

APPLICATION ON PAPERS

CONSENT ORDERS COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of: Mr Atul Kumar Sharma

Considered on: Wednesday, 25 November 2020

Location: Remotely via ACCA Offices, The Adelphi, 1-11 John
Adam Street, London, WC2N 6AU

Committee: HH Graham White (Chair)

Legal Adviser: Mr Sanjay Lal (Legal Adviser)

Summary: Consent Order Approved
Severe Reprimand

Costs: £2954.50

1. A Consent Order is made on the order of the Chair under the terms of Regulation 8 of the Complaints and Disciplinary Regulations 2014 (as amended) ('the Regulations').
2. The Chair considered the following papers:
 - a. Main bundle with page numbers 1-178;
 - b. Email from Mr Sharma dated 10 November 2020;

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ALLEGATION(S)/BRIEF BACKGROUND

3. The Chair considered a draft Consent Order, which was signed by Mr Atul Kumar Sharma on 08 November 2020 and on behalf of ACCA on 10 November 2020 as follows:

The Association of Chartered Certified Accounts (ACCA) and Mr Sharma (the Parties), agree as follows:

1. Mr Sharma, a principal of Firm B, admits the following allegations:

In relation to the financial statements of Company A for the period 01 April 2016 to 30 September 2017, Mr Sharma:

- 1.1 Caused or allowed a modified audit report in his name, as Senior Statutory Auditor on behalf of Firm B, to be signed and filed at Companies House by Firm B on 25 June 2018, which:
 - 1.2 Referred to incorrect page numbers in respect of the financial statements; and
 - 1.3 Was not prepared in accordance with:
 - (a) International Standard on Auditing 570; and
 - (b) International Standard on Auditing 705; and
 - (c) International Standard on Auditing 700, in that it did not include facts required to be stated by Section 498 of Companies Act 2006.
 - 1.4 Was not wholly supported by documentation in the firm's files demonstrating that audit procedures that were appropriate in the circumstances had been designed and performed for the purpose

of obtaining sufficient appropriate audit evidence, in accordance with International Standard on Auditing 500.

2. By virtue of the facts in Allegation 1 breached Sections 130.1(b) and 130.5 of ACCA's Code of Ethics and Conduct (2018);
 3. By virtue of the facts in Allegations 1 and 2 is liable to disciplinary action pursuant to byelaw 8(a)(ii);
 4. Mr Sharma shall be severely reprimanded and shall pay costs to ACCA in the sum of £2954.50.
4. The Chair recognised that the Consent Order Committee could approve any signed draft Consent Order that a Disciplinary Committee would have the power to make under Regulations 13 and 15 of the Regulations, except a sanction of excluding Mr Sharma from membership.
 5. In considering the matter and the draft Consent Order, the Chair had regard to ACCA's Guidance for Disciplinary Sanctions and Consent Orders Guidance.

BACKGROUND

6. ACCA's Investigating Officer conducted an investigation into the allegations against Mr Sharma in accordance with Complaints and Disciplinary Regulation 8(1)(a) and is satisfied that:
 - (a) They have conducted the appropriate level of investigation as evidenced by the enclosed evidence bundle, and determined that there is a case to answer against Mr Sharma and that there is a real prospect of a reasonable tribunal finding the allegations proved; and
 - (b) The proposed allegations would be unlikely to result in exclusion from membership.

7. The relevant facts, failings and/or breaches have been agreed between the parties and are set out in the detailed allegations above, together with the proposed sanction and costs.
8. On 25 June 2018, Capital Partners London Ltd ('the firm') filed financial statements of Company A for the period 01 April 2016 to 30 September 2017 at Companies House (pages 15-36). The financial statements contained a modified audit report in Mr Sharma's name, as Senior Statutory Auditor on behalf of the firm. The Chair noted that the audit report was incorrectly paginated; a material uncertainty was not adequately disclosed; a failure to describe a modification and a failure to comply with the statutory provisions of the Companies Act 2006.
9. The Chair noted the aggravating and mitigating factors in this case. In respect of the former, it noted that the filed audit report was not in accordance with the ISA's and Section 498 of Companies Act 2006, and that the standard of work fell below that expected. In terms of mitigating factors, Mr Sharma has cooperated with the ACCA investigation; he had admitted that there were deficiencies; the allegations relate to a single audit and the firm has now ceased to trade and no longer hold audit registration.
10. The Chair was satisfied that the signed draft Consent Order should be approved in accordance with his power under Regulation 8 of the Regulations; this was not a case where it was more likely than not that a Disciplinary Committee would order that Mr Sharma should be excluded as a member of ACCA.
11. The Chair accepted the aggravating features set out by ACCA in its report. He also agreed with the mitigating circumstances identified by ACCA.
12. The Chair was satisfied that it would be proportionate to conclude the matter with a severe reprimand.

13. As part of the signed draft Consent Order, Mr Sharma had agreed to pay costs to ACCA in the sum of £2954.50. The Chair considered that this was not an unreasonable amount and that Mr Sharma had agreed to the amount claimed.
14. The Chair approved the draft Consent Order.

HH Graham White
Chair
25 November 2020