

Disciplinary Orders and Regulatory Decisions

DATE PUBLISHED: 7 OCTOBER 2020

Investigation Committee Consent Orders

- | | | |
|----|----------------------------------|------|
| 1. | Mr Peter Fry FCA | 3 |
| 2. | HW Fisher | 4-5 |
| 3. | Mr Sandresh Jesrani | 6 |
| 4. | Mr Alan Crawford | 7 |
| 5. | FSPG | 8 |
| 6. | Nexia Smith Williamson Audit Ltd | 9-10 |

Investigation Committee Fixed Penalty Orders

- | | | |
|----|-------------------------|----|
| 7. | Mr Jonathan Butters FCA | 11 |
|----|-------------------------|----|

Audit Registration Committee Orders

- | | | |
|-----|--------------------------------|----|
| 8. | Brooks Carling Accountants Ltd | 12 |
| 9. | BJ Mistry & Co | 12 |
| 10. | Alun Evans | 12 |
| 11. | Lancasters (Accountants) Ltd | 12 |

12. J W Walsh Accountants 2018 Ltd

13

INVESTIGATION COMMITTEE ORDERS

ORDER - 27 July 2020

1. Mr Peter Fry FCA

With the agreement of Mr Peter Graham Fry of Surrey, United Kingdom the Investigation Committee made an order that he be severely reprimanded, fined £10,000; and pay costs of £2,245 with respect to complaints that:

1. Between 24 August 2016 and 13 June 2017, Mr Peter Fry FCA held a financial interest, namely shares, in the firm's audit client, "A" Plc.

This is contrary to paragraph 2.3D(a) of the Revised Ethical Standard 2016.

2. On 5 September 2016, Mr Peter Fry FCA issued an audit opinion on the financial statements of "A" plc for the period ended 31 December 2015, when he had held a directorship appointment at the audited entity during January 2015 to April 2015.

This is contrary to paragraph 2.61(a) in conjunction with the Supporting Ethical Provisions 2.1D(a) of the Revised Ethical Standard 2016.

045831

ORDER - 27 July 2020

2. HW Fisher

With the agreement of HW Fisher of London, United Kingdom the Investigation Committee made an order that it be severely reprimanded, fined £63,000 and pay costs of £6,928 with respect to complaints that:

1. Between 1 and 31 January 2011, HW Fisher (formerly HW Fisher & Co) signed the audit report of "A" Ltd for the year ended 31 December 2009 which stated that the audit had been conducted in accordance with International Standards on Auditing (UK and Ireland) when:

a. the audit was not conducted in accordance with International Standard on Auditing (UK and Ireland) 230 'Audit documentation' in that they failed to prepare audit documentation that provides a sufficient and appropriate record of the basis for the auditor's report in relation to:

- i. the recognition and/or the valuation of gold reserve notes; and/or
- ii. the issue of share capital

And/or

b. the audit was not conducted in accordance with International Standard on Auditing (UK and Ireland) 500 'Audit evidence' in that they failed to obtain sufficient and appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion in relation to:

- i. the recognition and/or the valuation of gold reserve notes; and/or
- ii. the issue of share capital

And/or

c. the audit was not conducted in accordance with International Standard on Auditing (UK and Ireland) 570 'Going concern' in that they failed to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements.

And/ or

d. the audit was not conducted in accordance with International Standard on Auditing (UK & Ireland) 200 'Overall objectives of the independent auditor and the conduct of an audit in accordance with International Standards on Auditing (UK and Ireland)', in that they failed to perform the audit with an attitude of professional scepticism in their consideration of the audit evidence obtained in respect of the gold reserve notes.

2. On 11 August 2011, HW Fisher (formerly HW Fisher & Co) signed the audit report of "A" Ltd for the year ended 31 December 2010 which stated that the audit had been conducted in accordance with International Standards on Auditing (UK and Ireland) when:

a. the audit was not conducted in accordance with International Standard on Auditing (UK and Ireland) 230 'Audit documentation' in that they failed to prepare audit documentation that provides a sufficient and appropriate record of the basis for the auditor's report in relation to:

- i. the recognition and/or the valuation of gold reserve notes; and/or
- ii. the issue of share capital

And/or

b. the audit was not conducted in accordance with International Standard on Auditing (UK and Ireland) 500 'Audit Evidence' in that they failed to obtain sufficient and appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion in relation to:

ii. the issue of share capital

And/or

c. the audit was not conducted in accordance with International Standard on Auditing (UK and Ireland) 570 'Going concern' in that they failed to obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern assumption in the preparation of the financial statements.

And/ or

d. the audit was not conducted in accordance with International Standard on Auditing (UK & Ireland) 200 'Overall objectives of the independent auditor and the conduct of an audit in accordance with International Standards on Auditing (UK and Ireland)', in that they failed to perform the audit with an attitude of professional scepticism in their consideration of the audit evidence obtained in respect of the gold reserve notes.

038123

ORDER – 28 August 2020

3. Mr Sandesh Jesrani

With the agreement of Mr Sandesh Jesrani of Leicester, United Kingdom the Investigation Committee made an order that he be severely reprimanded, fined £5,250; and pay costs of £7,115 with respect of complaints that:

1. Mr Jesrani prepared and submitted incorrect accounts to Companies House on 26 January 2015 on behalf of “X” Ltd for the year ended 30 April 2014 in that they didn’t include adjustments to the accounts that had been agreed with the client and which formed part of the accounts submitted to HMRC for the client for the same period.
2. Mr Jesrani failed to adequately review accounts prepared by and submitted to Companies House by his staff for the following companies and periods:
 - i. “X” Ltd 30 April 2013, and/or
 - ii. “X” Ltd 30 April 2015, and/or
 - iii. “X” 30 April 2016, and/or
 - iv. “Y” Ltd 30 September 2014, and/or
 - v. “Y” Ltd 30 September 2015, and/or
 - vi. “Z” Ltd 30 September 2014, and/or
 - vii “Z” Ltd 30 September 2015, and/or
 - viii. “A” Ltd 28 February 2014, and/or
 - ix. “A” Ltd 28 February 2015, and/or
 - x. “A” Ltd 28 February 2016, and/or
 - xi. “B” Ltd 31 August 2014, and/or
 - xii. “C” Ltd 30 September 2014

037460

ORDER – 8 September 2020

4. Mr Alan Crawford FCA

With the agreement of Mr Alan Cameron Stewart Crawford of Bristol, United Kingdom the Investigation Committee made an order that he be severely reprimanded, fined £7,000 and pay costs of £5,761 with respect to complaints that:

1. Mr Alan Crawford FCA prepared the unaudited financial statements of “A” Ltd for the year ended 31 October 2013, which were incorrect in that there was a discrepancy of £11,000 between the £5,666 balance on the bank statement and the £(5,334) balance in those financial statements.
2. Mr Alan Crawford FCA failed to accurately maintain the accounting records of “A” Ltd in that he:
 - a) Between 1 November 2013 and 31 May 2014 did not record in the Xero accounting system all of the bank transactions relating to “A” Ltd; and / or
 - b) Between 1 November 2013 and 12 November 2014 did not record in the Xero accounting system the supplier invoices, as set out in Appendix A; and / or
 - c) Between 21 November 2013 and 23 October 2014 did not make payments to “A” Ltd’s pension scheme by the due dates, as set out in Appendix B; and / or
 - d) Between 6 and 17 September 2014, did not prepare and submit the VAT return for “A” Ltd for the quarter ended 31 July 2014, when it was due to be filed and payment made by 7 September 2014; and / or
 - f) Between 21 September and 7 November 2013, failed to make payment of the PAYE liability of £1,848.96 for the period ended 5 September 2013, when payment was due by 22 September 2013.

029111

ORDER – 8 September 2020

5. FSPG

With the agreement of FSPG of London, United Kingdom the Investigation Committee made an order that it be severely reprimanded, fined £12,000 and pay costs of £8,731 with respect to a complaint that:

On 20 May 2015 FSPG withdrew funds from X's monies held on FSPG's client bank account to settle the following invoices:

A 46245 dated 31 October 2014 to "A" Limited for £7,800;
B 46519 dated 4 December 2014 to "B" Limited for £8,400;
C 46520 dated 4 December 2014 to "C" Limited for £4,200;

contrary to ICAEW's Clients' Money Regulation 20h.

031091

ORDER – 8 September 2020

6. Nexia Smith & Williamson

With the agreement of Nexia Smith & Williamson Audit Limited of London, United Kingdom the Investigation Committee made an order that it be severely reprimanded; fined £241,700; and pay costs of £12,548 with respect to complaints that:

1. On 21 March 2013, Nexia Smith & Williamson Audit Limited issued an unqualified audit report on the financial statements of “A” Plc for the year ended 31 December 2012 which stated that the audit had been conducted in accordance with International Standards on Auditing (UK and Ireland) and that the financial statements had been prepared in accordance with International Financial Reporting Standards as adopted by the European Union when:
 - a. the audit was not conducted in accordance with International Standard on Auditing 500 ‘Audit evidence’ in that the firm failed to obtain sufficient appropriate audit evidence in respect of revenue recognition;

And/or

 - b. the requirements of International Accounting Standard 18 ‘Revenue’ had not been complied with in that revenue was recognised prior to the recognition criteria being met;

And/or

 - c. the requirements of International Accounting Standard 1 ‘Presentation of Financial Statements’ had not been complied with in the disclosure of judgements and estimates;

And/or

 - d. the requirements of International Accounting Standard 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ had not been complied with in that the financial statements did not disclose a contingent liability as required.

2. On 26 June 2014, Nexia Smith & Williamson Audit Limited issued an unqualified audit report on the financial statements of “A” Plc for the period ended 31 March 2014 which stated that the audit had been conducted in accordance with International Standards on Auditing (UK and Ireland) and that the financial statements had been prepared in accordance with International Financial Reporting Standards as adopted by the European Union when:
 - a. the audit was not conducted in accordance with International Standard on Auditing 500 ‘Audit evidence’ in that the firm failed to obtain sufficient appropriate audit evidence in respect of revenue recognition;

And/or

 - b. the requirements of International Accounting Standard 18 ‘Revenue’ had not been complied with in that revenue was recognised prior to the recognition criteria being met;

And/or

 - c. the requirements of International Accounting Standard 1 ‘Presentation of Financial Statements’ had not been complied with in the disclosure of judgements and estimates;

And/or

d. the requirements of International Accounting Standard 37 'Provisions, Contingent Liabilities and Contingent Assets' had not been complied with in that the financial statements did not disclose a contingent liability as required.

3. On 25 June 2015, Nexia Smith & Williamson Audit Limited issued an unqualified audit report on the financial statements of "A" Plc for the year ended 31 March 2015 which stated that the audit had been conducted in accordance with International Standards on Auditing (UK and Ireland) and that the financial statements had been prepared in accordance with International Financial Reporting Standards as adopted by the European Union when:

a. the audit was not conducted in accordance with International Standard on Auditing 500 'Audit evidence' in that the firm failed to obtain sufficient and appropriate audit evidence in respect of the fair value of assets and liabilities acquired in business combinations;

And/or

b. the requirements of International Accounting Standard 18 'Revenue' had not been complied with in that revenue was recognised prior to the recognition criteria being met;

And/or

c. the requirements of International Accounting Standard 1 'Presentation of Financial Statements' had not been complied with in the disclosure of judgements and estimates;

And/or

d. the requirements of International Accounting Standard 37 'Provisions, Contingent Liabilities and Contingent Assets' had not been complied with in that the financial statements did not disclose a contingent liability as required.

036337

INVESTIGATION COMMITTEE FIXED PENALTY ORDERS

ORDER - 27 July 2020

7. Mr Jonathan Richard Butters FCA

Under Disciplinary Bye-law 14A the Investigation Committee has exercised its powers under delegation to consider this complaint by way of fixed penalty.

With the agreement of Mr Jonathan Butters FCA, the Investigation Committee ordered that Mr Jonathan Butters FCA, of London, United Kingdom be reprimanded, and given a fixed penalty of £700 representing a financial penalty of £1,000 to which a discount of 30% has been applied with respect to a complaint that:

Mr Jonathan Richard Butters FCA following a QAD visit to his firm, Pulp Fraction Limited, (trading as 'Butters, Gates & Co') during October 2010, confirmed in respect of improving procedures to carry out due diligence on all clients, to comply with the Anti-Money Laundering (AML) regulations that:

"Noted and agreed. Will refer to Section 5a of the members handbook together with ICAEW website for checklist and procedures."

but at the QAD's subsequent visit on 17 April 2018, it was found that this assurance had not been complied with.

047916

REGULATORY PENALTY ORDERS

AUDIT REGISTRATION COMMITTEE

ORDER – 15 JULY 2020

8. Publicity statement

Brooks Carling Accountants Limited, Epsom, United Kingdom, has agreed to pay a regulatory penalty of £2,100, which was decided by the Audit Registration Committee. This was in view of the firm's admitted breach of a condition previously imposed under audit regulation 7.01, for failing to submit the results of two external cold file reviews.

044341

ORDER – 13 AUGUST 2020

9. Publicity statement

B J Mistry & Co, Harrow, United Kingdom, has agreed to pay a regulatory penalty of £1,050 which was decided by the Audit Registration Committee. This was in view of the firm's admitted breach of ICAEW Licensed Practice Handbook paragraph 3.02 in that the firm signed ATOL Accountants Reports when there was an insurmountable threat to the firm's independence.

054342

ORDER – 13 AUGUST 2020

10. Publicity statement

Alun Evans, Haverfordwest, United Kingdom, has agreed to pay a regulatory penalty of £2024, which was decided by the Audit Registration Committee. This was in view of the firm's admitted breach of audit regulation 2.03a for its failure to ensure that it was eligible to hold audit registration between 1 January 2013 and 17 February 2020, as a director did not hold audit affiliate status.

055703

ORDER – 13 AUGUST 2020

11. Publicity statement

Lancasters (Accountants) Ltd, Aylesbury, United Kingdom, has agreed to pay a regulatory penalty of £12,731, which was decided by the Audit Registration Committee. This was in view of the firm's admitted breach of audit regulations 2.03b, 2.11, 2.07 and 6.06 for its failure to ensure that it was eligible to hold registration between April 2011 and June 2020, in that the majority of its voting rights were not held by audit qualified individuals or registered auditors, its failure to notify ICAEW of changes within 10 business days, for signing audit reports whilst ineligible and for incorrectly completing its 2011-2019 annual returns.

055747

PRACTICE ASSURANCE COMMITTEE

ORDER – 21 MAY 2020

12. Publicity statement

J W Walsh Accountants 2018 Ltd of Dukinfield, United Kingdom has agreed to pay a practice assurance penalty of £2,000, which was decided by the Practice Assurance Committee. This was in view of the firm's admitted breach of Practice Assurance Regulation 4 (2008 Regulations); in that it failed to comply with written assurances given by the Practice Assurance Principal on behalf of the firm to document client due diligence and risk assessments for all clients, as required by the Money Laundering Regulations 2007 and to issue clients with details of the firm's fees and complaints procedures, as required by the Code of Ethics (240.2b [2011]) and ICAEW Disciplinary Bye-law 11.1.

054117

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