maintain a real time record of investments held on the Global Independence System (GIS) and the RCPS team ensures that any potential conflicts are identified and resolved.

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

Relationship checking

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

For audit and similar engagements, where independence is a matter of public interest, our procedures are even more stringent. We ensure that partners carry out a check of whether other services have been provided that might impact on our independence before engaging with new audit clients. We also require the engagement team to confirm their independence on each audit file. Furthermore, for all publicly quoted clients, we disclose other services provided to the audit committee at the planning and conclusion stages. In addition to our own independence practices, GTIL requires member firms to adopt policies and procedures to safeguard the independence of all member firms.

These policies and procedures include a requirement for member firms to maintain a listing of companies considered 'restricted' as a result of an audit relationship. Details of these restricted companies are maintained on a global restricted list through a system maintained by GTIL. Professional personnel in member firms have access to this global restricted list via the GTIL intranet.

The global restricted list serves as a point of reference for member firms considering providing non-audit services to public companies. When the prospective client appears on the global restricted list, consultation is required with the audit partner to ensure that any threats to independence created by the proposed non-audit service can be adequately safeguarded and that the proposed non-audit service is permitted. The global restricted list is also reviewed by GTIL on a regular basis.

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

The GIS monitors these financial interests against the global restricted list and is designed to alert the member firm or the individual professional and a national compliance officer, in the event that a security held also appears on the global restricted list. The GIS provides a mechanism to assist the individual and the national compliance officer in determining whether the security may continue to be held, based upon the facts and circumstances.

Conducting reviews for potential conflicts of interest and/or threats to independence (jointly referred to as 'relationship checks') prior to proposing on an engagement are important safeguards against threats to objectivity.

GTIL has instituted a policy that establishes a standardised approach to conducting these checks for potential relationships, where the client or prospective client has international operations.

Client acceptance and continuance

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

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

We only engage with clients where we have the necessary capacity, skills and expertise to offer the highest possible standards of service and care, to meet client expectations and ensure that the acceptance does not prejudice our independence, objectivity or integrity.

All appointments must be pre-approved by senior management independent of the proposed client service team. A similar re-acceptance process is required on an annual basis or if there are any known changes in circumstances.

The firm has strong quality management systems in place in all service areas to ensure that each client assignment is delivered to consistently high standards of professional and technical excellence.

We have dedicated central specialist support teams in all service areas providing practical support and advice to our client-facing partners and staff.



Corporate Social Responsibility (CSR)

Grant Thornton recognises the value of CSR and the positive contribution it can make to the environment and in the firm's locality. The touchstone of the firm's CSR policy is the commitment within our own business to education and training.

We believe it makes sense to leverage a skill set prevalent throughout the organisation, education and training to assist the wider community. This holistic approach, combining Grant Thornton's core values with its approach towards CSR, reinforces what Grant Thornton is striving to achieve as a firm, with our clients' needs at the heart of what we do. Strategy is always about making choices and success in CSR is no different. Grant Thornton is prepared to commit to focused, proactive and integrated social initiatives in line with our core strategic aims as a business.

Our four CSR pillars are community, wellbeing, environment and education which allow us to consider the true value of what we can contribute.

Grant Thornton's involvement in educational access programmes is a natural extension of the firm's core values in terms of the importance placed on the continuous need for a high standard of education and continuing professional development amongst staff. Examples of some of our CSR initiatives are set out below.

Charitable contributions

Throughout the year, our offices have raised money, contributed time, resources and became actively involved in numerous charities each chosen by the regional offices. Some of the charities involved include:

- Aoibheann's Pink Tie;
- Irish Cancer Society;
- LauraLynn Children's Hospice;
- St Vincent de Paul;
- Rainbows;
- Make a Wish; and
- Mary Peters Trust.

All funds raised were matched by our Grant Thornton CSR Committee.

We also provided assistance to the charities and donated time and items to each worthy cause and renewed our involvement in the run up to Christmas, demonstrating our continued commitment to the chosen charities.

Trinity Access Programme (TAP)

TAP has developed a range of educational projects to engage greater numbers of students from under represented socio-economic groups in third level education. Grant Thornton is involved in its eighth year of supporting, educating and guiding the young adults participating in the foundation course through mentoring and workshops.

The TAP foundation course for higher education-young adults is an academic and personal preparation course for students who may not otherwise have the opportunity to undertake degree course studies. The TAP course equips students with the necessary skills (IT, study skills, third level vocabulary as well as specialist subjects from the sciences, social science or arts) to participate in a third level course.

Successful candidates receive a certificate from Trinity College Dublin (TCD) and are eligible to compete for places on degree courses in TCD and other third level institutions. Throughout the academic year, Grant Thornton run workshops in their boardroom on a variety of topics including:

- transferable and life skills development;
- presentation skills;
- how to write and build a CV;
- interview skills training; and
- a Grant Thornton vs TAP tutors debate at the final of the young adults debating tournament.

After each workshop the mentors and mentees have the opportunity to meet up with one another to discuss the workshops and a variety of topics around continuing education and career progression.

In addition Grant Thornton places fifteen TAP students in summer internship positions in various professional organisations, including Grant Thornton offices and their client base.

Through Grant Thornton's involvement with the young adults, our aim is to:

- provide professional role models/demystify the suit;
- create a tangible link to the professional world;
- develop transferable skills; and
- career consideration and preparation.

Grant Thornton Ireland participates in GTIL's global CSR initiative, '**Growing Together in the community**'.

The annual event takes place in September each year whereby Grant Thornton staff are encouraged to take part in a community based project.

Grant Thornton's relationship with Dublin City University (DCU)

Grant Thornton supports a prize for first place in the accounting and finance degree at DCU Business School.

Some other community initiatives that Grant Thornton is involved in include:

- educational sponsorships;
- sporting sponsorships; and
- Grant Thornton staff gives much of their time and expertise to pro bono work.

Office recycling initiative

Grant Thornton works to the following environmental policy, to:

- minimise the use of all resources in carrying out our activities;
- minimise waste generated by our operations and our work;
- reuse and recycle, wherever possible;
- maximise recovery and recycling of our waste output, purchase, wherever possible products, especially office consumables and stationery, containing recycled materials;
- encourage participation in environmentally beneficial programmes by employees, suppliers and clients; and
- encourage and promote all staff to behave in an environmentally friendly manner.

Activities carried out by Grant Thornton in pursuit of this policy include:

- source segregation of all waste materials into confidential paper, non-confidential paper, plastic bottles, aluminium cans and non-recoverable waste. Our segregated waste is collected under contract by Thornton's Waste Disposal;
- we continually monitor printer and photocopier use and paper consumption; and
- we are based in a modern building which has an inbuilt building management system, low energy lighting and energy efficient equipment.

We are looking forward to moving to our new head office in Dublin which has been designed to be as energy efficient and environmentally friendly as possible.

Diversity and Inclusion Programme EMBRACE

Given the bedrock of our business in Grant Thornton is our people. In 2016 we launched our Diversity and Inclusion programme '**EMBRACE - Diversity at our core**'. The firm wide initiative, involves all our people and is intrinsically linked to the values of this firm. It focuses on six key pillars Multicultural, LGBT, Gender, Disability, Generational, Family and Working Parents.

The programme is led by the Head of Diversity and Inclusion, Sasha Kerins along with a committee of people working across the different service lines within Grant Thornton. We ran a confidential survey internally to understand the views of our people, in order to ensure the strategies we adopted addressed the key areas for our people. This feedback was key to helping us set targets and objectives for this programme.

We have had a range of initiatives, presentations and events throughout the year, one highlight being the firm's participation in the 2017 Dublin Pride parade for the first time.

Individual networks have been established for the various pillars to help focus on individual areas and ensure involvement of all our people. Many of our people have shared their experience of Diversity and Inclusion within the firm, via blogs which have been posted on our website.

We are working closely with alliances like 30% club who are supporting firms with initiatives to achieve greater gender balance.

Financial information

The European Communities Regulations 2010 requires disclosure of financial information including audit, non-audit, tax advisory services and other services. The following information has been extracted from Grant Thornton's annual accounts and financial records for the period ending 31 December 2017.

The financial information given is based on unaudited figures.

Revenue	Dec 2015 (€'000)	Dec 2016 (€'000)	Dec 2017 (€'000)
Total statutory audit and assurance	16528	22179	23035
Tax advisory	14756	18304	19334
Other non-audit services	44872	57029	73334
Total	76156	97512	115703

Assurance services revenue includes fees for statutory audit, audit work for group engagements and other assurance work.

Non-audit services revenue includes fees from consulting, advisory, valuation, insolvency, restructuring, transaction support, forensics and investigation services, financial counselling and corporate compliance services.

Tax advisory revenue includes fees from providing business and personal tax advice, VAT services, customs duty, international tax, relevant contract tax and revenue audits and investigations.

Partner remuneration

Partners are remunerated from their share of profits of the firm. A partner's share of the firm's profits is determined either by the number of profit-sharing points held by that partner or by fixed allocation. Partners profit-sharing points are reviewed annually, based on criteria set out in the partnership policy. Further information on partner remuneration is outlined in the **governance and management** section.

Responsibility for financial reporting

The financial information is prepared by Grant Thornton's finance department for presentation to the partner group. Their reporting responsibilities include:

- compiling and recording all financial information; and
- preparing reports for review by the partners and management committee.

Going concern

The Management Committee consider the firm to be a going concern as it has appropriate financial resources to meet its operational requirements for the foreseeable future.

Risks and uncertainties

Principal risk and uncertainties

The principal risks and uncertainties the firm faces and how they are managed are outlined below.

Risk	Response
<p>Quality: that a significant quality failure will arise due to inadequate services or engaging with an inappropriate client</p>	<ul style="list-style-type: none"> robust client continuance and acceptance procedures; appropriate recruitment and staff development and review policies; quality reviews conducted internally, by network firms and by regulatory bodies; and engagement methodologies supported by developed practices, tools and resources.
<p>Litigation: that a significant litigation will occur leading to a considerable reputational or financial loss</p>	<ul style="list-style-type: none"> supporting the provision of quality engagements (see above) thus limiting the risk of litigation arising; and monitoring, timely review and addressing of all litigation claims.
<p>Reputation: loss of reputation due to failure to ensure appropriate levels of service quality, transparency and public engagement</p>	<ul style="list-style-type: none"> providing appropriate levels of support and training for all our people and embedding a culture of acting ethically; engaging with our clients and building trust in our services and approach as a firm; participating in local initiatives and actively contributing to enhancing the greater community; and ensuring appropriate conflicts of interest are avoided.
<p>People: failure to attract and retain the best talent to ensure the provision of quality services to our clients</p>	<ul style="list-style-type: none"> well developed and focused staff recruitment policies; engaging with our people through establishing communication channels and support networks; delivering support, training and advancement opportunities; providing annual and interim reviews and constructive development supports; and monitoring the market to better understand the firm's competitive position relative to other competing firms.
<p>IT security: failure to ensure appropriate safeguards regarding the firm's information technology including confidential information</p>	<ul style="list-style-type: none"> full-time, dedicated team to ensure appropriate resources are available at all times; provision of appropriate training, IT security and awareness program to all staff; developed procedures and policies for safeguarding client and staff data and other information; and security management system aligned to ISO/IEC 27001:2005 which includes: <ul style="list-style-type: none"> physical, technical and human resource controls; and incident monitoring and response.
<p>Regulatory reviews: the outcomes of regulatory reviews may have an adverse impact on the firm's reputation, ability to attract clients and ability to deliver appropriate quality services</p>	<ul style="list-style-type: none"> open communication with regulatory bodies and monitoring of regulatory updates to ensure complete compliance; liaising with professional accountancy bodies; ensuring quality by systematic and independent review thereby minimising the possibility of adverse findings; and employment of full time dedicated team to ensure regulatory compliance and communication and training of requirements throughout the firm.



Appendices

Appendix 1: Public Interest Entity (PIE) clients

The below list covers all PIE clients for whom Grant Thornton issued an audit opinion in 2017. This list has been prepared in accordance with the provisions of Directive 2014/56/EC¹:

1. DeCare Dental Insurance DAC
2. Canal & River Reinsurance DAC
3. Findlay Park Funds Plc.
4. Atlantis International Umbrella Fund
5. CG Portfolio Funds Plc.
6. Capital Gering Portfolio Fund Plc.
7. Coupland Cardiff Funds Plc.
8. Global Reach Kestrel Plc.
9. Eudora Investment Funds Plc.
10. Blackfriars Developing Markets Funds Plc.
11. Tenax Italian Credit Fund Plc.
12. Uralkali Finance Limited
13. EDC Finance Limited
14. CBOM Finance Plc.
15. Multi Asset Platform Fund Plc.
16. Schenker Re
17. VPB Funding Limited
18. B&N Bonds

In addition, a list of our audit clients with transferable shares which are traded on unregulated markets including AIM or on regulated markets outside the EU:

1. Trinity Biotech Plc.
2. Innocoll AG (delisted in 2017)
3. Prime Active Capital
4. Ovoca Gold
5. Norish Plc.
6. Papua Mining Plc.

¹ 'Public-interest entities' means entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC, credit institutions as defined in point 1 of Article 1 of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions and insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC. Member states may also designate other entities as public interest entities, for instance entities that are of significant public relevance because of the nature of their business, their size or the number of their employees.

Appendix 2: Leadership and governance

Management Committee

Management Committee*	Number of meetings attended in 2017
Paul McCann	12
Michael McAteer	11
Tony Thornbury	12
Bernard Doherty	12
Colin Feely	12
Gearoid Costelloe	10
Patrick Dillon	12

*Year end 31 December 2017

Appendix 3: Management Committee*



Michael McAteer
Managing Partner

Michael joined the firm in 1999 and is the current Managing Partner for Grant Thornton Ireland after previously leading the firm's Advisory Services offering. He has specialised in all forms of insolvency and corporate recovery across numerous industries including: construction, retail, telecoms, banking and aviation amongst others.

Over the last two decades Michael has assisted hundreds of companies, through finding innovative solutions to their financial problems. He has also acted for various financial institutions in both informal restructurings and as receiver in formal appointments. Michael has also been appointed to a number of high profile companies including:

- examiner to SIAC Construction;
- joint liquidator to Treasury Holdings;
- examiner to Eircom, Ireland's largest telecoms provider;
- joint administrator to Quinn Insurance Limited;
- examiner to Aer Arann, Ireland's regional airline; and
- examiner to Irish car rental trading as Europcar.



Brendan Foster
Partner

Brendan joined the firm in 1995 having previously been a director of corporate finance and consulting in another Dublin practice.

He heads up the firm's Business and Consulting Advisory division which provides strategic planning, business processing, re-engineering and performance management services to a range of public and private sector clients.

Brendan has in-depth knowledge of financial analysis, infrastructure and budgetary control. A strong advocate of business planning and strategic positioning, Brendan assists clients in identifying key business drivers and formulating an actionable plan to deliver objectives. Brendan has considerable experience working with public sector clients. He has successfully tendered and completed a number of specialist assignments for government departments, local authority, state agencies and related bodies.



Fergus Condon
Partner

Fergus joined Grant Thornton in 2012, as a Partner in our Financial Accounting and Advisory Services (FAAS) team. FAAS specialises in providing accounting advice across the corporate and financial services sectors. Prior to joining Grant Thornton, Fergus was with a Big Four firm where he was the leader of the FAAS practice. He also previously held an audit portfolio and was formerly head of the Financial Reporting Group of that Irish practice.

Fergus provides accounting advice to board and audit committee members and senior finance executives of large corporates and publicly listed companies. He has been involved in the International Financial Reporting Standards (IFRS) conversions of over a dozen public companies across many sectors. He has extensive experience of providing accounting advice relating to business combinations, group restructurings and share based payment plans.

*Effective 1 January 2018



Bernard Doherty

Partner

Bernard joined Grant Thornton in 2003 from a large Dublin law firm, where he was a tax partner. He has extensive experience in tax structuring of acquisitions, disposals, reorganisations, Management Buy Outs (MBOs) and public to private transactions.

Bernard has considerable experience in international corporate tax structuring including intellectual property exploitation, financing structures and international reorganisations/reconstructions.

He has particular experience in dealing with inward investment projects into Ireland advising on withholding taxes, tax treaties, permanent establishment issues, research and development tax credits and the availability of an IP deduction.

Bernard served as President of the Irish Taxation Institute (ITI) 2011-2012.



Colin Feely

Partner

Colin joined Grant Thornton as an audit partner in 2007 having previously been an audit partner in the Dublin financial services arm of his predecessor firm. Prior to this Colin worked as a manager in a Big Four Firm specialising in insurance.

More recently his experience covers a broad range of clients in various business sectors including financial services, property and construction, retail, hospitality and leisure as well as many other service industries. Current clients include MiFID regulated firms with AUM in excess of US\$2.5bn.

Colin was recently appointed head of the financial services audit practice having successfully grown the domestic audit practice over the previous five years as head of corporate audit. With the recent introduction of EU Audit Reform the firm recognised the need to invest and develop its service offering in this area to meet increasing market demands. Immediate areas identified for further development include funds, insurance, banking and aviation.



Richard Gillan

Partner

Richard joined Grant Thornton in 2014 to lead the Belfast office's advisory offering. In March 2015 he was also appointed Partner in Charge of Grant Thornton in Northern Ireland.

He trained as a Chartered Accountant with a Big Four firm and worked in the Belfast, London and Luxembourg offices prior to joining a rival Big Four firm, during which time he was based in Belfast and Johannesburg.

In 2004 Richard acquired a shareholding in a manufacturing business. As Joint Managing Director, he took the business in to new geographical territories, leading to significant revenue and profit growth prior to a successful disposal in 2007. In 2008 he led the acquisition of a Northern Ireland-based outsourcing company out of administration. As Managing Director, Richard was responsible for restructuring the business and returning it to healthy profitability prior to a successful exit.



Stephen Murray Partner

Stephen joined Grant Thornton in 2008 having previously spent ten years with a Big Four firm in Dublin. He has 25 years' experience providing audit, assurance and technical accounting advisory services to numerous Irish and multi-national companies and groups.

Stephen is the leader of Grant Thornton's Life Sciences team working closely with publicly listed and private clients in the diagnostics, medical devices, biotech and pharmaceuticals sectors.

He has also worked with clients across a wide range of other business sectors including telecommunications, technology, construction, manufacturing and distribution.

He has provided a broad range of services including audits of SEC registrants and internal controls over financial reporting (Sarbanes Oxley), statutory audits, technical accounting support and advice. He also has significant experience in providing financial due diligence services to a number of private equity and venture capital firms, as well as a major UK government body.



Stephen Tennant Partner

Stephen joined Grant Thornton in 2009 as a director within the Advisory department and was admitted to the partnership in 2012. He has spent ten years with a professional services firm in the UK where he undertook a central role in the management and development of the insolvency department.

Stephen specialises in advising companies in financial distress providing innovative and practical turnaround solutions. He also leads statutory insolvency appointments such as examinerships, receiverships and liquidations.

His advisory sector experience includes:

- construction;
- financial services;
- funds;
- leisure;
- manufacturing;
- pensions;
- printing;
- property services; and
- retail.

Appendix 4: Independent Non-Executive (INE)

Terms of reference

In 2017, Grant Thornton appointed Brian Kearney as an Independent Non-Executive (INE) in accordance with the principles set out in the Irish Audit Firm Governance Code (the Code).

The role and purpose of the INE, as agreed between Mr Kearney and Grant Thornton at the time of appointment are as follows. *“The Code identifies the three key areas of decision-making, management of reputation risk and stakeholder dialogue where the involvement of independent non-executives can enhance the confidence of stakeholders. While such non-executives have no executive or operational responsibilities, their objective is to enhance confidence by providing oversight of the Firm’s application of the Code. The role that an independent non-executive plays might, therefore, involve observing and assessing, the firm’s:*

- *procedures for considering proposed appointment and reappointment of the firm as auditors;*
- *adherence to the relevant ethical standards and principles, in particular those relating to audit independence;*
- *quality control procedures;*
- *procedures for partner and audit team member performance evaluation; and*
- *policies and procedures for the identification and management of professional risk.*

As such it has been determined that an independent non-executive will attend meetings or portions thereof, of partners and committees as will allow you to fulfil your duties as set out in the code.”



Brian Kearney Independent Non-Executive

A Chartered Accountant with a B.Comm from UCD, qualified in what became KPMG, his background comprises a very wide range of business experience and roles.

Brian’s recent involvement has been at Board level – whether as Chairman or NED, in the CEO role, Group Finance Director, CRO role and in focused “hands-on” management advisory and support roles.

With experience in the Retail & Wholesale, Banking, Software, Engineering, Manufacturing and Infrastructure sectors including Renewable Energy, Waste Recycling, Wireless Communications infrastructure, Toll Roads, and Waste Water Treatment infrastructure, his directorships have included Towercom, AMT-Sybex, Arnotts, Lifestyle Sports, Powerscreen International, Moffett Engineering and NTR.

He has been Chairman of a number of Audit Committees and Remuneration Committees, including at Lifestyle, NTR Plc and IWP International Plc.

Brian has been a member of the Professional Standards Committee of the Chartered Accountants Regulatory Board. He was previously a member of the Strategy Development Board of Chartered Accountants Ireland and the Irish representative on the Professional Accountants in Business Committee of the International Federation of Accountants, based in New York.

Appendix 5: Professional body committees

Below is a list of various committees of professional bodies and trade associations in which our Partners, Directors and Managers (PDMs) play an active role.

Chartered Accountants Ireland (CAI)

- Leinster Society
- Ulster Society
- Ulster Society sub committees: Member Services, Communications, Training Education and Careers, Young Professionals
- Western Society
- Mid-West Society
- Support Committee
- Educational Trust
- Strategic Communications Committee
- Professional Examination Committee
- Council
- Professional Standards Quality Assurance Committee

Association of Chartered Certified Accountants (ACCA)

- Ulster Members Network Panel
- Connaught Members Network Panel
- Leinster Members Network Panel
- ACCA Global Forum for Corporate Reporting

Companies Registration Office (CRO)

- CRO Accountants Forum

Association of Compliance Officers Ireland (ACOI)

- Data Protection ACOI Working Group

Consultative Committee of Accountancy Bodies - Ireland (CCAB-I)

- Committee
- Tax Committee - South
- TALC Direct Tax Committee
- TALC Technical Committee

Irish Debt Securities Association (IDSA)

- Audit Constituency Group
- Steering Committee
- Tax Committee

Credit Union Advisory Committee

- Committee

Irish Taxation Institute (ITI)

- Indirect Tax Committee
- Network Discussion Group - Dublin region
- Tax Administration Committee
- Branch Network (various locations)
- Professional Services Committee
- Council
- Education Committee
- Future of the Tax Profession working group
- Policy Committee
- TALC audit committee
- Part 3 ITI Domestic Tax Exam - moderator

Irish Funds Industry Association (IFIA)

- FATCA/CRS Committee
- Financial Reporting (Technical) Committee
- Irish Funds "AIF Regulation and AIFMD Reform"
- Various working groups

Institute of Directors (IoD)

- NI Committee

Galway Chamber of Commerce

- Council Committee

Shannon Chamber of Commerce

- Council Committee

Dublin Chamber of Commerce

- Council Committee

Belfast Chamber of Trade and Commerce

- Executive Committee

British Irish Chamber of Commerce

- Board
- Agriculture Committee

Life Insurance Association

- Committee

Other

- IT Service Management Forum (itSMF) Committee
- Irish Tax Review Editorial Board
- Local Enterprise Office Cork
- Horse Racing Ireland Audit Committee
- Leopardstown Racehorse Committee
- Irish Wheelchair Association of Ireland Audit Committee
- International Fiscal Association
- Association of Fraud Examiners - Irish Chapter
- Irish Revenue R&D Tax Credit Committee
- Institute of Chartered Secretaries and Administrations (ICSA) in Ireland
- Dublin City Council Audit Committee
- Ireland Hong Kong Business Forum
- Federation of Hong Kong Business Associations Worldwide Limited



Appendix 6: Statement on the firm's internal quality control systems

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

The Management Committee has ultimate responsibility for the firm's quality management systems and the establishment of appropriate internal control systems across the firm. The firm has carried out a review of the effectiveness of the internal quality control systems during the year and has taken into account:

- the findings from regulatory inspections;
- reports from GTIL on the firm's quality control systems; and
- the findings of the firm's internal audit function on the operation of quality management systems and the management of risk across the firm.

The internal quality control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, the risk of material misstatement of our financial statements.

Accordingly, they provide only reasonable and not absolute assurance against such failure or material misstatement. The review has not identified any failings or weaknesses that it considers to be significant, and therefore no further action is necessary.

On the basis of the review, the Management Committee is satisfied that the firm's internal quality control systems are operating effectively.

Appendix 7: Compliance with transparency regulations

Compliance with Regulation 61 of the EU Transparency Directive 2006/43/EC

The below outlines the requirements of the Directive and where these are included in this report

	Requirement	Page(s)
1	A description of the legal structure and ownership	9
2	Where the subject belong to a network, a description of the network and the legal and structural arrangements of the network	9
3	A description of the governance structure of the subject	9-12
4	A description of the internal quality control system of the subject, and a statement by the administrative or managerial body on the effectiveness of its functioning	16-22
5	An indication of when the last quality review referred to in chapter 2 of part 8 took place (quality review of statutory auditors by competent authority)	22
6	A list of Public Interest Entities (PIEs) for which the subject has carried out statutory audits during the preceding financial year	36
7	A statement concerning the subject's independence practices which also confirms that an internal review of independence compliance has been conducted	27-29
8	A statement on the policy followed by the subject concerning the education of statutory auditors referred to in Regulation 39, namely: <ul style="list-style-type: none">• requiring the person to take part in appropriate programmes of continuing education in order to maintain his or her theoretical knowledge, professional skills and values at a sufficiently high level.	23-26
9	Financial information showing the significance, from the perspective of the market, of the subject, such as the total turnover divided into fees from the statutory audit of annual and group accounts, and fees charged for other assurance services, tax advisory services and other non-audit services	33
10	Information concerning the basis for the remuneration of the principals or partners	11



**Further
information**

Further information

To find out how Grant Thornton may be of assistance to you and your business, contact us.

Dublin, City Quay

24-26 City Quay
Dublin 2
D02 NY19
T + 353 (0)1 6805 805
F + 353 (0)1 6805 806

Dublin, Molyneux House

Molyneux House
Bride Street
Dublin 8
D08 C8CN
Ireland
T +353 (0)1 418 2000

Belfast

12-15 Donegall Square West
Belfast
BT1 6JH
Northern Ireland
T +44 (0)28 9587 1050

Cork

14 South Mall
Cork
T12 CT91
T + 353 (0)21 494 9450
F + 353 (0)21 427 4649

Galway

Ground Floor
Merchant's Square
Merchants's Road
Galway
H91 ETN2
T + 353 (0)91 533 924
F + 353 (0)91 562 945

Newbridge

Suite 3 and 4
Courtyard House
Newbridge
Co. Kildare
W12 DT89
T + 353 (0)45 449 322
F + 353 (0)45 449 324

Limerick

Mill House
Henry Street
Limerick
V94 K6HH
Ireland
T +353 (0)61 312 744

Longford

2 Church Street
Longford
Co Longford
N39 W1X7
T +353(0)43 334 1900





Grant Thornton
An instinct for growth™

grantthornton.ie

© 2018 Grant Thornton Ireland. All rights reserved. Authorised by Chartered Accountants Ireland ("CAI") to carry on investment business.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication.