HEARING

DISCIPLINARY COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	**Mrs Natalie Jacqueline Smith**
Heard on:	**Friday, 12 June 2026**
Location:	**Remotely via Microsoft Teams**
Committee:	**Dr Mike Kelly (Chair)** **Ms Morenike Asaju (Accountant)** **Ms Rachel O'Connell (Lay)**
Legal Adviser:	**Mr Callum Cowx (Legal Adviser)**
Persons present and capacity:	**Mr Stuart Brady (Case Presenter on behalf of ACCA)** **Ms Aimee Murphy (Hearings Officer)**
Summary:	**Exclusion from membership**
Costs:	**£5,271.00 awarded to ACCA.**

SERVICE OF PAPERS

1. The Committee was satisfied that ACCA had complied with its duty under Regulation 10(1)(a) of the Complaints and Disciplinary Regulations 2014 ("the CDR") to provide Mrs Smith with a compliant notice of the hearing at least 28 days before the hearing.

PROCEEDING IN ABSENCE

2. Mrs Smith informed the ACCA prior to the hearing that she would not attend, and she did not attend. Mrs Smith was not represented. On behalf of ACCA, Mr Brady made an application for the hearing to proceed in Mrs Smith's absence.

3. The Committee allowed the application and decided to proceed in absence for the following reasons.

4. The Committee considered the application in accordance with the CDR Regulation 10(7) and ACCA's Guidance for Disciplinary Committee Hearings. It adopted a two-stage approach. Having decided that Mrs Smith had been served with a notice of hearing in accordance with the regulations, the Committee went onto consider whether to exercise its discretion to proceed in her absence.

5. The Committee took particular note of the fact that Mrs Smith had confirmed in writing that she had no intention of attending the hearing. It was clear to the Committee that Mrs Smith would not engage further with the proceedings and so there was no merit in adjourning the case and delaying proceedings further. The public interest therefore was in favour of proceeding with the case without further delay.

ALLEGATIONS & BRIEF BACKGROUND

6. Mrs Smith was admitted as a member of ACCA on 02 November 1996. She was admitted as a Fellow of ACCA on 02 November 2001.

7. Mrs Smith was employed by ("Company A") as the company's Finance Director. From January 2010, Company A held an Invoice Finance facility with ("Company B"). Under this arrangement Company B bought the 'book debts' of Company A. This meant that Company B agreed to make advance payments to Company A for a percentage of the debts owed to Company A by its customers based on invoices raised. In simple terms, this financial arrangement was similar to a loan which was secured against money owed to Company A by its customers.

8. Payments were made by Company B to Company A each month and the size of the payments depended on Company A's invoices for the period. The funding

provided to Company A was a percentage of the debts owed to that company and certain risk factors would cause Company B to pay a lower percentage of the debts owed to Company A.

9. Two risk factors were relevant in this case. The first was ‘concentration’, which arises when a sizeable proportion of the overall debt owing is concentrated on a particular customer instead of being spread evenly over a number of different customers. The second is that of ‘aging debts’, where older debts carry a greater risk of being unpaid.

10. Two other factors were also present in this case which materially affected Company B’s decisions on the amounts paid to Company A. The first of these was rebates. Where a rebate applies the debt owed is reduced and this reduction must be made clear to the provider of the Invoice Finance facility who is lending on the perceived value of the client company’s debts. The second factor was the misrepresentation of debit notes as invoices. The effect of a debit note issued by a supplier is to increase or adjust an existing account balance. Where a debit note issued by a customer is used to formally notify the seller and correct overbilling. In this case, the debit note was presented as an invoice thereby falsely inflating the size of the debt.

11. Ms Smith was responsible for providing monthly financial information to Company B in the form of an ‘Aged Debtors Report’. This information was used by Company B to determine the amounts paid to Company A each month.

12. Company B carried out an audit of the Invoice Finance facility afforded to Company A and found certain discrepancies. The auditor found that in June 2022, £210,708 of debt owed by one major customer (Customer A) was moved to another customer’s account and in July 2022 £241,000 of debt owed by the same major customer (Customer A) was moved to three other customer accounts. This concealed the true concentration of debts owed by this major customer (Customer A). Had the true level of concentration been reported to Company B it would have reduced the amounts paid to Company A in those two months. The result was ‘overfunding’ by Company B to Company A.

13. The auditor also discovered that in July and August 2022, the Aged Debtors Reports for the same major customer (Customer A) had been manipulated in such a way that the age of certain debts had been reduced. This also resulted in overfunding to Company A.

14. Further overfunding by Company B resulted from the debtors reports not fully disclosing the true value of rebates to the same customer (Customer A) for the months of May, June and July 2022.

15. The auditor also uncovered the fact that debit notes for customers were wrongly identified as invoices. This meant the debt owed to Company A was inflated and so instead of payments being reduced by Company B they were increased.

16. From the evidence provided by ACCA and Company B, the extent of the overfunding was not clear. But Mrs Smith estimated the amount was in the region of £1,000,000.

17. The allegations were put to Mrs Smith in writing, and she responded in kind on 03 July 2023. In response to the concentration allegation that she had moved a customer's debts to other customers, thereby giving the appearance that the customer's debt was much less than it was in reality, she admitted that she had done so.

18. In response to the other alleged acts of manipulation of financial information, she was equivocal in that she admitted she was responsible for errors, but she did not admit to intentionally manipulating the information. She described her conduct as "*errors of judgement*" and lacking intent.

19. In response to questions put to her by ACCA on 05 June 2023, Mrs Smith wrote:

…the environment at Company A became very stressful, demanding and difficult in respect of the trading environment and lack of sales. The owner was under severe pressure which led to pressure on me, intended or not and I believe that this led to out of character serious errors of judgement. While I understand entirely how this appears to Company B, there was never any intention to cause any problems and it started with errors in reporting at the month end that got out of hand.

20. When these matters came to light Mrs Smith offered to resign from Company A, but her employer declined to accept her resignation. Instead, she remained in employment to rectify the accounting discrepancies, which she did. Ultimately, no financial loss was suffered by Company A or Company B.

21. The allegations made by ACCA are that Mrs Natalie Jacqueline Smith, a member of ACCA:

1. Between 01 January 2022 and 31 August 2022 and at all material times an employee and Finance Director of Company A submitted or caused to be submitted inaccurate financial information to Company B to obtain payments to which Company A was not entitled to from Company B in accordance with an invoice finance facility agreement entered into in or about January 2010 between Company A and Company B.

2. By reason of the matters referred to in allegation 1 above, Mrs Smith was

    a. Dishonest in that she knew the financial information she provided was incorrect and would lead to additional payments being made by Company B to Company A which she knew it was not entitled to, in the alternative

    b. her conduct demonstrates a failure to act with Integrity.

3. By reason of the above Mrs Smith is guilty of misconduct pursuant to byelaw 8(a)(i).

DECISION ON FACTS/ALLEGATIONS AND REASONS

22. ACCA did not call any oral evidence. It relied upon the documents obtained during the investigation. Mrs Smith did not attend the hearing and did not submit any further evidence or make submissions. The Committee treated Mrs Smith's silence as a full denial of all the allegations and ACCA was put to proof.

Allegation 1

23. This allegation reflected Mrs Smith's actions, namely the alleged manipulation of information described at paragraphs 12 to 15 above.

24. The Committee was satisfied that Mrs Smith knowingly submitted inaccurate financial information to Company B to obtain overpayments to which Company A was not entitled. Mrs Smith admitted to spreading Customer A's debts to other customers' accounts, which had the effect of disguising the concentration

of debts owed by that major customer and this resulted in Company B making higher payments than they otherwise would have done in June and July 2022.

25. Mrs Smith admitted to being responsible for manipulating the ageing debtor, rebate and debit note information. The Committee rejected Mrs Smith's explanation that she lacked intent and that very poor processes were at fault. Mrs Smith was a highly experienced accountant, with a number of years experience as Company A's Finance Director and of providing accurate information to Company B. She was therefore fully familiar with operating an Invoice Finance facility and understood what information needed to be provided to Company B and why.

26. Mrs Smith's admissions on 05 June 2023 revealed her state of mind at the time she submitted the false information to Company B. She explained that Company A was going through a difficult trading period and that she was under pressure. It was more likely than not that given Company A's difficult circumstances, Mrs Smith intentionally manipulated the information supplied to Company B in order to maximise the funding available to Company A.

Allegation 2

27. The Committee applied the test laid down in the case of I*vey v Genting Casino* and found that the proven conduct arising from Allegation 1 amounts to dishonesty. Mrs Smith was a longstanding member of the accountancy profession. She well understood the basis upon which the Invoice Financing facility operated and that Company B would reduce the amount funded if certain factors were made known to it. Mrs Smith intentionally provided false information to Company B in order to inflate the size of the payments paid to her employer.

28. The Committee was satisfied that Mrs Smith's conduct was dishonest by the standards of ordinary decent people.

Allegation 3

29. Taking proven Allegations 1 and 2 into account, the Committee found that Mrs Smith's conduct amounted to misconduct. Her actions would bring discredit upon her, ACCA or the accountancy profession.

SANCTION AND REASONS

30. The Committee considered what sanction, if any, to impose in light of its findings, having regard to ACCA's Guidance for Disciplinary Sanctions (2024). In determining the seriousness of Mrs Smith's misconduct, the Committee carefully considered culpability, harm, aggravating and mitigating factors of the proven misconduct.

31. In terms of culpability, the Committee found that Mrs Smith deliberately set out to misrepresent the financial position of Company A to secure a financial gain for that company. The manner in which she did this involved an element of planning as financial data was intentionally manipulated and misrepresented. Her conduct was repeated and sustained over a three-month period.

32. In terms of harm, both Company A and B were put at financial risk in that Company A was put at risk of overreaching itself by obtaining overfunding which was not fully secured by the true debts owed to it. Company B was similarly put at financial risk by effectively lending money on artificially inflated debts.

33. Because of the actions of Mrs Smith, Company A is at risk of reputational harm as is the accountancy profession.

34. The Committee considered aggravating factors and found that her many years of experience as an accountant and the fact she abused her position of trust as company Finance Director fell into this category. The Committee also found that Mrs Smith displayed an obvious lack of insight into the seriousness of her wrongdoing and at no time fully admitted to her dishonesty.

35. The only mitigating factors the Committee found were that Mrs Smith cooperated with ACCA's investigation and that she remained with Company A, despite offering to resign, and took whatever actions were necessary to accurately restore Company A's accounts.

36. Overall, the Committee found Mrs Smith's misconduct to be very serious.

37. The Committee also took into account Mrs Smith's personal mitigation which was limited. No character references or testimonials were produced on her behalf, but the Committee accepted that she is a person of previous good

character. However, the Committee reminded itself that because of the importance of public confidence in the profession, the impact of personal mitigation is limited.

38. The Committee then carefully considered each of the available sanctions, starting with the least serious first. Having regard to the suggested factors for each as set out in the sanction guidance, the Committee decided that only the most serious available sanction, exclusion from ACCA membership, would satisfy the overarching purpose of ACCA's disciplinary regime.

39. In particular the Committee found that in the absence of exceptional circumstances, the overall seriousness of the dishonesty displayed by Mrs Smith was incompatible with membership of ACCA. Her conduct was a serious departure from the standards expected of an accountant and exclusion from membership is the most appropriate and proportionate outcome, which is necessary to protect the public from the risk of further dishonesty in the future.

40. Mrs Smith will be entitled to apply for readmission after one year. The Committee did not find it necessary to extend this period. If Mrs Smith does apply, she will have to persuade the Admissions and Licensing Committee that she has learnt the relevant lessons, has taken steps to ensure that there will be no repetition, and is a fit and proper person to be registered with ACCA.

COSTS AND REASONS

41. Mr Brady applied for costs totalling £5,271.00.

42. The Committee was satisfied that the proceedings had been properly brought and that ACCA was entitled in principle to a contribution to its costs. The Committee considered that the time spent, and the costs claimed were reasonable. The Committee considered Mrs Smith's financial position but was not satisfied that any reduction on the grounds of hardship was justified. It therefore decided that it was appropriate to award the full amount sought by ACCA.

EFFECTIVE DATE OF ORDER

43. The Committee took into account the dishonesty displayed by Mrs Smith. The Committee determined that if Mrs Smith was permitted to remain on the student

register during an appeal period was not in the interests of the public. It therefore determined that its order should have immediate effect.

ORDER

44. The Committee ordered as follows:

(a) Mrs Natalie Jacquline Smith shall be removed from the register with immediate effect.

(b) Mrs Natalie Jacquline Smith shall pay ACCA's costs of £5,271.00.

Dr Mike Kelly
Chair
19 June 2026