



## DISCIPLINARY ORDERS AND REGULATORY DECISIONS

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## **Disciplinary orders**

### **Disciplinary Committee tribunal orders**

**1 Pritpal Singh Channa ACA** of 416 Green Lane, Ilford IG3 9JX

**A tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 17 May 2011**

#### **Terms of complaint**

That the defendant is liable to disciplinary action under Disciplinary Bye-law 4(1)(c), namely he has:

*"...committed a breach of the bye-laws or of any regulations or has failed to comply with any order, direction or requirement made, given or imposed under them"*

#### **In that**

Between 13 May 2008 and 22 September 2010 Mr P S Channa BA ACA failed to cooperate with the ICAEW in carrying out its functions under the Practice Assurance Scheme, contrary to Practice Assurance Regulation 4.

#### **Hearing date**

17 May 2011

**Pre-hearing review or final hearing** Final Hearing

**Complaint found proved** Yes on the defendant's own admission

**All heads of complaint proven** Yes

#### **Sentencing order**

The tribunal ordered that:

- a) Mr Channa be reprimanded;
- b) be fined £2000; and
- c) pursuant to its powers under Disciplinary Bye-Law 24(1)(c), Mr Channa be subject to a Remedial Order. Thus, the Tribunal specified steps which it considered appropriate for the purpose of resolving the issues which gave rise to the formal complaint. The steps are:
  - i) that within 3 calendar months of the date this Order comes into effect, Mr Channa should have met with a representative of QAD at his office, to discuss the likely scope and content of a practice assurance visit;
  - ii) that within 6 calendar months of the date this Order comes into effect, Mr Channa should have received a practice assurance visit at his office.
- d) costs of £2600 be paid by Mr Channa to the ICAEW.

The tribunal ordered that the fine and costs be paid over a 6 month period, the first instalment of £850 to be paid by 1 July 2011 and there to be 5 further monthly instalments of £750.

## **Procedural matters and findings**

<b>Parties present</b>	Mr Channa and the Investigation Committee (IC)
<b>Represented</b>	The defendant appeared in person; the IC was represented by Mr B Jowett.
<b>Hearing in public or private</b>	The hearing was in public.
<b>Decision on service</b>	In accordance with regulations 3-5 of the Disciplinary Regulations, the tribunal was satisfied as to service.
<b>Documents considered by the tribunal</b>	The tribunal considered the documents contained in the Investigation Committee's bundle.

### **Issues of fact and law**

- 1 Mr Channa is the sole principal of Abacus & Co, Chartered Accountants. The company last received an audit monitoring visit from the Quality Assurance Department (QAD) in September 2002.
- 2 A practice assurance visit was scheduled for 16 and 17 June 2008. Although the visit was re-scheduled on two subsequent occasions, 12 and 13 August 2008 and 25 and 26 June 2009, Mr Channa cancelled each visit. The reason given by Mr Channa was, on the first occasion, due to the firm undergoing a refurbishment and, on the subsequent two occasions, due to Mr Channa's ill health.
- 3 On 9 July 2009, the Secretary to the Practice Assurance Committee (PAC) wrote to Mr Channa, enclosing a combined audit and practice assurance report from the QAD with relevant copy correspondence. The report set out the chronology of events as to the QAD's attempts to carry out its next six year cycle visit to Mr Channa's firm. The QAD's report was considered by the PAC on 19 August 2009. In making its decision it noted that Mr Channa had agreed to the visit now taking place on 15 and 16 October 2009. The committee therefore decided that if this visit did not take place for whatever reason, the matter should be referred to the investigation department. Mr Channa was informed of this decision on 20 August 2009.
- 4 On 13 October 2009 Mr Channa's firm wrote to the QAD enclosing a copy letter from Mr Channa's doctor dated 12 October 2009. The doctor said in his letter that Mr Channa was suffering from acute stress and anxiety. He suggested that Mr Channa take time off work with immediate effect. The firm asked for the visit on 15 and 16 October 2009 to be re-scheduled.
- 5 Mr Channa cancelled that visit and in accordance with the PAC's decision, the secretary to the PAC wrote to Mr Channa on 14 October 2009, to inform him the matter was being referred to the investigation department.
- 6 Mr Channa subsequently agreed with the QAD to permit the visit on 17 March 2010. In the circumstances, the investigation was placed on hold to enable the visit to take place.
- 7 On 15 March 2010, a request was received from Mr Channa for the re-scheduled visit to be postponed yet again. On this occasion he explained that he needed another extension of time to give him the opportunity to seek professional support to help him with his personal difficulties.

- 8 In light of Mr Channa's ongoing health problems and that he was by then seeking the help of a support member, the visit was cancelled. On 31 March 2010, Mr Channa submitted details of the proposed course of action he had agreed with Mr Clitheroe, the support member. This action plan was with a view to getting Mr Channa back to work and allowing the visit to take place. The visit was accordingly re-scheduled with Mr Channa for 24 and 25 June 2010.
- 9 On 22 June 2010 an email was received from Mr Clitheroe asking for the visit to be cancelled again, on the basis that Mr Channa needed more time to regularise his work. With his email he enclosed a further letter from his doctor which recommended that no further deadlines be set until he had had the opportunity to review Mr Channa's condition.
- 10 On 5 August 2010, the secretary to the ARC received an email from Mr Channa confirming that he was well enough to work. He had also made arrangements with the QAD for the visit to be carried out on 22 September 2010.
- 11 At its meeting on 11 August 2010, the ARC allowed the firm's audit registration to continue on the basis of the personal progress Mr Channa had made and that the visit would take place on 22 and 23 September 2010. Mr Channa was told that he was being provided with one final opportunity for the visit to take place and, that regardless of the circumstances, his firm's audit registration would be withdrawn if this did not happen.
- 12 On 20 September 2010 the QAD received a letter from Mr Channa's firm explaining that Mr Channa had been advised by his doctor to immediately take time off from work.
- 13 On 15 October 2010, the ARC accepted Mr Channa's request to voluntarily surrender his firm's audit registration.

### **Conclusions and reasons for decision**

- 14 Practice assurance applies to all members who hold a practising certificate and, it is important that all firms are subject to regular monitoring from the QAD. It is only if the ICAEW regularly monitors the compliance of members with standards that the public's confidence in the profession of chartered accountancy can be maintained.
- 15 In the tribunal's view, Mr Channa is in breach of regulation 4 of the Practice Assurance Regulations which provides as follows:
- 'Members and member firms shall cooperate with the Institute, its staff and any committee carrying out functions under the PA scheme'.*
- 16 Whilst recognising that Mr Channa has had genuine personal problems which led to him seeking postponements of visits, he has been given many opportunities to permit a monitoring visit to take place. Throughout or largely throughout this time, Mr Channa has been working. Whilst he has been in correspondence with the Institute, he has failed to effectively cooperate with the need for a practice assurance visit.
- 17 By reason of the above matters, Mr Channa is in breach of Disciplinary Bye-law 4(1)(c).

### **Matters relevant to sentencing**

- 18 Mr Channa had a previous disciplinary record. On 13 November 2001, the Disciplinary Tribunal reprimanded him for failure to provide information requested of him, pursuant to Disciplinary Bye-Law 13(1).
- 19 His mitigation was essentially his and his son's poor health which the Tribunal took into account.

20 Aggravating features were the previous disciplinary record and that the events giving rise to the breach spanned a significant period of time.

### **Sentencing Order**

21 The Tribunal took into account its *Guidance on Sentencing* and decided that:

- a) Mr Channa be reprimanded;
- b) be fined £2000; and
- c) pursuant to its powers under Disciplinary Bye-Law 24(1)(c), Mr Channa be subject to a Remedial Order. Thus, it specified steps which it considered appropriate for the purpose of resolving the issues which gave rise to the formal complaint. The steps are:
  - i) that within 3 calendar months of the date this Order comes into effect, Mr Channa should have met with a representative of QAD at his office, to discuss the likely scope and content of a practice assurance visit;
  - ii) that within 6 calendar months of the date this Order comes into effect, Mr Channa should have received a practice assurance visit at his office.
- d) costs of £2600 be paid by Mr Channa to the ICAEW.

22 The tribunal ordered that the fine and costs be paid over a 6 month period, the first instalment of £850 to be paid by 1 July 2011 and there to be 5 further monthly instalments of £750.

23 Although not part of the formal order, the tribunal strongly recommended that Mr Channa arrange to have a support member present at one or both of the visits.

### **Decision on publicity**

24 The tribunal decided that there should be publication of this order.

### **Members of the tribunal**

Mr David Wilton FCA [Chairman]  
Mr David Kaye FCA  
Mr Narinder Mehtab ACIB

Ms Melanie Carter [Legal Assessor]

**D6764**

**2 Paul Roger Daffurn FCA** of 132 Parkwood Road, Bournemouth, BH5 2BN

**A tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 17 May 2011**

### **Terms of complaint**

That the defendant is liable to disciplinary action under Disciplinary Bye-law 4(1)(c), namely he has:

*"...committed a breach of the bye-laws or of any regulations or has failed to comply with any order, direction or requirement made, given or imposed under them"*

### **In that**

1.1 Between 16 September 2009 and 22 June 2010 Mr P R Daffurn MSc FCA failed to return to ICAEW an annual return as at 30 April 2009 for Daffurn & Co Ltd contrary to Regulation 8 of the Practice Assurance Regulations.

### **Hearing date**

17 May 2011

**Pre-hearing review or final hearing** Final Hearing.

**Complaint found proved** Yes on the defendant's own admission.

**All heads of complaint proven** Yes.

### **Sentencing order**

The tribunal ordered that you be;

- a) severely reprimanded;
- b) fined £1,000; and
- c) pay costs of £500.

### **Procedural matters and findings**

**Parties present** The Investigation Committee (IC).

**Represented** The IC was represented by Mr B Jowett.

**Hearing in public or private** The hearing was in public.

**Decision on service** In accordance with regulations 3-5 of the Disciplinary Regulations, the tribunal was satisfied as to service.

**Documents considered by the tribunal** The tribunal considered the documents contained in the IC's bundle together with a further letter from the defendant.

**Findings on preliminary applications** In light of the letter dated 13 May 2011, the tribunal was satisfied that the defendant did not intend to attend and it decided to proceed in his absence.

### **Issues of fact and law**

- 3 On 2 March 2009, the Quality Assurance department (QAD) sent an annual return for Daffurn & Co Ltd for completion as at 30 April 2009. Between 2 March 2009 and 17 November 2009 QAD sent several reminder letters and also telephoned the sole principal, Mr Daffurn, to remind him that the annual return was outstanding. Following this, the return date for the annual return was amended to 15 September 2009. On 17 November 2009 QAD informed the Audit Regulation department of the ICAEW (as the firm was audit registered) that the return remained outstanding.
- 2 The Audit Regulation department wrote to Mr Daffurn on 1 December 2009 and an Audit Regulation case manager spoke with Mr Daffurn on 5 January 2010 when he promised to submit the annual return and the CPD details that week. As there was no response from Mr Daffurn he was informed by a letter dated 13 January 2010 that his firm's audit registration had been withdrawn and that the issues of the outstanding annual return and CPD declaration were being referred to the Professional Conduct Department.
- 3 QAD also undertook a Practice Assurance visit to Mr Daffurn on 28 April 2010. The Reviewer sought to get the annual return completed and Mr Daffurn again promised to submit it.
- 4 On 29 April 2010 Mr Daffurn submitted his outstanding 2007-8 CPD declaration and completed the 2008-9 declaration online. However, the outstanding annual return has not been submitted.

### **Conclusions and Reasons for Decision**

- 5 Mr Daffurn had failed to submit his firm's annual return in accordance with professional requirements. This was despite the fact that he had been sent many reminders and had on occasions promised to submit the outstanding annual return.
- 6 Regulation 8 of the Practice Assurance Regulations requires a firm to submit such documents to ICAEW as required. By not submitting his firm's annual return Mr Daffurn is in breach of Regulation 8 of the Practice Assurance Regulations and therefore of Disciplinary Bye-Law 4(1)(a).

### **Matters relevant to sentencing**

- 7 The defendant had no disciplinary record. The defendant offered as mitigation that he had been under pressure from his work.
- 8 It was an aggravating feature that the annual return had still not been submitted.

### **Sentencing Order**

- 9 The annual return is an integral part of ICAEW's monitoring of member firms to ensure that they are complying with all ICAEW and statutory requirements.

- 10 The tribunal took into account its *Guidance on Sentencing* and ordered that Mr Daffurn:
- a) be severely reprimanded;
  - b) pay a fine of £1,000; and
  - c) pay costs of £500.
- 11 The tribunal indicated that it would in terms of the seriousness of the breach have ordered a fine of £3000, that the being the Sentencing Guideline starting point. Taking into account, however, his financial circumstances, it reduced the fine and costs award.

**Decision on publicity**

- 12 The Tribunal decided that there should be publication of the decision.

**Members of the tribunal**

Mr David Wilton FCA [Chairman]  
Mr David Kaye FCA  
Mr Narinder Mehtab ACIB

Ms Melanie Carter [Legal Assessor]

**D6765**

**3 Steven Pearl FCA** of 3 Bentalls Close, Southend-on-Sea, Essex, SS2 5PS

**The tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 17 May 2011**

### **Terms of complaint**

That the defendant is liable to disciplinary action under Disciplinary Bye-law 4(1) (a) namely he has:

*“...in the course of carrying out professional work or otherwise he has committed any act or default likely to bring discredit on himself, the Institute or the profession of accountancy”*

### **In that**

Between 7 March 2008 and 29 March 2010 Mr S Pearl FCA, on behalf of his firm Stephen Pearl & Co issued audit reports in respect of the financial statements of the following companies, when the firm was not a Registered Auditor:

- 1 Equable Properties Plc, year ended 31 March 2008, audit report dated 23 April 2009;
- 2 Netherby Park Limited, year ended 31 March 2008, audit report dated 30 June 2008;
- 3 Netherby Park Limited, year ended 31 March 2009, audit report dated 6 July 2009;
- 4 Goodacre & Townsend Limited, year ended 30 April 2008, audit report dated 11 September 2008;
- 5 G & T Luxury Travel Limited, year ended 30 April 2008, audit report dated 11 September 2008;
- 6 Scholefield Turnbull & Partners Plc, year ended 30 April 2008, audit report dated 11 September 2008;
- 7 Scholefield Turnbull & Partners Plc, year ended 30 April 2009, audit report dated 14 October 2009;
- 8 UKBS Plc, year ended 30 April 2008, audit report dated 23 September 2008;
- 9 UKBS Plc, year ended 30 April 2009, audit report dated 14 October 2009;
- 10 Specialist Travel Limited, year ended 30 April 2009, audit report dated 14 October 2009;
- 11 Specialist Travel (Luxury) Limited, year ended 30 April 2009, audit report dated 14 October 2009; and
- 12 Universal Building Systems Plc, year ended 30 September 2009, audit report dated 29 March 2010.

### **Hearing date**

17 May 2011

<b>Pre-hearing review of final hearing</b>	Final Hearing.
<b>Complaint found proved</b>	Yes on the defendant's own admission.
<b>All heads of complaint proven</b>	Yes.

### **Sentencing order**

The tribunal ordered that:

- a) the defendant be severely reprimanded;
- b) pay a fine of £10,000; and
- c) costs of £1,900.

The fine and costs are to be paid over a 12 month period in 11 instalments of £1,000, the first payment to be made by the 1 July 2011, and a final payment of £900.

### **Procedural matters and findings**

<b>Parties present</b>	Mr Stephen Pearl and the Investigation Committee (IC).
<b>Represented</b>	The defendant was in person and the IC represented by Mr B Jowett.
<b>Hearing in public or private</b>	The hearing was in public.
<b>Decision on service</b>	In accordance with regulations 3-5 of the Disciplinary Regulations, the tribunal was satisfied as to service
<b>Documents considered by the tribunal</b>	The tribunal considered the documents contained in the IC's bundle together with information provided by the defendant

### **Findings on preliminary applications**

#### **Issues of fact and law**

- 1 Between 18 November 1998 and 7 March 2008, Mr Pearl was a sole practitioner of Stephen Pearl & Co, a firm of registered auditors. However, on 13 December 2007 a bankruptcy order was made against Mr Pearl and as a consequence, he ceased to be a member of the ICAEW on 18 February 2008. Mr Pearl was sent a letter dated 18 February 2008 stating that, on account of the bankruptcy, he ceased to be a member of the ICAEW.
- 2 The ARC was notified of Mr Pearl's bankruptcy on 6 March 2008 and his firm's audit registration was thereupon withdrawn. A letter confirming the committee's decision was sent to Mr Pearl on 7 March 2008.
- 3 In accordance with the audit regulation section's procedures at that time, the audit file was brought forward one year to carry out a company search to check if any audit reports had been issued by the firm. The search was carried out on 18 May 2009 and five audit reports were found to have been signed by the firm of Stephen Pearl & Co when it was not a registered auditor.

- 4 As Mr Pearl was a not an ICAEW member, the audit regulation section duly notified the Professional Oversight Board (POB).
- 5 Mr Pearl subsequently applied to the ICAEW on 4 June 2009 to be re-admitted into membership on the basis that the bankruptcy order had been annulled by the High Court of Justice on 12 January 2009. His application was in due course considered by the Readmission Sub-Committee on 8 July 2010. The application was approved.
- 6 In the meantime, a further company search was carried out by the audit regulation section on 25 May 2010 and another seven audit reports were found to have been signed by Stephen Pearl & Co in the period leading up to 29 March 2010.

### **Conclusions and Reasons for Decision**

- 7 Signing audit reports after audit registration has been withdrawn is, in the tribunal's view, a very serious matter. This is contrary to the Companies Act and the Audit Regulations, which are designed to ensure that only appropriately qualified persons can undertake audit work. This would mislead the reader of the accounts and provide a degree of comfort to anyone who relied on the additional assurance an audit of the accounts provides.
- 8 Mr Pearl's conduct is likely to bring discredit on himself, the ICAEW or the profession of accountancy and as such he is in breach of Disciplinary Bye-Law 4(1)(a).

### **Matters relevant to sentencing**

- 9 Mr Pearl had no previous disciplinary record.
- 10 Mr Pearl told the tribunal that:
- He had informed all the companies concerned that he is now unable to provide audit services.
  - He did not receive any notification of the hearing that led to his bankruptcy. When he subsequently attended a meeting with the Official Receiver he said he was advised that he '*need do nothing for 12 months and then I could resume my career*'. Following the discharge of his bankruptcy he was, he said, informed by the Official Receiver and the High Court that '*this took me back precisely to the position I was in prior to bankruptcy*'. He however, failed to appreciate that this did not re-instate his membership with the ICAEW or his firm's audit registration.
  - There had been no criticism of the work from the firm which took over the audit work.
- 11 Whilst the tribunal considered it plausible that after the annulment, Mr Pearl might have believed his ability to sign audit reports would be restored automatically, this was not persuasive in relation to the period prior to the annulment (when he had signed 5 of the audit reports listed in the complaint).
- 12 The tribunal noted that there was no evidence that he had communicated with the Institute further to their letters informing him that he was no longer a member or able to sign audit reports. The tribunal considered that he had acted recklessly and turned a blind eye as to whether or not he was able to sign the audit reports.

- 13 The starting point for a breach of this nature was exclusion. This reflected the extremely serious nature of accountants holding themselves out as registered when not. The public was entitled to have confidence in the professional standards which registration guaranteed. Conduct such as here, undermined the standing of the profession of chartered accountancy amongst the public.
- 14 The tribunal took account however that the defendant had not acted deliberately and there had been no losses to his clients.
- 15 The tribunal took into account its *Guidance on Sentencing* and the defendant's mitigation. It had regard to the previous cases which the defendant brought to the tribunal's attention but considered they turned on their own facts and were only indications of appropriate penalty.

### **Sentencing Order**

- 16 The Tribunal decided:
- a) the defendant be severely reprimanded;
  - b) pay a fine of £10,000; and
  - c) costs of £1,900.
- 17 The fine and costs are to be paid over a 12 month period in 11 instalments of £1,000, the first payment to be made by the 1 July 2011, and a final payment of £900.

### **Decision on publicity**

- 18 The tribunal decided that there should be publication of this Order

### **Members of the tribunal**

Mr David Wilton FCA [Chairman]  
Mr David Kaye FCA  
Mr Narinder Mehtab ACIB

Ms Melanie Carter [Legal Assessor]

**D6766**

**4 George Douglas Gray ACA** of 17 Pattison Road, London, NW2 2HL

**The tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 7 June 2011**

**Terms of complaint**

Is liable to disciplinary action under Disciplinary Bye-law 4(1)(a), namely:

*“...in the course of carrying out professional work or otherwise he has committed any act or default likely to bring discredit on himself, the Institute or the profession of accountancy”*

**In that**

on 20 August 2010 at Southwark Crown Court Mr G D Gray ACA was convicted of one count of fraud, one count of proceeds of crime – acquiring criminal property - and two counts of theft.

**Hearing date**

7 June 2011

**Pre-hearing review or final hearing** Final Hearing.

**Complaint found proved** Yes, on the defendant’s own admission.

**All heads of complaint proven** Yes, on the defendant’s own admission.

**Sentencing order** Exclusion.

**Parties present** The defendant did not attend the hearing. The tribunal decided to proceed in his absence.

**Represented** The defendant was not represented.

**Hearing in public or private** The hearing was in public.

**Decision on service** In accordance with regulations 3-5 of the Disciplinary Regulations, the tribunal was satisfied to service.

**Documents considered by the tribunal** The tribunal considered the documents contained in the Investigation Committee’s (IC’s) bundle together with a letter for the Defendant dated 14 May 2011 with enclosures.

**The Investigation Committee’s case**

The IC’s case was that the defendant’s conviction for offences involving dishonesty (which were indictable offences) constitutes professional misconduct. This complaint was not defended.

**Issues of fact and law**

The existence of the defendant’s conviction was agreed between the parties.

## **Conclusions and reasons for decision**

- 1 The defendant was in a position of trust as an accountant when he seriously abused that position and committed fraud and theft. This is, self-evidently, conduct which the ICAEW cannot tolerate from its members. Applying the *Guidance on Sentencing*, exclusion is the only appropriate penalty for such serious professional misconduct.

## **Matters relevant to sentencing**

- 2 Mitigating factors were the defendant's previously clean disciplinary record, his early guilty plea when charged, and his remorse. His financial circumstances persuaded the tribunal not to award a fine. The hurt that his dishonesty has caused third parties is an aggravating factor.

## **Sentencing Order**

- 3 Exclusion.
- 4 It is not within the tribunal's power to decide whether or not the defendant will ever be readmitted to membership of the ICAEW. It recommends that no application for readmission be entertained for a period of five years. Any such application will be decided by the Readmissions Sub-Committee of the Investigation Committee, on its merits, at the time.

## **Decision on publicity**

- 5 Publicity with name.

## **Members of the tribunal**

Mr Oliver Grundy FCA [Chairman]  
Mr Ian Walker FCA  
Mr Richard Woodman

Mr Dominic Spenser Underhill [Legal Assessor]

**D6767**

## **Cessation of membership**

- 5** The following individuals have ceased to be members because they have not paid fines and costs:

**Mr John Michael Muse of Bristol**

The ICAEW takes all necessary steps, including legal proceedings, to recover the money it is owed.

## **Investigation Committee Consent Orders**

### **Consent Order made on 28 June 2011**

- 6** With the agreement of a member the Investigation Committee ordered that he pay costs of £360 with respect to a complaint that:

On 17 December 2010 a member entered into an Individual Voluntary Arrangement (IVA) under the provisions of the Insolvency Act 1986.

The Committee directed that the member should not be identified by name when the order is publicised. **D6739**

- 7** With the agreement of a member the Investigation Committee ordered that he pay costs of £630 with respect to a complaint that:

On 14 January 2011 a member entered into an Individual Voluntary Arrangement (IVA) under the provisions of the Insolvency Act 1986.

The Committee directed that the member should not be identified by name when the order is publicised. **D6740**

### **Consent Order made on 5 July 2011**

- 8** With the agreement of a member the Investigation Committee ordered that he pay costs of £360 with respect to a complaint that:

On 17 December 2010 a member entered into an Individual Voluntary Arrangement (IVA) under the provisions of the Insolvency Act 1986.

The Committee directed that the member should not be identified by name when the order is publicised. **D6629**

### **Consent Order made on 8 July 2011**

- 9** With the agreement of Jon Pritchard of 3 Underhill Road, Newdigate, Dorking, RH5 5AB, the Investigation Committee made an order that the member be reprimanded, fined £2,000 and pay costs of £1,480 with respect to a complaint that:

Mr J C Pritchard ACA was a director of Accounting & Business Limited, a company engaged in public practice, which went into Creditors Voluntary Liquidation on 30 July 2009.

**D6754**

- 10** With the agreement of Farrukh Jamal Islam of 141 Woodlands Road, Ilford, IG1 1JR, the Investigation Committee made an order that the member be reprimanded, fined £3,000 and pay costs of £4,140 with respect to a complaint that:

Mr Islam, trading as X, failed to properly manage the accounting and tax affairs of Mr Y in that:

- (i) Capital allowances for a motor vehicle were incorrectly claimed, as they were unrestricted in the results of Mr Y's private practice for the year ended 5 April 2007, resulting in an understatement of assessable profits
- (ii) Details of Mr Y's share of partnership income from the Z were omitted from his 2007 Self-Assessment Tax Return losses brought forward on property rental income of £2,631, which were available for relief, were ignored in Y's 2007 Self-Assessment Tax Return
- (iii) He failed to make deferment applications in respect of Class II and Class IV National Insurance Contributions for the year ended 5 April 2007
- (iv) He failed to provide payslips to Mr Y's only employee, Miss A from December 2007 to June 2008
- (v) He failed to advise Mr Y to make adequate bad and doubtful debt provisions and appropriate write offs for the three years ended 30 June 2006
- (vi) He disclosed an incorrect amount of NIC and tax paid of £1,973.62, on Mr Y's P35- Employer Annual Return for the period ended 5 April 2008, which was submitted to HMRC on 15 May 2008.

**D6755**

- 11** With the agreement of Farrukh Jamal Islam of 141 Woodlands Road, Ilford, IG1 1JR, the Investigation Committee made an order that the member be severely reprimanded, fined £5,000 and pay costs of £3,405 with respect to a complaint that:

Mr Islam has failed to properly manage the accounting and tax affairs of Mr and Mrs W in that;

- i capital gains tax arising on the sale of X was incorrectly calculated as ineligible deductions were included in the calculation, thereby understating the capital gains tax liability
- ii Mr Islam failed to make deferment applications in respect of Class II National Insurance Contributions for the two years ended 5 April 2007
- iii Mr Islam failed to make a deferment application in respect of Class IV National Insurance Contributions for the year ended 5 April 2007
- iv Mr Islam failed to properly advise Mr and Mrs W in making adequate bad and doubtful debt provisions and appropriate write offs for the ten years ended 5 April 2007
- v for the year ended 5 April 2002, the private practice accounts understated fees and debtors by £30,183.50 being a posting error (relating to uninvoiced fees from

the Y waiting list initiative fees) which reduced sales and debtors

- vi for the year ended 5 April 2005, debtors amounting to £8,565 were written off in the private practice accounts but not advised to Mr and Mrs W or reflected in the underlying accounting records. **D6756**

### **Consent Order made on 14 July 2011**

- 12** With the agreement of R T Marke & Co Ltd of 69 High Street, Bideford, Devon, EX39 2AT, the Investigation Committee made an order that the firm be severely reprimanded, fined £3,000 and ordered to pay costs of £2,392, with respect to a complaint that:

R T Marke & Co Limited incorrectly issued an Accountant's report in respect of the unaudited financial statements of the following companies when those companies did not meet the conditions for exemption from audit

- (i) Under s249A of the Companies Act 1985

- 1 X Limited, year ended 30 April 2005
- 2 X Limited, year ended 30 April 2006
- 3 Y Ltd, year ended 31 December 2004
- 4 Y Ltd, year ended 31 December 2005
- 5 Y Ltd, year ended 31 December 2006
- 6 Y Ltd, year ended 31 December 2007
- 7 Y Ltd, year ended 31 December 2008
- 8 Z Limited, year ended 30 April 2008

- (ii) Under s477(1) of the Companies Act 2006

- 9 Y Ltd, year ended 31 December 2009
- 10 Z Limited, year ended 30 April 2009

**D6762**

- 13** With the agreement of Sully & Co of Sully House, 7 Clovelly Road Ind. Estate, Bideford, Devon, EX39 3HN, the Investigation Committee made an order that the firm be reprimanded, fined £2,000 and ordered to pay costs of £3,930, with respect to a complaint that:

On 18 November 2009, Sully & Co, issued an unqualified audit report on the financial statements of X Limited for the year ended 31 March 2009 when, in breach of Audit Regulation 3.08:

- a) When the accounts had not been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities, in that:
  - i. Stock of £700,000 relating to Y was not carried at the lower of cost and net realisable value;
  - ii. An unrealised profit of £666,010 was recognised in the profit and loss account, and
- b) During the year the company redeemed 2,408 of its own shares, for a consideration of £750,000, out of distributable profits, when the company had insufficient distributable profits to do so, contrary to Section 160 of the Companies Act 1985. **D6761**

## Regulatory Decisions

### Audit Registration Committee

#### Order made on 9 June 2011

- 14** Ronald Shaw & Co, Ashford House, 95 Dixons Green, Dudley, West Midlands, DY2 7DJ, has agreed to pay a regulatory penalty of £1,500, which was decided by the Audit Registration Committee. This was in view of the firm's admitted breach of Audit Regulation 3.02, in that the firm failed to arrange for external hot file reviews to be carried out, as required by APB Ethical Standard 4, where the firm's total fees from its largest audit client regularly exceeded ten percent of the firm's total annual income.

**D6757**

#### Order made on 29 June 2011

- 15** The registration as company auditor of Peter E. Byrne, 68 Lavender Avenue, Kingsbury, London NW9 8HE was withdrawn on 29 June 2011 under audit regulation 7.03(d) of the Audit Regulations and Guidance 2008 for failure to pay the 2011 audit registration fees.

**D6758**

- 16** The registration as company auditor of MHA Fieldings, The Post House, Astley Abbots, Bridgnorth, WV16 4SW was withdrawn on 29 June 2011 under audit regulation 7.03(d) of the Audit Regulations and Guidance 2008 for failure to pay the annual audit registration fee.

**D6759**

#### Order made on 6 July 2011

- 17** The registration as company auditor of NJJT Limited, 95a Connaught Avenue, Frinton-on-Sea, CO13 9PS, was withdrawn on 6 July 2011 under audit regulation 7.03(d) of the Audit Regulations and Guidance 2008 for failure to pay the annual audit registration fee.

**D6760**

### Insolvency Licensing Committee

#### Order made on 29 June 2011

- 18** Mr James Preston Bradney ACA of Bridge Business Recovery LLP, 3<sup>rd</sup> Floor, 39-45 Shaftesbury Avenue, London W1D 6LA

The Insolvency Licensing Committee ordered the withdrawal of the member's authorisation to act as a licensed insolvency practitioner under Regulation 5.12d with immediate effect by urgent order under Regulation 5.14 of the *Insolvency Licensing Regulations and Guidance Notes* as his continuing to be a licence holder is likely to be prejudicial to the public interest.

**D6763**

**All enquiries to the Professional Conduct Department on +44 (0)1908 546 293**