

# International annual review 2007

## Executive summary

Grant Thornton 

“Grant Thornton member firms operate today in a world in which businesses, regulators and the media are demanding greater choice among accountancy networks. While companies seek consistency from global advisers, they are increasingly questioning the wisdom of engaging a Big Four firm. Regulators, too, worry that excessive market concentration in the audit market could undermine the world’s capital markets.

Over the past four years, Grant Thornton member firms have won substantial new business as a result of opportunities presented by rapidly changing conditions. They have increasingly acquired work for larger more complex international clients.

This trend is likely to accelerate as companies expand across borders, and as the images and quality of firms operating under the Grant Thornton brand continues to develop and strengthen.

In this context, Grant Thornton member firms performed superbly over the past year. Combined revenues rose to US\$2,772 million in 2006, up 13% on the previous year, as firms posted strong performances throughout the network. Indeed, the organisation holds the enviable record of four straight years of double digit growth – visible proof that member firms are reaping sustainable benefits from transformations in the wider global market.

During the past year, I took steps to put in place a revised leadership and management structure for Grant Thornton International, designed to resource, support and drive our global plans and to sustain the network in a leadership position worldwide.

Each main business area – privately held business services, assurance, tax services and specialist advisory services – is now coordinated by a global leader. These leaders, who are all members of my global leadership board, are responsible for harnessing the activities of our member firms, for ensuring our international policies and procedures are implemented and for the overall development of each of the four main business areas.

### A foundation for leadership

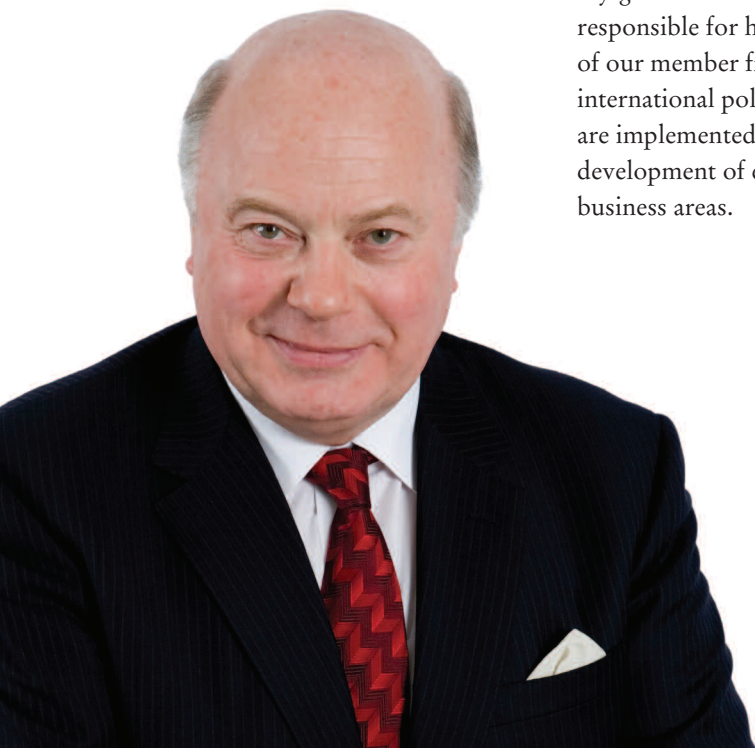
Our strategy is founded on the principle of leadership - leadership in our chosen markets and leadership in the profession. The concept of leadership is often equated, mistakenly, with size. I do not believe that Grant Thornton should merely strive to become the biggest organisation in our market. I do believe, however, that we can achieve a leadership position based on distinctive client service delivered by outstanding people, partner-level involvement, and a willingness to speak out on issues that matter to business and the wider public.

### Confidence with integrity

Given the task - and the goals - that lie ahead, the coming year will clearly be exciting for all those involved in the Grant Thornton organisation. Yet through a commitment to responsibility, integrity and high quality, Grant Thornton firms can face the coming years with great confidence. I look forward to working with my colleagues on the global leadership board to implement our global strategy across our whole network, and working with member firms to achieve their objectives. By working together, firms can enhance both growth and profitability, as they help clients in a clear and determined fashion to navigate their way through a rapidly changing business environment.”



**David McDonnell**  
Chief Executive Officer,  
Grant Thornton International



# Financial performance

Year ended 30 September 2006

The past year marks the fourth consecutive year of double digit growth for Grant Thornton International's member firms. Combined fee income rose to US\$2,772 million in 2006, up 13% on the previous year, as member firms posted strong performances throughout the network.

In accordance with the organisation's commitment to transparency, responsibility and integrity, Grant Thornton International excludes fee income generated by correspondent firms from combined annual results. This avoids problems related to the inclusion of correspondent firm income with more than one accounting organisation, and presents a more accurate picture of the real performance of the Grant Thornton network.

## Total member firm fee income (US\$ million)

By region	2006		2005		2004		2003	
Americas	1,417	+17%	1,206	+23%	977	+24%	786	+19%
Asia Pacific	206	+22%	169	+26%	134	+20%	112	+19%
Europe, Middle East and Africa	1,149	+6%	1,079	+10%	981	+16%	844	+21%
<b>Total member firm fee income (US\$ million)</b>	<b>2,772</b>	<b>+13%</b>	<b>2,454</b>	<b>+17%</b>	<b>2,092</b>	<b>+20%</b>	<b>1,742</b>	<b>+20%</b>

## Total member firm fee income (US\$ million)

By service line	2006		2005		2004		2003	
Assurance & accountancy	1,386	+11%	1,245	+12%	1,114	+16%	959	+24%
Taxation compliance and consultancy	601	+12%	535	+10%	485	+22%	397	+20%
Business advice consulting	256	-1%	259	+50%	173	+94%	89	-4%
Corporate finance	173	+19%	145	+32%	110	+21%	91	+38%
Recovery & reorganisation	143	+3%	139	+28%	109	+6%	103	+21%
Forensic and investigation services	76	+29%	59	-3%	61	+110%	29	+107%
Other activities	137	+90%	72	+80%	40	-46%	74	-10%

## Background and methodology

### 1 Fee income

- 1.1 Fee income from correspondent firms has been excluded to give a more accurate picture of the real performance of the network.
- 1.2 All member firms have reported to a single year-end date (30 September) for consistency and comparability.
- 1.3 Member firms reported revenues net of local sales taxes.
- 1.4 Revenue is reported inclusive of rechargeable expenses.

### 2 Service line performance

- 2.1 The service line performance represents the core activities of the members of the Grant Thornton International network and are defined as follows:
  - assurance and accountancy
  - taxation compliance and consulting
  - business advice consulting
  - recovery and reorganisation
  - forensic and investigation services
  - corporate finance.

- 2.2 The other activities of the members of the Grant Thornton International network include:
  - company formation, secretarial and administration and provision of legal advice other than accounting and tax advice
  - personnel services
  - services to international development finance agencies.

### Top ten member firms in the network in 2006, fee income (US\$ million)

	2006		2005	
United States	987	+19%	829	+29%
United Kingdom	492	+4%	471	+9%
Canada	351	+12%	314	+17%
Germany	156	+12%	139	+10%
France	108	+7%	101	+8%
Sweden	83	+5%	79	+13%
Australia	69	+8%	64	+28%
Netherlands	50	-6%	53	+16%
Japan	40	+54%	26	+13%
South Africa	33	+3%	32	+13%

### Member firm partners and staff

	2006		2005		2004		2003	
Americas	10,486	+13%	9,261	+8%	8,582	0%	8,618	+10%
Asia Pacific	3,640	+19%	3,070	+10%	2,783	+5%	2,659	+7%
Europe, Middle East and Africa	10,451	+7%	9,735	+7%	9,121	+2%	8,909	0%
<b>Total number of people</b>	<b>24,577</b>	<b>+11%</b>	<b>22,066</b>	<b>+8%</b>	<b>20,486</b>	<b>+2%</b>	<b>20,186</b>	<b>+5%</b>
Member firms	94		92		91		92	
Member firm offices	489	+1%	484	-4%	504	+1%	498	+3%
Member firm partners	2,220	+6%	2,094	+3%	2,026	+2%	1,983	+4%
<b>Number of correspondent firms (income excluded)</b>	<b>19</b>		<b>18</b>		<b>21</b>		<b>20</b>	

### 3 Firms

3.1 The Grant Thornton International network consists of member firms and correspondent firms. The results reported in this financial report are for member firms only, as Grant Thornton International believes this reflects more clearly the breadth and strength of international networks. **Correspondent firms** can appear in the networks of more than one international accounting organisation and therefore there is danger of 'double-counting' if their revenues are included by more than one network. They are therefore excluded from the financial performance tables.

### 4 Member firm offices

4.1 An office is defined as a single building or collection of buildings in a close geographic area that is treated as a separate administrative entity.

### 5 Exchange rate

5.1 Financial results reported by independent member firms were translated into US dollars using the average inter-bank exchange rate over the year ended 30 September.

### 6 Member firm partners

6.1 A partner is a proprietor, direct or indirect shareholder, equity or non-equity partner, principal, or any individual who assumes the risks and benefits of member firm ownership, or who is otherwise held out by the member firm to be the equivalent of any of the above.

### 7 Grant Thornton International

7.1 Grant Thornton International is a not-for-profit, non-practising, international umbrella membership organisation organised under the laws of the State of Illinois, United States of America. All member firms are independent financial and legal entities.

“Beyond all else, the **communication** and **involvement** at the partner and manager level has been outstanding.”

**Louhon Tucker**, Chief Financial Officer, Colson Group.

Colson Group works closely with member firms in nine countries.

#### For further information

If you would like to find out more about how Grant Thornton member firms can assist you, please contact Gabriel Azedo, global leader – member firm network. Alternatively, to find your local member firm, please visit our website at [www.gti.org](http://www.gti.org).

#### David McDonnell

Chief executive officer  
Grant Thornton International  
Regent's Place, 7th Floor  
338 Euston Road  
London NW1 3BG  
United Kingdom  
T +44 (0)20 7391 9502

#### Mike Starr

Chief operating officer  
Grant Thornton International  
175 West Jackson Boulevard  
20th Floor  
Chicago, IL 60604  
United States of America  
T +1 312 602 8705

#### Gabriel Azedo

Global leader – member firm network  
Grant Thornton International  
13th Floor, Gloucester Tower  
The Landmark  
15 Queens Road Central  
Hong Kong  
T +852 2218 3111

#### Jonathan Geldart

Global director – marketing communication  
Grant Thornton International  
Regent's Place, 7th Floor  
338 Euston Road  
London NW1 3BG  
United Kingdom  
T +44 (0)20 7391 9530

You can read the full Grant Thornton International Annual Review at [www.gti.org](http://www.gti.org).

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