



DISCIPLINARY ORDERS AND REGULATORY DECISIONS

Date published: 3 August 2016

Disciplinary orders

Disciplinary Committee tribunal orders

1	Mr Timothy Richardson ACA	1 – 4
2	Mr David Smith ACA	5 – 8
3	Mr Arthur Morton FCA	9 – 13
4	Mr Adam Woricker	14 – 16

Investigation Committee consent orders

5	Mr Christopher Thomas FCA	17
6	PKF Littlejohn LLP	17
7	Macalvins Ltd	18
8	Miss Susan Barnwell ACA	18

Regulatory orders

Audit Registration Committee

9	J.A. Guest Ltd	19
10	KPMG Audit plc	19

Insolvency Licensing Committee

12	Mr Grant Pegg	19
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DISCIPLINARY COMMITTEE TRIBUNAL ORDERS

1 Mr Timothy John Richardson ACA of
8 Emsons Close, Linton, CAMBRIDGE, CB21 4NB.

A tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 7 June 2016

Type of Member Member

Terms of complaint

Mr T Richardson ACA, following a visit on 14 July 2006, confirmed on behalf of his firm, that;

- a. In respect of communicating the basis of fees and complaints information, he would 'write an engagement letter to all new clients, and will send a letter to existing clients who have not received one';
- b. In respect of the fact that the client bank account reconciliations did not detail the amounts owed to individual clients and holding firm money in the client bank account he would 'amend reconciliations to date, and will ensure monies belonging to the firm are transferred to the office account';
- c. In respect of obtaining a letter from the bank confirming the trust status of the client money bank account, he had 'written the necessary letter to my bank to obtain the required statement'.

but at a subsequent QAD visit on 19 August 2013 it was found that the assurances had not been complied with.

Mr Timothy John Richardson is therefore liable to disciplinary action under Disciplinary Bye-law 4.1(a)

'...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'

Hearing date

07 June 2016

Previous hearing date(s)

None

Pre-hearing review or final hearing Final Hearing

Complaint found proved Yes, on admission

All heads of complaint proven Yes

Sentencing order (i) severe reprimand; (ii) fine of £1,500

Procedural matters and findings

Parties present	Mr Richardson was present.
Represented	Mr Richardson was not represented. The Investigation Committee (IC) was represented by Ms Theresa Thorp.
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 Investigation Committee's (IC's) bundle together with the defendant's Regulation 13 Answers and evidence of his means.

The Investigation Committee's (IC's) case

1. The defendant is a member of 'A' LLP in which he holds 90% of the voting rights. The other member is his wife, who holds the remaining 10% of the voting rights. For the year end 31 October 2013, the annual turnover of the firm was £48,000.
2. At a Quality Assurance Department (QAD) visit to the firm on 14 July 2006 it was discovered that the firm had not (i) issued engagement letters or (ii) notified clients of the basis for charging for fees or (iii) issued a complaints procedure. In addition, the client bank account reconciliations did not include an analysis of client account money and the firm had not obtained bank confirmation of the trust status of the client account.
3. Failure to send details about charging and the right to complain are breaches of Section 240.2b of the Code of Ethics and Disciplinary Bye-Law 11.1.
4. Failure to obtain confirmation about the trust status of a client bank account is a breach of Client Money Regulation 9(b).
5. On 2 August 2006, the defendant told ICAEW that he would (i) send to each client an engagement letter and tell them about fees and complaints; (ii) amend the client account reconciliations and transfer any money belonging to the office account from the client account. He also said he would write to the bank to seek the necessary statement about the trust status of the client account.
6. On 19 August 2013, it was discovered by QAD that the Defendant had done none of the things he said he would do in 2006 except for sending a few engagement letters in 2006.
7. The defendant failed to fulfil the assurances he made in August 2006 and so has breached Disciplinary Bye-law 4.1(a).

Issues of fact and law

8. There were no matters of fact or law to determine because the complaint was admitted. The tribunal found the complaint proved.

Conclusions and reasons for decision

9. The defendant has admitted to telling his regulator that he would take a series of steps to protect clients and the proper working of his firm's client account, but that he did not take those steps, and did not do so for some ten years. This is not acceptable because ICAEW relies on its members to do as they say they will do on matters regarding their own professional regulation and conduct. ICAEW is entitled to rely on the assurances its members make about such matters, and it is right to criticise them when its members do not fulfil those assurances.

Matters relevant to sentencing

10. The tribunal considered the *Guidance on Sentencing* and saw no reason to depart from that. It was also satisfied that no lesser penalty than the one imposed was sufficient.
11. Mitigating factors are: (i) the defendant's clean disciplinary record; (ii) the defendant has remedied the position about the engagement letter, information about fees and complaints and has amended the position about the client account reconciliations; (iii) there is some evidence of ill health in the past, although no current evidence. This may have affected the defendant's ability to fulfil his assurances for a while; (iv) the defendant's firm is very small and only a small number of clients have been affected; (v) there was no evidence to suggest that any client suffered financial loss.
12. The tribunal has also taken account of the defendant's means.
13. Aggravating factors are the length of time in which the Defendant has been in breach of his own assurances and that his letter to his bank of 23 May 2016 seeking assurance of the trust status of the client account had only been written after these proceedings had been commenced and at the date of the hearing no response had been received.

Sentencing Order

1. Severe reprimand
2. Fine of £1,500
3. Costs of £1,500

The tribunal directs that the total sum of £3,000 be paid in twelve equal monthly instalments of £250, payable on the first day of each month and commencing on 1 August 2016.

Decision on publicity

Publication with name.

Non Accountant Chairman

Mr Peter Williamson

Accountant Member

Mr Martin Ward FCA

Non Accountant Member

Mrs Jane Rees

Legal Assessor

Mr Dominic Spenser Underhill

021823

2 Mr David Owen Smith ACA of

5th Floor, Hampton by Hilton, 42-50 Kimpton Road LUTON, BEDFORDSHIRE, LU2 0FP.

A tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 7 June 2016

Type of Member Member

Terms of complaint

1. On 26 February 2014 Mr David Smith ACA signed the following audit reports in the name of his firm, 'X' LLP, when he was not independent as he was a director of each of the companies, in breach of section 1214 of the Companies Act 2006:
 - a. 'A' Ltd – period ended 31 December 2013
 - b. 'B' Ltd – year ended 31 December 2013
2. On 15 August 2014 Mr David Smith ACA improperly instructed Mr 'Y' to sign the audit report on the financial statements of 'C' in the name of Mr 'X' for the period ended 31 December 2013 when:
 - a. he had not controlled or supervised the audit work;
 - b. he did not have the appropriate authorisation from Mr 'X' for the report to be signed in his name; and
 - c. he did not have the appropriate authorisation from the firm to issue such a report.

If proven, the member may be liable to disciplinary action under Disciplinary Bye-law 4.1a. Disciplinary Bye-law 4.1a states the following:

4.1 A member or provisional member shall be liable to disciplinary action under these bye-laws in any of the following cases, whether or not he was a member or provisional member at the time of the occurrence giving rise to that liability.

- a. If 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.

Hearing date

07 June 2016

Previous hearing date(s)

None

Pre-hearing review or final hearing Final Hearing

Complaint found proved Yes

All heads of complaint proven Yes

Sentencing order (i) severe reprimand; (ii) fine of £12,000

Procedural matters and findings

Parties present	Mr Smith was not present.
Represented	Mr Smith was not represented. The Investigation Committee (IC) was represented by Ms Theresa Thorp.
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 an email from Mr Smith dated 3 June 2016 and evidence of his means.

The Investigation Committee's (IC's) case

First Head of Complaint

1. Section 1214 Companies Act 2006 provides that a person may not act as a statutory auditor of an entity of which he is an officer.
2. ICAEW's Code of Ethics stipulates five Fundamental Principles with which a professional accountant must comply. The three relevant ones which are engaged in this matter are: (i) Integrity (that is, to be straightforward and honest in all professional and business relationships); (ii) Objectivity (that is, not to allow conflict of interest (amongst other things) to override professional or business judgments; (v) Professional Behaviour (that is, to comply with all relevant laws and regulations and avoid any action that discredits the profession).
3. The defendant was a member of his firm and a Responsible Individual (RI) at that firm. He was also a director of two private limited companies, 'B' Ltd (appointed on 24 April 2013) and 'A' Ltd (appointed on 16 April 2013), which were audit clients of the firm and which required to be audited for the period ended 31 December 2013.
4. The defendant admitted to making the "foolish decision" to undertake the audits of these two companies himself; using the audit documentation of his firm, the defendant completed the audit work, did not seek a review of it by another, and ignored the independence criteria necessary for such audit work to be done. The defendant did this in his own time and did not raise any invoice for the work. Audit reports were signed by the defendant in his capacity as a director of each company in respect of both companies on 26 February 2014.

Second Head of Complaint

5. Another audit client of the defendant's firm was 'C' whose financial statements for the period ended 31 December 2013 had been filed at Companies House. The audit report appended to those statements had apparently been signed by a person known in this matter as Mr X, who was another RI at the firm. In fact, Mr X had not signed them; they were signed by Mr Y. Mr Y had signed them because he had been improperly instructed to do so by the defendant. It was improper because (a) the defendant had not controlled or supervised the audit work in question; (b) the defendant did not have Mr X's permission for the report to be signed by Mr Y and (c) the defendant's firm had not authorised the defendant to do this.

6. The defendant's explanation was as follows. The defendant originally submitted the financial statements and audit report, bearing the signature of Mr X, at Companies House. These documents were refused by Companies House as the accounting reference date was stated incorrectly and the defendant decided to resubmit them with his name on them. However, he could not print the documents off and asked another member of staff (Mr Y) to do so on his behalf. However, the audit report had not been changed to replace Mr X's name with the defendant's name. So, Mr Y signed the audit report, apparently in Mr X's name.
7. The defendant was not authorised by 'C', or by the firm, or by Mr X, to sign the audit report at all. In addition, the defendant had not supervised any of the audit work covered in the audit report.
8. The defendant has breached ICAEW's Code of Ethics, specifically in relation to the principles of integrity, objectivity and professional behaviour. As such, the defendant is liable to disciplinary action pursuant to Disciplinary Bye-law (DBL) 4.1a.
9. The defendant did not formally deny the complaint and raised no substantive defence. The defendant admitted carrying out the work for, and signing, the audit reports of 'B' Ltd and 'A' Ltd. He also admitted asking Mr X to sign the audit report for 'C'. The defendant has attributed his actions to the fact that he was under stress at the time.

Issues of fact and law

10. The issues to be determined were (i) whether the defendant signed the audit reports of 'B' Ltd and 'A' Ltd in the name of his firm when he was not independent as he was a director of each of the companies; (ii) whether, in so doing, he breached section 1214 of the Companies Act 2006; (iii) whether on 15 August 2014 the defendant improperly instructed Mr Y to sign the audit report on the financial statements of 'C' in the name of Mr X for the period ended 31 December 2013 when: (a) he had not controlled or supervised the audit work; (b) he did not have the appropriate authorisation from Mr X for the report to be signed in his name; and (c) he did not have the appropriate authorisation from the firm to issue such a report. If those facts and issues are found proved, the remaining issues are whether they breach the Fundamental Principles complained of and, in turn, whether DBL 4.1(a) has been breached.
11. The tribunal found the complaint (including both its heads) proved.

Conclusions and reasons for decision

12. The defendant has been found to have committed a series of actions which have as their common theme a serious failure to act responsibly and properly when producing documents for the public record. In the case of 'B' Ltd and 'A' Ltd, the defendant carried out audit work and signed audit reports knowing that he could not possibly be independent of either company, as he was a director of each.
13. In the case of 'C', the defendant endeavoured to submit an audit report for 'C' when he had not controlled or supervised that audit work, did not have permission from the person who had (Mr X) and did not have any such authorisation from the firm. The result was the defendant arranging, through Mr Y, to submit an audit report which was improperly authorised, even though the work had been properly carried out.
14. Auditors who sign audit reports are entirely relied upon to carry out their work independently and, as importantly, to make accurate and proper declarations in their reports. Independence of action and accurate reporting go to the heart of proper auditing. Audit reports are placed on the public record and are relied upon by a wide range of

individuals and bodies, including HMRC and financial institutions, as well as the directors and shareholders of the audited entity itself. For a member of ICAEW who is authorised to carry out audit work, not to carry out audit work independently and not to make accurate audit reports, is serious professional misconduct.

15. This misconduct breaches the Fundamental Principles of integrity, objectivity and professional behaviour.

Matters relevant to sentencing

16. The tribunal considered the *Guidance on Sentencing* and saw no reason to depart from that. The tribunal was also satisfied that no lesser penalty should be imposed. Although it considered exclusion as a possible penalty in this case, it was with some diffidence that the tribunal decided to impose a severe reprimand.
17. The only mitigating factor was the defendant's clean disciplinary record. The tribunal noted that the defendant stated he was suffering from stress at the time, although there is no persuasive evidence of this and no explanation how the alleged stress caused the misconduct complained of. It was noted that the public record had been corrected.
18. Aggravating factors include (i) the deliberate, repeated and serious nature of the misconduct complained of; (ii) the real risk of the damage to the profession by reduced public trust, caused by the defendant's actions and (iii) obvious harm caused to the reputation of the businesses which were being audited and reported upon.

Sentencing Order

1. Severe reprimand
2. Fine of £12,000
3. Costs of £4,649

Decision on publicity

Publication with name.

Non Accountant Chairman

Mr Peter Williamson

Accountant Member

Mr Martin Ward FCA

Non Accountant Member

Mrs Jane Rees

Legal Assessor

Mr Dominic Spenser Underhill

025353

3 Mr Arthur Leonard Robert Morton FCA of
Hawk House, Park Estate, La Route Des Genets, St. Brelade, JERSEY, JE3 8EQ.

A tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 14 June 2016

Type of Member Member

Terms of complaint

That Mr Arthur Leonard Robert Morton FCA failed to comply with the requirements of the City Code on Takeovers and Mergers contrary to Section 150 'Professional Behaviour' of the Code of Ethics in that:

- a. He failed to make an offer under Rule 9 of the Takeover Code in connection with the purchase of shares in 'B' Plc on behalf of his four sons in June and August 2011 when he knew or should have known that his sons would be regarded as acting in concert with him;
- b. He failed to make an immediate announcement to the market in connection with the acquisition of shares in 'A' Plc by a concert party including 'C' Ltd in April 2009; and
- c. He withheld relevant and important information from the Takeover Panel during its investigation into events surrounding a board control seeking requisition letter he sent to 'D' Plc on 30 October 2009

Arthur Leonard Robert Morton is therefore liable to disciplinary action under Disciplinary Bye-law 4.1a.

.....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

Hearing date

14 June 2016

Previous hearing date(s)

None

Pre-hearing review or final hearing Final Hearing

Complaint found proved Yes

All heads of complaint proven Yes

Sentencing order (i) Severe reprimand; (ii) fine of £10,000

Procedural matters and findings

Parties present Mr Morton was present.

Represented Mr Morton was not represented. The Investigation Committee (IC) was represented by Mr James Francis.

Hearing in public or private	The hearing was in public. An application was made on 3 May 2016 for the hearing to be in private and was refused on 23 May 2016.
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 Mr Morton's representations dated 19 May 2016, his Regulation 13 answers and evidence of his means.

The Investigation Committee's (IC's) case

1. The City Code of Takeovers and Mergers ("the Code") sets out the appropriate standards necessary to provide fairness to shareholders of companies involved in takeovers and mergers and to provide an orderly framework by which takeovers and mergers can be achieved. The Panel on Takeovers and Mergers ("the Panel") issues and administers the Code as well as supervises and regulates takeovers and other matters to which the Code applies. The Code and the Panel derive from Part 28 of the Companies Act 2006 and the Takeovers Directive (2004/25/EC). Specifically, the Panel performs its functions under the Companies Act 2006.
2. Section 11 of the Code enables the Panel to impose disciplinary sanctions on a person who has breached the Code or who has disobeyed the Panel. These include private and public statements of censure.
3. In order better to understand the relevant facts in chronological order, the analysis of the heads of complaint are taken in the following order: (1) second head of complaint, (2) third head of complaint and (3) first head of complaint.

Second Head of Complaint

4. Rule 9.1 (b) of the Code provides (in summary) that (unless the Panel consents) any person who, together with persons acting in concert with him, is interested in shares which enjoy, in aggregate, certain levels of voting rights, and that person and those acting in concert with him acquire an interest in any other shares which increase the percentage of shares which carry voting rights in which they are interested, then an obligation will arise on that person to extend offers to other shareholders.
5. For the purpose of Rule 9.1(b), such a person and those acting in concert with him or her, are commonly called "a concert party". The obligation to make an offer to other shareholders who are not in concert, which arises under Rule 9 is called a "mandatory offer".
6. Rule 2.2(b) of the Code stipulates that "immediately upon an acquisition of any interest in shares which gives rise to an obligation to make an offer under Rule 9.1", a concert party must make a formal announcement that the obligation to make a mandatory offer has arisen.
7. 'A' Plc was a company whose shares were up for sale by auction. 'C' Ltd was a company whose shares were held in trust by the defendant for the benefit of members of his family. 'C' Ltd, together with three other companies whose shares were also held on similar terms, and an individual, wished to acquire shares in 'A' Plc. 'A' Plc, the three other companies and the individual comprised a "concert party" for the purposes of Rule 9.1(b). On 29 April

2009 the concert party acquired (but did not purchase) 4,500,000 of those shares. That acquisition triggered an obligation to make a mandatory offer under Rule 9.1 and therefore a further obligation arose “immediately” to make a formal announcement that the obligation to make a mandatory offer had arisen.

8. The concert party and the defendant did not make an immediate announcement and this was a breach of Rule 2.2(b). That breach resulted in a private statement of censure being issued by the Panel to the defendant in a letter dated 8 September 2009. The defendant did not appeal that decision.

Third Head of Complaint

9. Section 9(a) of the Introduction of the Code provides (in summary) that the Panel expects any person dealing with it to do so in an open and co-operative way, and that any co-operation is prompt. Furthermore, a person must disclose to the Panel any information known to them and relevant to the matter under consideration. Such person must take all reasonable care not to provide incorrect, incomplete or misleading information.
10. The defendant was the Chairman of a company called ‘E’ Plc which was the former holding company for the group of which ‘D’ Plc was part. The defendant was not satisfied with the way in which the board of ‘D’ Plc was running the business. The defendant authorised a letter to be written dated 30 October 2009 to the board of ‘D’ Plc requisitioning a general meeting in order to consider the removal of the board so that he and two other directors could replace it. That letter stated (amongst other things) “we have spoken to several of your shareholders and we have their support for our proposals”.
11. The circumstances surrounding this letter were investigated by the Panel which eventually concluded that the statement quoted above was incorrect and ought not to have been written. However, the issue which is the subject of this head of complaint was the conduct of the defendant during the Panel’s investigation. The Panel concluded that the defendant had attempted to withhold relevant and important information from the Panel in the course of its investigation in two material respects. This amounted to a breach of Section 9(a) of the Introduction to the Code. That conduct warranted a private statement of censure, which was issued on 31 March 2010. The defendant did not appeal that decision.

First Head of Complaint

12. In February 2011, a company called ‘B’ Plc issued new shares to raise funds. The defendant, together with his wife and trusts which were set up for the benefit of three of their sons (a concert party) acquired a placing of a 39.1% interest in ‘B’ Plc. This was achieved with the approval, by vote, of independent shareholders of ‘B’ Plc and as such the obligation to make a mandatory offer pursuant to Rule 9.1b of the Code was dispensed with. Dispensations of this kind are proper and are authorised by the Panel; however, to achieve them a process must be followed and part of that process is the issuing of what is colloquially (but not pejoratively) known as a “whitewash circular”. In this case, the defendant issued a whitewash circular and set out details of his sons’ interest in the concert party.
13. Later in 2011, other investors who had participated in the placing of shares in ‘B’ Plc in February 2011 wanted to sell their shareholdings. The defendant declined to purchase them for himself because if he were to do so it would increase his voting rights to a level that would trigger an obligation to make a mandatory offer to other shareholders pursuant to Rule 9.1b of the Code. Instead, the defendant made appropriate gifts of money to his four sons so they could each individually purchase 6.8 million shares, which were duly acquired by them in June and August 2011. This was an attempt to circumvent the obligation to make a mandatory offer by a concert party of which the sons were part.

14. The Panel investigated this matter and held that each of the purchases of shares by the sons in June and August 2011 was, in effect, a purchase of shares by a concert party and an obligation to make a mandatory offer arose at that time and with it, the obligation to make an “immediate” announcement of that. In the event, no such announcement was made and a breach of Rule 2.2.b occurred.
15. The Panel took into account the two private statements of censure when arriving at a sanction for this most recent misconduct and issued a public statement of censure on 23 February 2015.
16. Disciplinary Bye-law 7.2(a) provides that the fact that a member has been the subject of an adverse finding in respect of his conduct, being a finding in proceedings before a regulatory body performing its functions under the Companies Act 2006 shall be “conclusive evidence of the commission by him of such an act or default as is mentioned in Disciplinary Bye-law 4.1(a)”. Accordingly, the findings of the Panel in the two private and one public statement of censure are conclusive evidence that the defendant has committed an act or default described in Disciplinary Bye-law 4.1(a).
17. The conduct of the defendant described above constitutes a breach by him of ICAEW’s Fundamental Principle of professional behaviour, which requires him to comply with relevant laws and regulations and to avoid any action that the member knows or should know may discredit the profession.
18. The defendant admitted the existence of the two private and one public statements of censure, and admitted that he had not challenged any of them when he had the opportunity to do so. However, he did not accept that they constituted a breach of Disciplinary Bye-law 4.1(a) and in particular that his conduct had brought the profession into disrepute.

Issues of fact and law

19. The issue to be determined was whether the private and public statements of censure made against the Defendant constituted proof of a breach by him of (a) the Fundamental Principle of professional behaviour and (b) Disciplinary Bye-law 4.1(a).
20. The tribunal found the complaint proved.

Conclusions and reasons for decision

21. The defendant has accepted that he received and did not challenge two private and one public statement of censure from the Panel. The tribunal has neither the power nor the need to revisit those decisions and relies as a matter of evidence on Disciplinary Bye-law 7.1(a) to find that those three findings of the panel constitute conclusive evidence of acts and defaults described in Disciplinary Bye-law 4.1(a).
22. The defendant was unable to offer any persuasive reason why Disciplinary Bye-law 7.1(a) should not apply or why the “conclusive evidence” it establishes is rebutted.
23. Furthermore, the tribunal finds that it is obvious that the defendant’s conduct has, on the facts of this case, breached the Fundamental Principle of Professional behaviour because it is obvious that the defendant has been found not to have complied on several occasions with relevant laws and regulations and he has not avoided any action which he knew or ought to have known may discredit the profession of accountancy. That breach in and of itself is a breach of Disciplinary Bye-law 4.1(a).
24. This is serious professional misconduct and requires an appropriate sanction.

Matters relevant to sentencing

25. The tribunal considered the *Guidance on Sentencing* and saw no reason to depart from that. It was also satisfied that no lesser penalty than the one made was appropriate. The tribunal has also been careful not to re-punish the defendant for the matters which the Panel has already disposed of in its statements of censure. The tribunal's role is to apply the appropriate sanction for the consequent breach of Disciplinary Bye-law 4.1(b). The tribunal has, however, taken into account the nature of the matters before the Panel and the Panel's sanctions, when assessing the extent of the seriousness of the breach of Disciplinary bye-law 4.1(a). The tribunal has taken into account the defendant's means and has assessed the level of the fine to be proportionate to them. The tribunal noted the defendant's offer to resign from ICAEW. The tribunal does not require (nor has the power to require) the defendant's resignation and does not consider that exclusion is an appropriate penalty.
26. Mitigating factors are these. The defendant is an Honorary Member of ICAEW, which means that he has been a member for at least fifty years. This is significant because in all that time he has enjoyed an unblemished disciplinary record. The Panel issued sanctions which were, in the case of the two private censures, the least serious of its range of sanction, with the public censure being the second least serious. As to the likelihood of re-offending, the tribunal has noted the defendant's stated intention of retiring on his next birthday, when he will be 75.
27. Aggravating factors are these. The fact that there are three censures from the Panel and they relate to matters where the interests of others (namely other shareholders) are affected. Each matter contained a degree of self-interest. Each matter complained of was deliberate. The tribunal was also concerned by an absence of insight into his professional misconduct.

Sentencing Order

- (i) Severe reprimand
- (ii) Fine of £10,000
- (iii) Costs of £6,442.

Decision on publicity

Publication with name.

Non Accountant Chairman

Mr Peter Williamson

Accountant Member

Mr David Kaye FCA

Non Accountant Member

Mr Nigel Dodds

Legal Assessor

Mr Dominic Spenser Underhill

027300

4 Mr Adam Kenneth Woricker of
HMP Highpoint, Stradishall, Newmarket, Suffolk, CB8 9YG

A tribunal of the Disciplinary Committee made the decision recorded below having heard a formal complaint on 14 June 2016

Type of Member Former Member

Terms of complaint

1. Between 01 July 2011 and the 08 December 2012 stole money to the total value of £908,999 belonging to others in connection with a Ponzi Scheme
2. Between 01 December 2012 and the 08 December 2012 stole money to the value of 400,000 Euros belonging to others in connection with a Ponzi scheme
3. Between 01 March 2012 and the 08 December 2012 stole money to the value of £177,026 from the pension fund belonging to another
4. Between 26 January 2002 and 08 December 2012 stole money to the value of £120,000 from a charity
5. Between 12 June 2011 and the 31 May 2012 stole money to the value of £50,810.22 from his employer
6. Between 01 November 2011 and the 08 December 2012 falsified a Lloyds TSB bank statement for 'A' Client Account and used that false document to induce equity partners in 'B' to accept it as genuine
7. Between 01 March 2012 and 30 June 2012 falsified a Nat West bank statement for the purpose of inducing his employer to accept them as genuine.

Adam Kenneth Woricker is therefore liable to disciplinary action under Disciplinary Bye-law 4.1(a) which provides that 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.

Hearing date

14 June 2016

Previous hearing date(s)

None

Pre-hearing review or final hearing Final Hearing

Complaint found proved Yes, on admission

All heads of complaint proven Yes

Sentencing order None

Procedural matters and findings

Parties present	Mr Woricker was not present.
Represented	Mr Woricker was not represented. The Investigation Committee (IC) was represented by Mr James Francis.
Hearing in public or private	The hearing was in public. An application was made on 3 May 2016 for the hearing to be in private and was refused on 23 May 2016.
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 Investigation Committee's (IC's) bundle together with the Defendant's Regulation 13 answers and evidence of his means. It also considered letters from Mr Woricker dated 3 and 13 May 2016.
Findings on preliminary matters	The defendant ceased to be a member of ICAEW on 21 November 2013.

The Investigation Committee's (IC's) case

1. Section 110.1 of the Code of Ethics states that the "principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness."
2. On 2 July 2014, at the Crown Court in Chelmsford, the defendant entered a guilty plea to 32 out of 52 charges, including 29 counts of theft, two counts of making a false instrument and one count of using a false instrument. On 3 July 2014, the defendant was sentenced to a total of eight years imprisonment. The matters which are summarised in paragraphs 1-7 of this complaint are some of the matters about which he pleaded guilty.
3. The defendant by his actions has breached the principle of integrity and is in breach of Disciplinary Bye-law 4.1(a).

Issues of fact and law

4. There were no issues of law or fact to be determined because the defendant admitted the complaint. The tribunal found the complaint proved by the defendant's own admission.

Conclusions and reasons for decision

5. The defendant pleaded guilty to a series of offences involving dishonesty which were each very serious. This is obviously a breach of the fundamental principle of integrity and is a breach of Disciplinary Bye-law 4.1(a).
6. The tribunal places weight on the Judge's sentencing remarks. Characterising the defendant's criminality as "involving the most serious breach of trust", the Judge concluded that the defendant had "gravely offended and caused severe losses". The tribunal also notes the serious term of imprisonment of eight years given to the defendant.

Matters relevant to sentencing

7. If the defendant had been a member of ICAEW, the tribunal would not have hesitated in excluding him from membership and directing that no application for readmission into membership be entertained for at least ten years. This is because the professional misconduct complained of is so severe and serious that no lesser penalty would be appropriate.
8. However, the defendant is no longer a member of ICAEW, even though the tribunal has a residual jurisdiction to determine these proceedings against him. This means that it is not possible to exclude him.
9. As to whether a lesser penalty would be appropriate, such as a fine or a severe reprimand or both, the tribunal considers, on balance, that it would not. The primary reason is that a lesser penalty would simply not do justice to the severity of the professional misconduct complained of and may even appear to make light of the serious hardship and losses which the defendant's actions have caused to others. As to a financial penalty, this is of no real use as the defendant has no means to pay it, and is highly unlikely to have means in the foreseeable future.
10. In summary, the only appropriate penalty in this matter is outside the tribunal's powers to make, because the defendant is longer a member of ICAEW. So, none has been imposed.

Sentencing Order

11. For the reasons stated above, no penalty has been ordered and the tribunal made no order as to costs.

Decision on publicity

Publication with name.

Non Accountant Chairman

Mr Peter Williamson

Accountant Member

Mr David Kaye FCA

Non Accountant Member

Mr Nigel Dodds

Legal Assessor

Mr Dominic Spenser Underhill

008748

INVESTIGATION COMMITTEE CONSENT ORDERS

5 Mr Christopher Thomas FCA

Consent order made on 28 June 2016

With the agreement of Mr Christopher Paul Thomas of 10 Stadium Court, Stadium Road, Bromborough, Wirral, Merseyside, CH62 3RP, the Investigation Committee made an order that he be reprimanded, fined £3,250 and pay costs of £2,811 with respect to a complaint that:

Mr C P Thomas FCA prepared inaccurate VAT returns for X Ltd for the quarters ended:

- a. 31 March 2009
- b. 30 September 2009
- c. 31 December 2009
- d. 31 December 2011
- e. 31 March 2012

024728

6 PKF Littlejohn LLP

Consent order made on 29 June 2016

With the agreement of PKF Littlejohn LLP of 1 Westferry Circus, Canary Wharf, London, E14 4HD, the Investigation Committee made an order that the firm be reprimanded, fined £5,000 and pay costs of £1,643 with respect to a complaint that:

That between 6 August 2013 and 24 June 2015, PKF Littlejohn LLP failed to comply with the requirements of section 1214 of Companies Act 2006 in that the firm acted as statutory auditor to four companies when its wholly owned subsidiary had been appointed as company secretary, contrary to Audit Regulation 3.04.

For the avoidance of doubt, the audit clients are:

Client	Date of audit appointment	Date of company secretarial appointment	Date of resignation as auditor
'A' Limited	29 October 2013	13 November 2013	23 June 2015
'B' Limited	20 March 2015	6 August 2013	23 June 2015
'C' Limited	20 March 2015	7 August 2013	23 June 2015
'D' Limited	21 May 2014	21 May 2014	24 June 2015

028855

7 Macalvins Limited

Consent order made on 7 July 2016

With the agreement of Macalvins Limited of 7 St John's Road, Harrow, HA1 2EY, the Investigation Committee made an order that the firm be severely reprimanded, fined £15,000 and pay costs of £4,305 with respect to a complaint that:

1. From 1 May 2013 to 11 August 2014 Macalvins Ltd failed to comply with regulation 13 of the Clients' Money Regulations because they held funds in excess of £10,000 in the Client Bank Account for five clients on eight occasions for more than 30 days and did not pay the funds into a Client Bank Account designated by the name of the client or by a number or letters allocated to that account.
2. From 28 November 2013 to 30 April 2014 Macalvins Ltd failed to comply with regulation 21 of the Clients' Money Regulations because funds were withdrawn from the Client Account for X Ltd which were greater than the credit balance held for that client on four occasions.
3. On the following occasions Macalvins Ltd failed to comply with regulation 20h of the Clients' Money Regulations in that sums were withdrawn from a client bank account without written authority from the client.
4. 15 July 2013 – withdrawal of 60,018.95 Euros from the designated account of Mr 'A'.
5. 25 September 2013 – transfer of £9,000 from the general client account to the office bank account.
6. On 7 June 2013 Macalvins Ltd failed to comply with regulation 10 of the Clients' Money Regulations because they received an amount of £673.60 into the office bank account which was mixed client monies.
7. From 1 May 2013 to 25 February 2014 Macalvins Ltd failed to comply with regulation 7 of The Money Laundering Regulations 2007 in that the firm did not carry out and document customer due diligence and risk assessments on all clients.

023897

8 Susan Barnwell ACA

Consent order made on 14 July 2016

With the agreement of Miss Susan Mary Barnwell of The Former Vicarage, Much Marcle, Ledbury, Herefordshire, HR8 2NL, the Investigation Committee made an order that she be reprimanded, fined £500, pay costs of £1,968 and return £1,400 fees paid by the client with respect to a complaint that:

1. Miss S M Barnwell ACA failed to file the CT600 corporation tax return of X Limited for the period ending 28 February 2011 with HMRC in the appropriate format within the deadline of 12 months after the period end date.
2. Miss S M Barnwell ACA failed to file the CT600 corporation tax returns of X Limited for the periods ended 29 February 2012 and 28 February 2013 with HMRC within the deadline of 12 months after the period end date.

023812

REGULATORY DECISIONS

AUDIT REGISTRATION COMMITTEE

ORDER – 19 APRIL 2016

9 Publicity Statement

The registration as company auditor of J A Guest Ltd, 91 Princess Street, Manchester, M1 4HT, was withdrawn on 11 May 2016 under audit regulation 7.03h of the Audit Regulations and Guidance 2008 for failure to comply with the requirements of the audit regulations.

032222

ORDER – 15 JUNE 2016

10 Publicity Statement

KPMG Audit plc, 15 Canada Square, London, E14 5GL, has agreed to pay a regulatory penalty of £4,700, which was decided by the Audit Registration Committee. This was in view of the firm's admitted breach of Rule 4.01b of the Crown Dependency Audit Rules and Guidance (CD Rules), for allowing audit reports to be signed by two individuals who had not confirmed, in writing, to the Guernsey Registry that they agreed to abide by the CD Rules.

033546

INSOLVENCY LICENSING COMMITTEE

ORDER – 6 JUNE 2016

11 Publicity Statement

The Insolvency Licensing Committee ordered the withdrawal of authorisation to act as a licensed insolvency practitioner for Mr Grant Pegg of 474 Falmer Road, Woodingdean, Brighton, BN2 6LH under Regulation 5.12 of the *Insolvency Licensing Regulations and Guidance Notes*. Mr Pegg is no longer a fit and proper person to act as an Insolvency Practitioner or continue in authorisation.

034866

All enquiries to the Professional Conduct Department, T +44 (0)1908 546 293