



Grant Thornton

An instinct for growth™

# Transparency Report 2013

Grant Thornton Australia Limited & controlled entities  
Grant Thornton South Australia Partnership  
For year ended 30 June 2013



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## Contents

<b>03</b>	Introduction
<b>04</b>	A message from our Chief Executive Officer
<b>05</b>	Statement from the Head of Assurance
<b>09</b>	Legal structure & ownership
<b>10</b>	Grant Thornton International Limited
<b>13</b>	Governance and management
<b>16</b>	Quality control
<b>18</b>	External monitoring
<b>19</b>	Independence practices
<b>20</b>	Continuing professional education
<b>22</b>	Statement on the firm's internal quality control systems
<b>23</b>	Financial information for Grant Thornton Australia Limited and controlled entities
<b>24</b>	Partner and related entity remuneration
<b>25</b>	Public interest entities
<b>26</b>	Compliance map
<b>28</b>	Australian offices and contact details

# Introduction

**ANDREW ARCHER**  
NATIONAL AUDIT LEADER



Our clients rightly expect us to have policies and procedures in place that mean the quality and level of service they receive is not only exemplary but consistent, irrespective of where they operate. This Transparency Report is our public statement to our stakeholders – clients, audit committees, regulators and the wider public – of our commitment to providing quality assurance services to organisations both in Australia and around the globe via the Grant Thornton South Australia Partnership.

Statutory audits are conducted by Grant Thornton Audit Pty Ltd, a registered audit company which is controlled by Grant Thornton Australia Ltd. Due to client appointment transitional issues and other legal restrictions a small number of audits are conducted by other Grant Thornton Australia controlled entities, including by Grant Thornton South Australia Partnership which is ultimately controlled by Grant Thornton Australia Ltd. A separate transparency report has been produced for Grant Thornton Australia Ltd which can be located on Grant Thornton Australia Ltd's website.

Grant Thornton Australia Ltd has voluntarily produced an annual Transparency Report since 2008. The Corporations Legislation Amendment (Audit Enhancement) Act 2012, passed in June 2012, introduced the publication of a Transparency Report as a requirement for audit firms that conduct audits of ten or more significant entities (listed companies, listed registered schemes, authorised deposit-

taking institutions (ADIs), and insurance companies). In addition to this requirement, Grant Thornton Australia Ltd, through Grant Thornton Audit Pty Ltd, has registered with the Professional Oversight Board of the UK Financial Reporting Council, the Public Company Accounting Oversight Board (PCAOB (US)), and the Canadian Public Accountability Board (CPAB (Canada)). Grant Thornton Australia Ltd is pleased to present this report as evidence of our commitment to transparency, quality and communication with our stakeholders.

This report describes how our firm is run, the breadth and depth of expertise within Grant Thornton Australia Ltd, and our relationship to Grant Thornton International Ltd. It describes how we ensure that we perform audits of the highest quality and the structures, policies, and procedures we had in place for the year ended 30 June 2013 to ensure we continue to meet the high standards our clients demand.

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# A message from our Chief Executive Officer

**ROBERT QUANT**  
CHIEF EXECUTIVE OFFICER  
GRANT THORNTON AUSTRALIA LIMITED



Welcome to the Transparency Report for Grant Thornton South Australia Partnership Limited for the 2012-13 financial year, which is an important demonstration of our commitment to audit quality. In this document, we provide our stakeholders – clients, regulatory bodies and the public generally – with an understanding of our business and the way we operate.

Grant Thornton South Australia Partnership is a wholly owned subsidiary of Grant Thornton Australia Ltd.

There is no avoiding the fact that Australia, like every economy, is facing challenges. However, by and large, domestic economic conditions remain stable and sound. Australia is still one of only four OECD economies which has not gone into a GFC-induced recession.

In this kind of environment, businesses that value growth and have the flexibility to respond to opportunities as they arise are winning. These are the businesses that we are shaping ourselves to serve: Australia's dynamic middle market.

We are now bigger, better resourced, more balanced, and can offer a distinctive client service to these growing businesses. We are proof of our own strategic approach to unlocking potential for growth and we are ready to take on the challenges of the changing professional services landscape.

Businesses in our industry, including our own, are being forced to streamline their operations to remain agile. It is

vital we have the right leaders to manage this and we have invested significantly in growing our people this year under the leadership of Grant Thornton Australia Ltd's People & Culture Director, Kim Schmidt.

We continue to have a strong relationship with Grant Thornton International Limited and take a leadership role in many of the network's global initiatives. Grant Thornton International Limited is striving to deliver distinctive client service: Providing high quality audit, tax and advisory services to help clients to illuminate growth opportunities, within their business. We have seen a strong appetite for this in our mid-size clients who have a willingness to look for these growth opportunities and the tenacity to chase them down.

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# Statement from the Head of Assurance

Improving audit quality, and our reputation for quality, is the core priority of our audit practice. Unfortunately the global financial crisis has caused many to question the relevance of the audit and the way auditors report to shareholders. The Grant Thornton International Ltd member firms have been working closely with key stakeholders to increase the value that shareholders and others already receive from the audit. We have undertaken a constructive response to the IAASB proposals for enhancing the value of audit reports and continue to be heavily involved in all forms of debate around broader audit market reforms. Enhancing the relevance of an audit and other assurance reports, is critical to driving the future of audit and assurance services in Australia and indeed globally. The market and society need to be confident in the work of auditors.

## Overview of the 2013 financial year

The 2013 year was a busy year for the practice with significant activity required to transition and integrate the partners and staff of the former BDO offices in Sydney and Melbourne. We invested heavily in ongoing training and support for these teams and undertook post implementation quality reviews to ensure appropriate quality was being achieved.

The successful integration of these teams enabled us to achieve strong retention of clients transitioning from BDO and our increased depth of capability has contributed to new client gains despite a tight competitive market.

Off the back of the merger and client gains, audit revenue grew strongly to \$64.8m (2012: \$42.3m).

Our strategy is also focussed on providing distinctive client service to all of our clients. This was reflected in higher client satisfaction levels as measured by client surveys during the 2013 year. Beyond the robustness of our assurance opinions, our differentiation has been based on the high level of Partner involvement and our attention to client service. This Partner led relationship model allows us to better understand our clients' businesses and industries. Direct access to senior decision makers and technical resources allows us to communicate in a clear and responsive manner with all of our clients.

During November and December 2012 we were also subjected to our routine ASIC and PCAOB Audit Inspections. At the date of this report no formal inspection reports have been issued.

## ASIC Audit Inspection Findings of Australian Audit Firms

In December 2012, ASIC publicly released its Audit Inspection Program Report for 2011–12. This report covers the findings from ASIC's inspections of 20 Australian audit firms substantially undertaken in the 18 months to 30 June 2012, this period did not include an inspection of Grant Thornton Australia Ltd.

ASIC Chairman Greg Medcraft has described as 'disappointing' the results of ASIC's audit inspection report. 'Auditors are gatekeepers that play a critical role in ensuring that Australian investors can be confident and informed,' Mr Medcraft said. 'These results are disappointing. Audit firms need to increase their efforts to improve audit quality and the consistency of audit execution.' Firms should increase their efforts to improve audit quality and the consistency of audit execution.

This report identifies some important areas where the firms need to focus their attention and make improvements to ensure consistent audit quality. ASIC identified three broad areas requiring improvement by audit firms:

- 1 the sufficiency and appropriateness of audit evidence obtained by the auditor;
- 2 the level of professional scepticism exercised by auditors; and
- 3 the extent of reliance that can be placed on the work of other auditors and experts.

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## Action Plan to Improve Audit Quality

Following the release of the above inspection report, ASIC wrote to the CEOs of the six largest audit firms, including Grant Thornton Australia Ltd asking them to develop action plans to improve audit quality. Whilst ASIC's focus areas were based on the above inspection report which did not cover an inspection of Grant Thornton Australia Ltd, we embraced the need for industry wide improvements in audit quality and we actively worked with ASIC to develop our action plan. We recognise that our plan is a living document that will evolve based on our monitoring activities and the final findings from our own ASIC audit inspection.

Our action plan recognises that industry wide improvements in audit quality will require collective action from all major stakeholders. Our plan addresses actions in 3 main areas to improve audit quality:

- Client education and awareness
- Regulatory changes
- Firm level activities

Our firm level activities address the 3 key areas of:

- 1 the sufficiency and appropriateness of audit evidence obtained by the auditor;
- 2 the level of professional scepticism exercised by auditors; and
- 3 the extent of reliance that can be placed on the work of other auditors and experts.

## Continuous improvement

The findings and recommendations of all internal and external inspections are incorporated into our plans for continuous improvement. We will also continue to monitor and respond to ongoing developments in financial reporting and audit, to further deliver improvements in audit quality.

## Grant Thornton International Ltd

Grant Thornton International Ltd (GTIL) assists all member firms in delivering consistent, robust, rigorous and high quality audits. This is achieved through: the provision of a global audit methodology and software, protocols to facilitate consultation with audit specialists in other member firms, a comprehensive intranet service with up-to-date information on relevant professional standards, a worldwide restricted-entity list, an International Financial Reporting Standards help desk and topical alerts.

Member firms are expected to maintain an open and constructive relationship with their national regulators. This is consistent with our global policy of embracing external oversight, along with our support of a balanced public reporting of external inspection programmes. GTIL meets at least annually with the International Forum of Independent Audit Regulators (IFIAR) and contributes regularly to the public debate on major industry issues.

## National Audit Support

The National Audit Support (NAS) team supports the head of audit in the development and implementation of the audit strategy. This includes: refinement of audit software and manuals provided by GTIL, training and technical guidance, advice on complex issues, carrying out reviews of financial statements prior to approval and ongoing monitoring of compliance with key quality and risk management controls. The NAS team also responds to the latest technical developments and issues in the profession by providing commentary from the firm's viewpoint. It helps develop 'thought leadership' material for emerging themes about topics such as auditing, financial reporting and ethics.

## Continuing professional development

In addition to developing their broad business insight, all of our people are required to maintain their technical competence and comply with relevant regulatory and professional development requirements. This is reviewed by line managers as part of the appraisal process, in conjunction with an individual's personal development plan. Within the audit service line, there are annual and quarterly technical updates, as well as various courses on financial reporting, company law, ethics and auditing matters. In addition, individuals with clients in particular sectors attend sector-specific training, for example on financial services clients, charities and other not-for-profit entities. We continually review the skills and competence of all our people to ensure they meet the needs of their clients. We support people's development, not only through structured learning programmes, but also through a variety of tools including 360-degree feedback, mentoring, on-the-job coaching and a wide range of secondment opportunities. We aim to create an environment where our people are passionate about what they do, feel able to challenge the status quo, perform to their best ability, and have the opportunities and support to continually develop their knowledge and skills.

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## Engagement performance

### Partner and employee expertise

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 and manager involvement is required throughout the audit process. This includes: giving feedback, coaching and mentoring, encouraging consultation and providing on-the-job learning. Technical excellence, audit quality, critical thinking and ethical behaviours are reinforced to everyone involved in audit during their induction and throughout subsequent learning programmes. The application of technical expertise is a key competency assessed within the annual performance appraisal process.

### Supporting robust audit delivery

Our global audit methodology, 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 risk, and audit procedures. This approach enables audit teams to judge how the current environment impacts upon an entity's financial reporting, how the entity responds 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 state-of-the-art Voyager™ software, manuals and policies. These are benchmarked against the International Standards on Auditing, the International Standard on Quality Control, and the Code of Ethics for Professional Accountants (the IESBA Code).

### Supervision, consultation and review

We have a strong culture of consultation, supervision and support, which is embedded throughout the audit methodology. Involvement of an engagement quality control reviewer, technical specialists (such as valuations, IT audit and taxation), our NAS team and, where necessary, the head of audit, provide appropriate levels of quality control as well as support for all audit personnel. This mixture of experience and technical ability, within a culture where we are able to challenge each other, ensures quality is driven throughout the audit process. Audit clients whose securities are publicly traded or for other complex or high-risk category clients are subject to an engagement quality control review (as required by The International Standard on Quality Control (ISQC 1)).

## Reporting

The key deliverables of our audit are the formal audit report and usually the Key Issues Memorandum (KIM). Our audit reports comply with auditing standards and legislation and are only signed by the engagement leaders after appropriate review of all work done and compliance with the firm's consultation and review requirements. The KIM provides those aligned with governance and management bodies of clients with the main considerations, judgements and results of our audit. The content and format is tailored to a particular client's needs but will include the scope and approach of our audit, an explanation of any ethical or independence matters (together with any safeguards in place), the principal audit judgements, an outline of any control weaknesses identified and insight into upcoming changes in reporting requirements or other relevant legislative changes.

### Monitoring activities

The NAS team drives the audit reviews to assess the quality of completed audit work and its compliance with the firm's quality and risk management framework. Each office and partner is reviewed at least every three years. The review teams are selected from outside the office under review and the engagements selected are biased towards those considered to be more complex or of higher risk. At the completion of an office review, the office leader is required to develop and implement a targeted action plan to address the findings of the review. Any themes are communicated to the audit team through training events, conferences and other technical update channels.

### Engagement acceptance and continuance

In addition to the firm's rigorous client engagement acceptance and continuance procedures, there is a requirement for each audit engagement to be categorised by reference to its risk, complexity and any specialised experience requirements. This categorisation is used to drive additional quality control procedures and, where necessary, involvement of the firm's sector specialists. The initial acceptance of audit engagements must be approved by a partner from outside the proposed audit team and managing partner. High-profile engagements must also be pre-approved by the head of audit, and/or the head of quality and professional standards (or his alternate) and in certain (exceptional) 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 audit and/or GTIL may again be required.

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## External factors

The quality of a client's corporate governance and the robustness of its financial reporting systems are critical to audit quality. Concerns about a client's corporate governance procedures identified through our client acceptance and continuance procedures require careful consideration as to whether we should act for that client. During the audit, if we identify weaknesses in governance and internal control systems, we work with our clients to identify and recommend actions for improvement. The changing audit regulatory environment also has a clear impact on audit quality. We actively engage with regulators, standard setters and investors, shaping and influencing the drive for better reporting and supporting regulatory change. Partners and employees participate in various boards, committees, working groups and forums across a diverse range of bodies and topics, and provide comments and feedback on the firm's view on planned developments and issues.

We also continue to work closely with the professional accounting bodies, the Australian Institute of Company Directors (AICD) and regulators on emerging issues. These activities assist us in developing submissions in response to emerging financial reporting and audit issues, helping us to shape the future of our profession in Australia.



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# Legal structure & ownership

Grant Thornton South Australia Partnership is a wholly owned subsidiary of Grant Thornton Australia Ltd.

Grant Thornton Australia Ltd's national corporate structure enables us to provide superior client service to meet the needs of our clients across Australia and reduce business risks through stronger, more efficient systems and procedures.

We are able to offer a full range of services to dynamic organisations – privately held businesses, not-for-profits, government organisations and listed public companies. This is achieved through dedicated client service Partners who understand the needs of our clients and can coordinate the specialist services required by them.

Being one national firm has enabled us to share information and resources across all of our offices. We can provide better, more distinctive service to our clients no matter where they do business.

## Legal structure

Grant Thornton conducts business through Grant Thornton Australia Ltd, as an unlisted public company and with wholly owned special purpose subsidiaries. All shareholders of Grant Thornton Australia Ltd are associated investment entities of the Partners of Grant Thornton. There are no outside shareholders. Some statutory audits are conducted by Grant Thornton South Australia Partnership.

A small number of audits are conducted by individual Grant Thornton partnerships which are controlled ultimately by Grant Thornton Australia Ltd.

## Regulatory body affiliation

Many of the firm's activities are regulated by a number of independent bodies including:

- Institute of Chartered Accountants in Australia (ICAA)
- Australian Securities and Investments Commission (ASIC)
- Public Company Accounting Oversight Board (PCAOB) – USA
- Public Oversight Board (POB) – UK
- Canadian Public Accountability Board (CPAB) – Canada
- Company Auditors and Liquidators Disciplinary Board
- Tax Practitioners Board
- Australian Prudential Regulatory Authority (APRA)

Grant Thornton Australia Ltd and its subsidiaries is subject to reviews by regulatory authorities including the ICAA, ASIC, PCAOB and APRA. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd.

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# Grant Thornton International Limited

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd (GTIL).

Grant Thornton International (GTIL) is one of the world's leading organisations of independently owned and managed accounting and consulting firms. GTIL is a private company limited by guarantee, incorporated in England and Wales. It is an umbrella organisation that does not provide services to clients. Services are delivered by Grant Thornton member firms around the world. As at 30 September 2012\*, Grant Thornton has 121 independent member firms. Each member firm is a separate legal entity. Membership in the global organisation does not make any firm responsible for the services or activities of other member firms.

References to "Grant Thornton" are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms. GTIL does not provide services to clients.

Member firms provide assurance, tax and specialist business advice to privately held businesses, not-for-profits, government organisations and listed public companies. Over 35,000 Grant Thornton people across 100 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

Each member firm governs itself and handles its administrative matters on a local basis. Although many of the member firms carry the Grant Thornton name, either exclusively or in their national practice names, there is no ownership by GTIL.

GTIL strives to speak out on issues that matter to business and which are in the wider public interest. It aims to be a bold and positive leader in its chosen markets and within the global accounting profession.

## Criteria for membership

Prospective member firms must meet a number of criteria in order to be considered for membership. The criteria for membership includes:

- The prospective firm's reputation for quality and its adherence to high standards
- Adoption of GTIL global policies procedures and methodologies, including GTIL methods and quality controls systems for providing services to clients, GTIL engagement protocols and ethical and independence policies
- Maintenance of a system of quality control that meets or exceeds International Standards on Quality Control ISQC 1 (ASQC 1)
- Agreement to the periodic evaluation of their system of quality control by GTIL global quality monitoring teams.

Admission as a member firm is dependent on the outcome of a due diligence process performed to determine whether the prospective firm meets the criteria for membership.

All member firms are subject to obligations set out in the Grant Thornton Member Firms and Name Use agreements and are required to abide by GTIL global policies.

## Highlights 30 September 2012\*

- Member firm personnel totalled over 35,000 (over 31,000 in 2011) which includes Partners
- Member firms of GTIL achieved combined global revenues of US\$4.2 billion to 30 September 2012 (US\$3.774 billion in 2011)
- 121 member firms worldwide (100 in 2011)
- Assurance services account for 45% of global revenues
- Assurance revenues increased by 11.0% to US\$1.9 billion (US \$1.713 billion in 2011)

\* GTIL operates on a 30 September year end

## Financial performance of Grant Thornton International Ltd

Growth was strong across all key service lines, with assurance growing 11% to US\$1.9 billion, tax growing 9% to US\$0.9 billion and advisory growing 18% to US\$1.1 billion. There was a strong performance across all the regions. In Asia Pacific combined revenues grew 33% to US\$579 million, boosted by significant M&A activity in Australia and China. India also reported strong organic growth of 25%.

During the year to 30 September 2012, GTIL extended its global reach in a number of locations including Belarus, Estonia, Haiti, Latvia, Lithuania, Paraguay and Senegal.

The combined global revenues of GTIL member firms for the year ending 30 September 2012 (the latest period for which financial statements have been prepared) were US\$4.2 billion, which is an increase of 10.4% from the previous year. Revenues from assurance services accounted for 45% of aggregate global revenues.

## Grant Thornton International Ltd: Governance

### Board of governors

The Board of governors (the Board) is the principal and overriding authority in GTIL. The Board is a group selected from GTIL member firms worldwide and its governance responsibilities include:

- Approving the global strategic direction and policies as established by the chief executive officer (CEO)
- Suspending the rights of, or expelling, a member firm
- Appointing and setting the remuneration of the Chair of the Board
- Appointing, evaluating performance and setting the remuneration of the CEO

### Chair of the Board

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

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

The Board of Governors as at September 2012 is:

Peter Bodin (Chair)	Sweden
Pascal Boris	Independent director
Scott Barnes	United Kingdom
Stephen Chipman	United States of America
Jason Chen	China
Vinod Chandio	India
Ed Nusbaum	CEO, Grant Thornton International Ltd
Robert Quant	Australia
Phil Noble	Canada
Jean Schnob	Canada
Daniel Krukdjian	France
Klaus-Günter Klein	Germany
Satoru Endo	Japan
Paul McCann	Ireland
Hector Perez Aguilar	Mexico
Frank Ponsioen	The Netherlands

## Grant Thornton International Ltd: Management

### Chief executive officer

The CEO is appointed by the Board for an initial term of five years and is eligible for successive terms of three years each. The CEO is appointed from a pool of candidates who are nominated by the Board.

The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the global leadership team (GLT), subject to the concurrence of the Board. The GLT assists the CEO in the execution of the global strategy. The CEO is regularly briefed by GLT members on recommended modifications to global policies and procedures, including those governing international work for the assurance, tax and advisory service lines.

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### Global leadership team

The GLT develops and drives the execution of the global strategy, and is chaired by the CEO. It is a full time management group dedicated to leading the successful execution of the global strategy.

Our ambition is to be known throughout the world as the leader in helping dynamic organisations unlock their potential for growth.

We organise our actions around four operational priorities, in addition to the overarching objective of quality in everything we do:

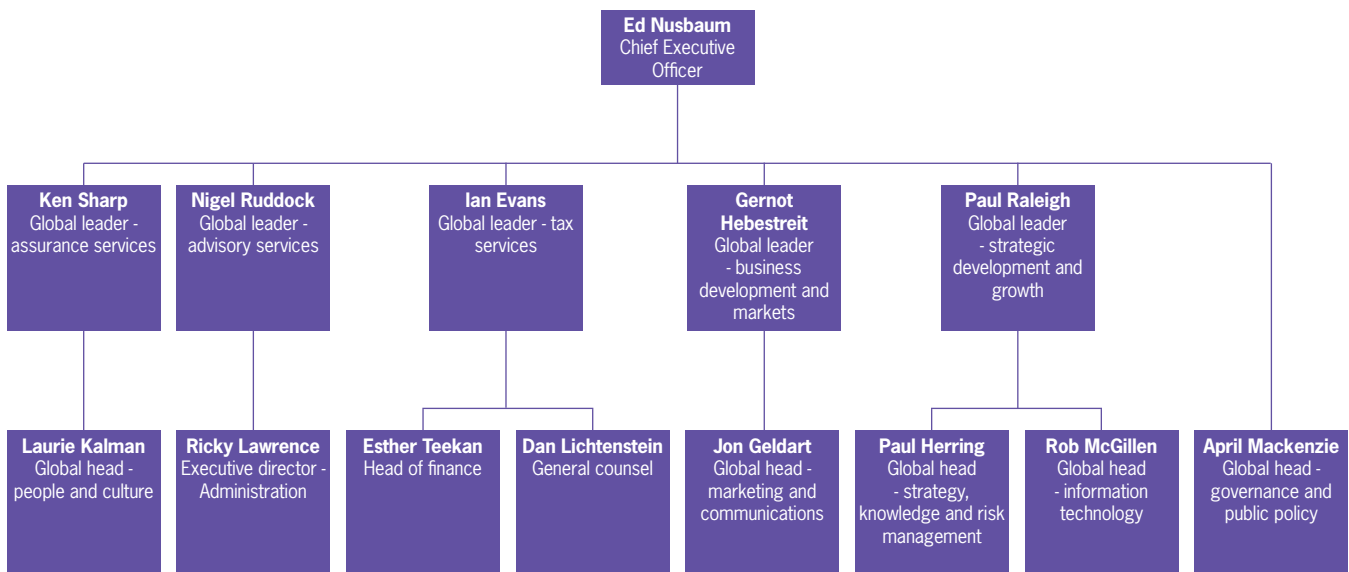
- Fast and strategic growth
- Distinctive client service
- Best people
- Efficient operations.

Implementation of the strategy will build on strategic frameworks, prioritised investments and growth strategies that are appropriate for our chosen markets.

The wider leadership team (WLT) support the GLT in the development and implementation of the global strategy.

Our vision is to be known throughout the world as the leader in helping dynamic organisations unlock their potential for growth. More information can be found at [www.gti.org](http://www.gti.org)

### At 30 September 2012 the GLT and WLT members:



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# Governance and management

## Governance

Grant Thornton Australia Ltd is governed by our Board, comprising an independent Chairman, four Executive Directors elected by shareholders, two transitional Executive Directors elected by Partners from transition practices, a national CEO and one external Independent Director nominated by Grant Thornton Australia Ltd's Board (the Board).

The Board composition enables the Board to provide sufficient oversight, independent thought leadership and a working knowledge of our environments to maintain our entrepreneurial business culture.

Our independent Chairman guides the policy and strategy to protect the firm's values at a Board level.

The Board maintains four standing subcommittees:

- The Enterprise Risk Committee
- The Nominations Committee
- The Partner Equity and Promotion Committee
- The Audit and Risk Committee

## Management

The key roles and responsibilities for management within Grant Thornton Australia Ltd's structure are as follows (this is also depicted in the Reporting Structure Diagram below):

### Board of Directors

The Board oversees the governance of the organisation and protects the interests of shareholders.

Board members, other than independents, are elected by shareholders for a term of three years.

Persons who directly report to the CEO are not eligible for election to the Board.

The key roles of the Board are:

- Governance
- Setting strategic direction
- Ensuring the CEO executes our business strategy
- Approving plans and budgets to support the strategy
- Monitoring financial performance
- Appointment of the CEO
- Approving major matters in line with the shareholder agreement

As at 30 June 2013, the Board members were:

- Anthony Crawford (Independent Chairman)
- John Blight
- Michael McCann
- Greg Keith
- Anthony Markwell
- Paul Motta
- Robert Quant (CEO)
- Stephen Westaway
- Susan Thomas (Independent)

### Chairman - Anthony Crawford

The Board appoints the Independent Chairman who is one of the independent members nominated to the Board.

### CEO – Robert Quant

The CEO, who is charged with the day to day operations of the firm, is appointed by and accountable to the Board.

The key roles of the CEO are:

- Leadership and vision
- Propose and execute approved strategies
- Propose business plans and budgets to support the strategies
- Appoint senior management
- Operate the business in accordance with the strategies and business plan approved by the Board

### Partner Equity & Promotion Committee

This committee's role is to oversee and approve the annual remuneration and equity allocation for Partners, including directors of the audit company Grant Thornton Audit Pty Ltd. .

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## Audit and Risk Committee

The Audit and Risk committee assists the Board to fulfil its corporate governance and oversight responsibilities in relation to the firm's financial reporting, internal control systems, risk management systems and the internal and external audit functions. They objectively analyse firm financial data and ensure the Board receives the information it requires in a timely manner.

The Audit and Risk Committee is also responsible for implementing risk and compliance initiatives. This group has oversight for risk management and compliance across their area of responsibility and hence for ensuring that the business complies with the GTAL Risk Management and Compliance Framework. The Risk and Compliance Group, working across all offices in Australia together with the National Head of Risk and National Risk Compliance Manager, oversee the risk and compliance framework and report to this committee, CEO and Board .

## Transition Governance Committee

The Transition Governance committee is of fixed duration and was established to oversee the transition practices that merged into Grant Thornton Australia Ltd during the year.

## Nominations Committee

The Nominations Committee ensures effective governance of director appointments to the Board, Board succession, Board remuneration and Board performance, including that of the CEO.

## National Leadership Team

The firm is managed by the CEO and the National Leadership Team. This team consists of the leaders of each of our Business Units, namely the:

- Office Managing Partner of each state
- Managing Partner of Operational Advisory
- Managing Partner of Financial Advisory
- Director of People and Culture
- Director of Marketing
- Chief Operations Officer
- Head of Risk and Quality

The key role of the National Executive is to execute Grant Thornton Australia Ltd's strategy and business plan within the annual budget parameters.

## The Reporting Structure

### Managing Partners (MPs)

As part of the national plan, our managing partners collaboratively lead our go-to-market strategies to build our brand, attract quality people, deliver distinctive client service and grow revenue to ensure profitable performance in each local market.

### Leaders

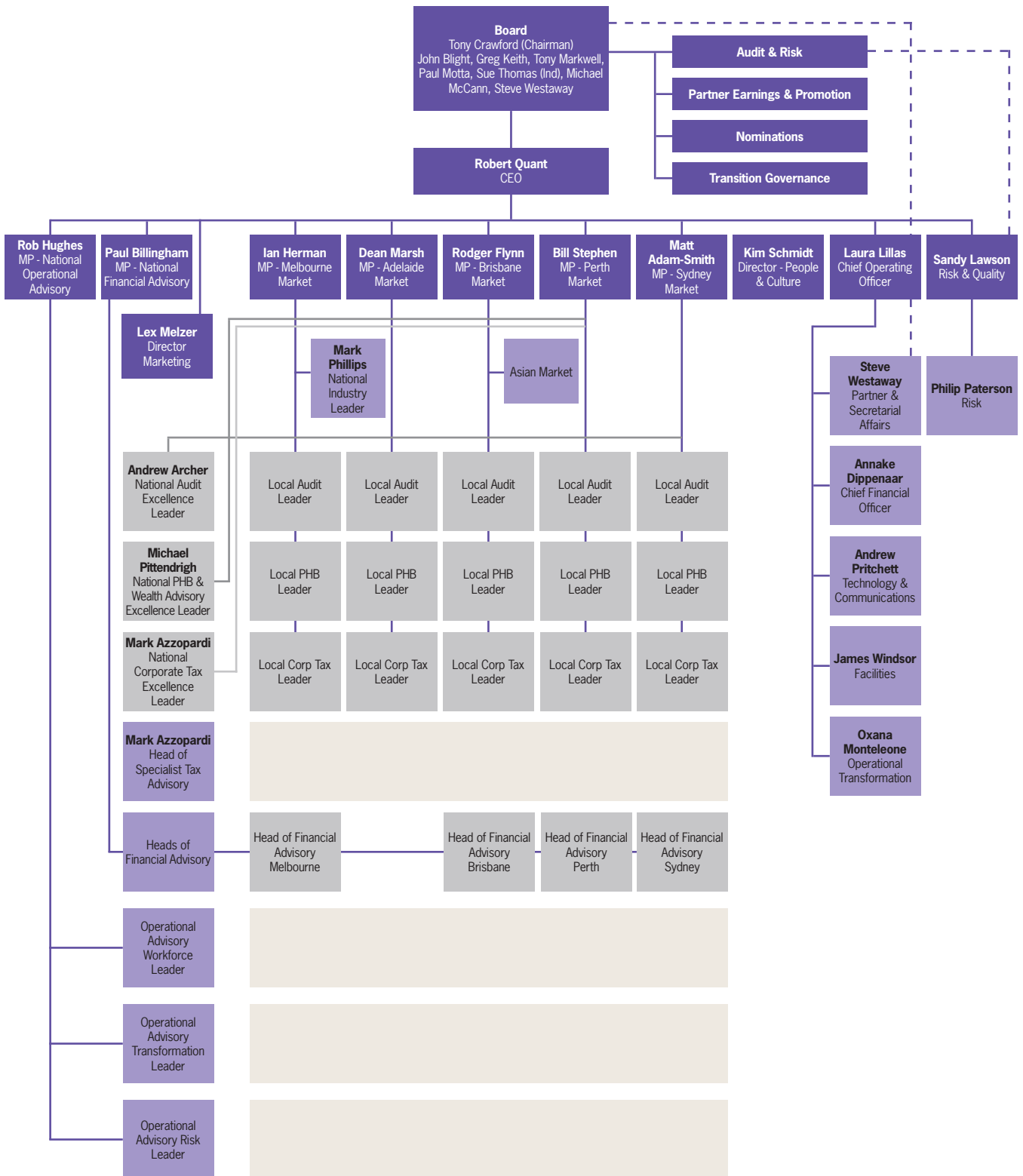
Our Leaders establish the vision and define the direction of each service line.

Their goal is to develop and leverage our national technical capability, build our market presence and deliver the highest quality service to clients in support of achieving our growth targets and goal of being a leader in our chosen markets.

Our Leaders cover:

- Audit & Assurance
- Tax
- Financial Advisory
- Operational Advisory
- Privately Held Business & Wealth Advisory

Grant Thornton Australia Ltd reporting structure as at 30 June 2013:



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# Quality control

Grant Thornton Australia Ltd views audit quality as an essential element of our business.

To that end, our available resources in maintaining audit quality, include:

- An audit methodology, with supporting state-of-the-art software, that is used globally
- Policies and procedures contained in our audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards
- Protocols that enable us to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms
- Protocols that enable us to consult with our International Financial Reporting Standards (IFRS) help desk
- A comprehensive intranet service that includes up-to-date information on auditing, financial reporting, ethics and independence standards and guidance on applying them effectively.

Grant Thornton Australia Ltd actively participates in financial reporting, auditing, ethics and quality control standards-setting processes. The people participating in these processes provide insight and support to all of our assurance personnel. This interaction provides information used in the development of our strategy, methodologies, training and risk management processes.

## The culture within an audit firm

Grant Thornton Australia Ltd's six values – Collaboration, Leadership, Excellence, Agility, Respect, and Responsibility (CLEARR) – form the foundation of our firm's approach to audit quality. They are embedded in our Code of Conduct and our policies and processes, and provide daily guidance to management and staff at all levels of the organisation and across our entire business.

This is exemplified by:

- For several years Grant Thornton Australia Ltd has voluntarily prepared and released transparency
- reports, emphasising our commitment to quality
- Our audit consultation processes and risk monitoring, help to drive quality

- Our culture, which promotes robust client acceptance and continuance systems and processes that are aligned with Australian legislative requirements and GTIL's protocols
- Strong ethical practices that are promoted via consistent messages, e.g. annual ethics and independence training, Audit and Risk & Compliance 'Alert' programs and national bulletins and technical training.

## The skills and personal qualities of audit partners and staff

Grant Thornton Australia Ltd staff are recruited not just on technical competency, but also on being a 'good fit' with the firm's values. This includes personal qualities in line with our CLEARR values.

We are committed to continuing the education of all Grant Thornton Australia Ltd people through various means, including:

- International, national and local office-based and web-based training
- Firm, industry and service line specific bulletins
- National support staff and industry expertise

The needs of our people are reviewed on a regular basis through a formal supervision and review process and a more informal mentoring program to ensure the appropriate level of support is provided for a successful career at Grant Thornton Australia Ltd. Specific training plans are developed and updated every year, or more regularly as required by changes in legislation, to ensure the right communication is delivered at the right time in each staff member's career path.



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## The effectiveness of the audit process

Each year further investment is made in methodology development, technology, training, communications and guidance toward the continuous improvement of audit quality. In 2012, GTIL enhanced its supporting audit tools and provided member firms with application guidance in the form of bulletins on current audit and accounting issues.

The global audit methodology provides our 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 an entity's financial reporting, how the entity responded, and how to develop an appropriate audit response. The global audit methodology includes integrated quality control processes including, for example, policies and procedures for engagement quality control review.

GTIL has produced and maintained a global audit approach through its Horizon™ audit methodology implemented through the Voyager™ suite, an integrated set of proprietary software tools including a lead sheet and trial balance program, TBeam™. Using Voyager™, audit teams in all GTIL member firms achieve the same level of audit quality. They produce a seamless audit product, whether the audit is performed in one member firm for local purposes or across many member firms for group audits.

Voyager™ enables audit teams to identify financial statement risks and link them to the processes and internal controls established to address those risks. This allows audit teams to tailor an audit response that is appropriate to the assessed risks and maintain all documentation of the audit process.

Voyager™ also assists audit teams to document, evaluate and test internal controls. Voyager™ is linked to GTIL's TBeam™ tool to produce lead schedules and analytical analysis for our working papers and financial statements for our clients.

Our global audit process is supplemented by G's Audit Manual, International Computer Assisted Auditing Techniques (CAAT) program, template working papers and financial statements, checklists and practice aids, all regularly maintained by our National Audit Support team and available to all staff via our national intranet, GTAssist.

## The reliability and usefulness of audit reporting

Our audit process is not just about a standard audit report. We strive to enhance our clients' business. We work to bridge the expectation gap between our audit process and communication with the Audit Committee, Board and those charged with governance. To do this we use tools such as Audit Planning Memoranda and Key Issues Memoranda to provide clarity about the scope of our audit, identified threats and mitigations, key risks and judgements, emerging issues, regulatory changes, and any other findings that must be communicated.

## Factors affecting audit quality outside the control of auditors

Any factors identified outside the control of our audit process that may affect our audit quality are identified as risks within our audit tools. Appropriate responses are put in place to address these risks throughout the audit engagement.

Some examples of factors outside the control of auditors that have the potential to affect audit quality include:

- The client's culture and their focus on financial reporting
- The resources of the client's internal finance team and their Audit Committee
- Quality, timeliness and availability of the client's financial information
- Changes in the regulatory environment the client operates in, including reporting deadlines

## Australia's audit regulation framework

All staff assigned to an engagement are required to adhere to the independence rules prescribed by the Corporations Act 2001, professional standards and codes, relevant foreign legislation and regulations, and our own internal policies, including signoffs acknowledging staff are free from prohibited financial interests in, and relationships with, our clients, their management, partners and significant owners.

Personal independence is monitored through our Risk and Compliance Group and web-based Global Independence System (GIS).

Part of the National Audit Support monitoring program includes the review of all engagements in compliance with the rotation provisions of the Corporations Act 2001 and the Australian professional and ethical requirements and, where necessary, those of foreign regulators such as the US SEC.

Our policies and processes pertaining to the acceptance of non-audit clients safeguard us from providing prohibited services to our audit clients. Controls are built into our Acceptance and Continuance Tool for non-audit services to trigger the consultation and approval process. In cases where a conflict may arise, the Audit Engagement Partner is consulted to determine the appropriate safeguards, so as to remove threats to independence or ethical concerns.

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# External monitoring

## Monitoring of performance of statutory audit functions

Grant Thornton Australia Ltd and its subsidiaries is subject to a comprehensive program of scheduled internal and external monitoring of audit quality and independence compliance.

External monitoring under Australia's co-regulatory framework includes:

- Australian Securities and Investments Commission (ASIC) – every three years. Last inspection November 2012
- Institute of Chartered Accountants Australia (ICAA) – every three years. ICAA's new inspection approach commenced November 2012 and will be finalised after the release of the final ASIC report)
- PCAOB Review – every three years. Last inspection December 2012

Internal monitoring includes:

- GTIL Audit Review (GTAR) – at least every three years. Last inspection November 2010
- GTAL Peer Review (IQCR) program – all Audit Partners reviewed over a two and a half year cycle. Last inspection September 2012
- Independence Declaration Compliance Audit – annually

Grant Thornton Australia Ltd does not rely solely on periodic reviews to monitor our quality framework and performance. Ongoing monitoring is an important part of our commitment to continuous improvement.

Other monitoring activities include:

- Audit Engagement Quality Control Reviews where required on specific audit engagements
- Consultation Reviews requested by the engagement team with industry experts within the firm or by our National Audit Support team
- Accounting, audit and methodology technical queries performed by our National Audit Support team

Our internal review program extends beyond the review of individual engagement files to incorporate an assessment of the existence and effectiveness of our policies and procedures. Grant Thornton Australia Ltd's Peer Review Programs extend across all service lines. They incorporate a compliance review component to assess performance against a range of compliance requirements including legislation, standards, codes and our own policies.

For example, GTIL member firms use the GTIL ISQC 1 template to form a basis for internal reviews. Each member firm is required to submit a final inspection report of its quality control system to GTIL for monitoring and follow-up. This is in line with the requirements of the following standards:

- International Standard on Quality Control 1 (ISQC) 1: Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services engagements
- International Standards on Auditing 220: Quality Control for Audits of Historical Financial Information
- IESBA Code of Ethics for Professional Accountants

Grant Thornton Australia Ltd's audit review teams are coordinated by the National Audit Support team leader and approved by the Audit Advisory Group (AAG), comprising the National Audit Leader and the local audit leaders in each State across Australia.

Risk issues generated by all review and monitoring activities are assessed to determine an appropriate Management Action Plan (MAP). MAPs are loaded to a central system called Risk Monitor. Our Risk & Compliance team use Risk Monitor to track issues through to completion. Risk Monitor data and information collated from our Risk Assessment Program are combined to improve quality standards across the firm. Results are provided to management through all levels up to and including the Board. Management is able to use the results of our quality monitoring and risk assessment programs to effectively allocate resources where needed to maintain or improve quality performance.

During the last twelve months no issues have been raised which we believe have had, or have the potential to result in, a material negative impact on the quality of our statutory audits.

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# Independence practices

Maintaining objectivity and independence of thought is vital to conserving Grant Thornton South Australia Partnership's and Grant Thornton Australia Ltd's reputation.

We have a strong 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.

Independence has particular meaning in the audit environment but is equally relevant throughout the whole firm. Independence standards are clearly defined in our Compliance Manual.

Independence compliance is monitored actively, and Partners and managers are required to record their financial interests (and those of their immediate family members) in our automated tracking system, GIS (Global Independence System).

Financial interests of the firm and its affiliated entities are also recorded in GIS. A list of the firm's audit clients with publicly-traded securities is maintained and can be accessed on the firm's intranet by all Partners and staff. Compliance with the independence policy by all of the firm's personnel is checked formally on an annual basis as part of the firm's Annual Independence Declarations process, and a review of a sample of GIS accounts is performed to establish whether suppliers are audit clients of the firm and, if they are, whether a threat to independence might arise.

The nature and effectiveness of the firm's procedures for maintaining independence are kept under constant review. We obtain assurance about their operation from annual audits of user accounts in GIS, cold reviews of audit files and internal reviews of nonaudit practice areas of the firm. Where weaknesses or breakdowns are revealed, appropriate corrective action is taken. Our procedures are designed effectively and are generally operating as intended.

## Grant Thornton International Ltd

In addition to our own independence practices, Grant Thornton International Ltd (GTIL) requires member firms to adopt global policies and procedures designed to safeguard the independence on assurance engagements and identify circumstances that could pose a conflict of interest. The global independence policies and procedures are based on the International Ethics Standards Board's Code of Ethics for Professional Accountants with supplements to govern compliance with our global independence and international relationship checking processes.

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.

The increase in regulations and standards and the growing volume of services provided to international clients by member firms have made compliance with independence requirements a complex process. A global independence team (led by the executive director – regulatory matters) assists member firms with these requirements. The global independence team's responsibilities include:

- Providing member firms with policy, guidance and training on independence matters
- Communications designed to provide guidance to member firms on interpreting, applying and complying with global policy or specific auditor independence rules
- Oversight, compliance monitoring and support of the automated global independence system (GIS)
- Maintaining an international relationship checking process designed to provide reasonable assurance that non-audit services are not provided to an audit client or its affiliate without appropriate consultation with the audit partner and, where applicable, the client's audit committee
- Providing member firms with appropriate independence consultation when dealing with complex international regulatory and independence matters.

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# Continuing professional education

Regular training is crucial. Through this training, partners and staff are made aware of the latest issues and standard requirements so that they are able to address them appropriately.

The ICAA uses Grant Thornton Australia Ltd for regular technical updates to its members.

Grant Thornton Australia Ltd has invested heavily in national training. All Partners and qualified staff are required to keep up to date with the latest professional standards, including our own risk management, ethical and independence requirements. Staff operating in specialist service lines or dedicated markets including statutory audit must comply with compulsory training requirements. On an annual basis we actively monitor any requirements that need to be met, with each staff member required to submit a continued professional development record.

Internally, technical resources and support are provided through regular electronic updates, training workshops and seminars.

All Partners and qualified staff are required to comply with the Institute of Chartered Accountants in Australia's Continuing Professional Education Requirements. Members are required to undertake a minimum of 120 hours of Training and Development over a three year period. At least 20 hours (including no more than 10 hours of technical reading) must be completed annually.

Partners holding certain registrations are required to complete at least 40% of their hours in the appropriate specialist area.

## Grant Thornton International Ltd

While the majority of technical training takes place within member firms, Grant Thornton International Ltd (GTIL) makes a significant investment to train auditors in all member firms in the global audit methodology. This methodology, known as Horizon™, is supported by state-of-the-art technology.

Significant effort and resources have been committed to make this training program technically rigorous to support implementation throughout member firms so that the audit needs of public interest and privately held companies and not-for-profits can be met appropriately, regardless of their size or complexity.

## Client service

Grant Thornton Australia Ltd prides itself on client service excellence. We want all our clients to experience a consistently high level of service no matter where they do business. Our common focus is to understand what businesses want, need and value: close relationships, constant communication and a friendly, easily accessible service from their business advisors.

We believe in working with our clients to understand their objectives and help them reach their goals. Delivering when we say we will and offering value at every opportunity is fundamental to our approach.

## Client satisfaction measurement

Our client satisfaction measurement program examines the thoughts and experiences of our clients to regularly monitor and review our client service delivery via a sophisticated online client feedback system. Feedback is used to continuously tailor and improve service levels and refine the training needs of engagement teams. This client feedback mechanism provides us with an action list for each client so that all members of the client service team understand the client's expectations, can monitor progress and make improvements during the engagement. We seek to measure client service delivery feedback annually. There are four-steps to this process:

- 1 Questionnaire delivery scheduled for each client
- 2 Questionnaires sent by a third-party consultant
- 3 Responses reviewed by engagement team members to analyse results
- 4 Follow-up performed with the client to review performance and address concerns

By tailoring and reviewing the 'Grant Thornton experience' we are able to enhance every element of our approach and ensure we constantly offer value and deliver services to help clients meet their objectives.

## In the profession

We are committed to investing the time of our senior people in professional leadership positions. This ensures that our clients have access to excellent technical support and awareness of emerging issues, and that their interests are properly represented as public policy is developed.

Andrew Archer	<ul style="list-style-type: none"> <li>• Australian Public Policy Committee of the Accounting Bodies and major accounting firms</li> <li>• Australian Securities &amp; Investments Commission, Accounting Liaison Committee</li> <li>• Institute of Chartered Accountants (ICAA), Member of NSW Council</li> <li>• ICAA CA Program Member Advisory Panel – Audit &amp; Assurance</li> <li>• University of Technology Sydney, Adjunct Professor</li> </ul>
Paul Banister	<ul style="list-style-type: none"> <li>• The Taxation Institute, State Councillor (QLD Committee)</li> </ul>
Darren Bates	<ul style="list-style-type: none"> <li>• Property Council of Australia (VIC Division), Victorian Tax Reform Committee</li> </ul>
Nick Burne	<ul style="list-style-type: none"> <li>• ICAA Public Practice and Advisory Committee (PPAC)</li> </ul>
Les Corder	<ul style="list-style-type: none"> <li>• New Zealand Institute of Chartered Accountants, Sydney Leadership Committee</li> </ul>
Gail Curtis	<ul style="list-style-type: none"> <li>• ICAA, Chartered Accountants Advisory Group (WA)</li> </ul>
Marilyn Gwan	<ul style="list-style-type: none"> <li>• Australian Public Policy Committee of the Accounting Bodies and major accounting firms</li> <li>• Auditing &amp; Assurance Standards Board's Consultative Group</li> <li>• ICAA Technical Research Group</li> </ul>
Tinashe Kamangira	<ul style="list-style-type: none"> <li>• ICAA Regional Council (WA)</li> </ul>
Elizabeth Lucas	<ul style="list-style-type: none"> <li>• The Taxation Institute, Chair of the Fringe Benefits Tax Subcommittee</li> <li>• Member of the National Tax Liaison Group, Fringe Benefits Tax Subcommittee</li> <li>• Member of Federal Treasury's Not-for-Profit Sector Tax Concession Working Group</li> </ul>
Shane MacDonald	<ul style="list-style-type: none"> <li>• CPA Australia, Secretary of the Forensics and Financial Investigations Discussion Group (VIC)</li> </ul>
Mark O'Hare	<ul style="list-style-type: none"> <li>• Stuartholme School, Director</li> </ul>
Eric Passaris	<ul style="list-style-type: none"> <li>• Australian Charities &amp; Not-for-Profits Committee, Professional Users Group</li> <li>• Companies Auditor and Liquidator Disciplinary Board</li> <li>• CPA Australia Disciplinary Committee</li> </ul>
Tony Pititto	<ul style="list-style-type: none"> <li>• Trinity College at University of Melbourne, Audit &amp; Risk Management Committee</li> <li>• Australian Food &amp; Grocery Council</li> <li>• Australian Agribusiness Association</li> <li>• Victorian Farmers Federation</li> </ul>
Trevor Pogroske	<ul style="list-style-type: none"> <li>• Australian Securities and Investments Commission Insolvency Regional Liaison Committee</li> <li>• Kehillat Masada Synagogue, Treasurer</li> <li>• NSW Congregation of Synagogues, Delegate and North Shore representative</li> </ul>
Robert Powell	<ul style="list-style-type: none"> <li>• Family Business Australia, NSW Advisor Committee</li> <li>• Federal Government, Small Business Advisory Committee</li> <li>• ICAA National Quality Review Committee, Chairman</li> </ul>
Keith Reilly	<ul style="list-style-type: none"> <li>• Australian Public Policy Committee of the Accounting Bodies and major accounting firms</li> <li>• ICAA Technical Research Group</li> <li>• Institute of Public Accountants Financial Reporting Faculty</li> <li>• Accounting Bodies Emerging Issues Group,</li> <li>• Australian Accounting Standards Board's Consultative Group</li> <li>• Auditing and Assurance Standards Board's Consultative Group</li> <li>• Australian Institute of Company Directors Reporting Committee</li> <li>• Accounting Professional &amp; Ethical Standards Board Taskforces on Independence and Forensic Accounting</li> <li>• Australian Securities &amp; Investments Commission's Large Firms IFRS Group, and Liaison Committee</li> <li>• Business Reporting Leaders Forum</li> <li>• Macquarie University, Department of Accounting &amp; Corporate Governance Advisory Board</li> </ul>
Andrew Rigele	<ul style="list-style-type: none"> <li>• ICAA National Quality Review Committee, Chairman</li> </ul>
Andrew Sallway	<ul style="list-style-type: none"> <li>• Insolvency Practitioners Association of Australia, Insolvency Education Program, Workshop Leader</li> </ul>
Michael Selth	<ul style="list-style-type: none"> <li>• The Taxation Institute, State Chairman (VIC Committee)</li> <li>• Rotary Club of Melbourne, Membership Director</li> </ul>
Sian Sinclair	<ul style="list-style-type: none"> <li>• Property Council of Australia (QLD Division) Tax Roundtable, Chair</li> </ul>
Liz Smith	<ul style="list-style-type: none"> <li>• Women in Finance Victoria, President</li> </ul>
Simon Trivett	<ul style="list-style-type: none"> <li>• Business Reporting Leaders Forum</li> <li>• Australian Securities &amp; Investments Commission Accounting Liaison Committee (VIC)</li> </ul>
Jeff Vibert	<ul style="list-style-type: none"> <li>• Australian Securities &amp; Investments Commission, Accounting Liaison Committee (WA)</li> </ul>
Steve Westaway	<ul style="list-style-type: none"> <li>• The Tax Institute, President</li> <li>• The Tax Institute, Chairman of the National Technical Committee</li> <li>• National Tax Liaison Group (NTLG)/Senior Professional Consulting Body to the Australian Taxation Office)</li> <li>• Consultant to Board of Taxation</li> </ul>

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# Statement on the firm's internal quality control systems

The Board has ultimate responsibility for the firm's quality management systems and the establishment of appropriate internal control systems across the firm.

The policies and procedures that serve as the basis for the system of quality management for GTAL & controlled entities outlined in this report 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.

During the year the Board has reviewed:

- The design and operation of the quality management systems as described in this report
- The findings from regulatory inspections
- Reports from the firm's external auditors
- Reports from Grant Thornton International on the firm's quality control systems

The review by the Board has not identified any failings or weaknesses that it has deemed to be significant, but have identified actions which it believes will strengthen controls to mitigate significant risks. On the basis of the review, the Board is satisfied the firm's internal quality control systems are operating effectively. In addition, the Board confirms that an internal review of our internal independence processes has been conducted during the year.

We continually seek to improve all aspects of our business and use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.

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# Financial information for Grant Thornton Australia Limited and controlled entities

## Turnover

	GTAL 2013	GTSAP 2013**
Fees (turnover) for statutory audits	\$64.8m	\$1.1m
Fees (turnover) for non-audit services charged to audit clients	\$11.9m	\$0.09m
Fees (turnover) for non-audit services to non-audit clients	\$148.5	-
<b>Total fees (turnover)</b>	<b>\$225.2</b>	<b>\$1.2m</b>

## Firm

	GTAL 2013	GTSAP 2013**
Number of Partners	139	4
Number of professional staff (full time equivalents)	989.5	-
Number of non-professional staff (full time equivalents)	232.4	-
<b>Total</b>	<b>1,360.9</b>	<b>4</b>

## Audit

	GTAL 2013	GTSAP 2013**
Number of Partners	39	4
Number of professional staff (full time equivalents)	313	-
Number of non-professional staff (full time equivalents)*	19.7	-
<b>Total</b>	<b>371.7</b>	<b>4</b>

\*Excludes firm wide shared services (e.g. IT, HR, Marketing etc)

\*\* Grant Thornton South Australia Partnership



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# Partner and related entity remuneration

Grant Thornton South Australia Partnership is a wholly owned subsidiary of Grant Thornton and all Partners are remunerated by Grant Thornton Australia Ltd. Grant Thornton Australia Ltd's Partner Equity and Promotion Committee is a Board subcommittee to oversee fair and responsible remuneration practice for all Partners.

The Partner Performance and Earnings Policy, effective 1 July 2012, is reviewed and updated annually as required to meet the changing needs of the business. The updated policy is approved by the Board and communicated to all Partners.

Each Partner is attached to a remuneration band that is linked to Enterprise Value.

Each Partner's Enterprise Value is assessed by the National Moderation Committee. The National Moderation Committee is comprised of the CEO, Business Unit Leaders, the Chief Operations and Financial Officer and the Director of People and Culture.

Base remuneration bands are determined by the PEP in consultation with external consultants on an annual basis reflecting the market rate. Movement within the remuneration bands is dependent on a Partner's Overall Performance Score (OPS).

The CEO is the only Partner whose role stands outside the Enterprise Value assessment. Remuneration of the CEO is assessed upon the achievement of objectives and KPIs set and agreed by the Board.

Grant Thornton Australia Ltd is an unlisted public company. All shares in the company are owned and controlled by entities related to individual Partners.

These entities distribute profits as determined by the company's policies. The company distributes 95% of its profit annually.

The policies provide for three pools:

- Short term incentive (STI)
- Long term incentive (LTI)
- Equity

The STI and LTI pools are discretionary in nature, determined after review by PEP and the Board. Equity pool payments are declared based on shares on issue. These shares hold value and are independently valued annually. They cannot be sold to third parties.

Audit Partners and staff are not remunerated by reference to non-audit services sold to their audit clients.

All profit distributions are approved by the Board, based on the profitability and cash flow of the firm subject to agreed retention levels.

Grant Thornton Audit Pty Ltd, being the registered audit company, has five directors who do not receive any remuneration as directors. The directors do receive Partner base remuneration.



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# Public interest entities

The following is a list of public interest entities where we are currently appointed as auditors:

Beach Energy Limited
Ero Mining Limited
Flinders Mines Ltd
Island Sky Australia Ltd
Marathon Resources Ltd
Marmota Energy Limited
Maximus Resources Limited
Mesbon China Nylon Limited
Minotaur Exploration Ltd
Mithril Resources
Monax Mining Ltd
Musgrave Minerals
Papyrus Australia Limited
Petratherm
Prince Hill Wines Ltd
Prophecy International Hldgs
Ramelius Resources Ltd
Southern Gold Ltd
Toro Energy Ltd
TWT Umbrella Ltd
UraniumSA Limited
Yanghao International Limited

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# Compliance map

The following tables map the requirements for audit transparency reports as set out in s332–332G of the Corporations Act 2001 to our Transparency Report.

## Prescribed information

Narrative	Page
If the auditor belongs to a network, a description of: the network, the legal arrangements of the network and the structural arrangement to the network	10 - 12
A description of the auditor's internal quality control system	16 - 17
A statement that sets out the auditor's independence practices in the relevant reporting year	19
The name of each body that is authorised to review the auditor (e.g. ASIC or a professional accounting body) and the date of the most recent review of the auditor conducted by the body	18
The names of the relevant bodies in section 322 of the Corporations Act for which the auditor conducted an audit under Div 3 of Pt 2M.3 in the relevant reporting year	25
Financial information for the auditor that relates to the relevant reporting year, including: total revenue and revenue relating to audits of financial statements conducted by the auditor and other services provided by the auditor	23

## Additional information

Narrative	Page
A description of the firm or company's: legal structure, ownership & governance structure	9 & 13
A statement by the firm's administrative body or management body (or the company's board of directors) on the effectiveness of the functioning of the internal quality control system in the relevant reporting year	22
The date on which the firm or company most recently conducted an internal review of its independence compliance	18
A statement about the firm or company's policy on the minimum amount and nature of continuing or other professional education that professional members of an audit team must undertake during the relevant reporting year	20 - 21
Information about the basis for remuneration of the firm's partners or the company's directors	24



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