

THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL

-and-

████████████████████

**EXPLANATORY MEMORANDUM TO THE SETTLEMENT AGREEMENT AND
PARTICULARS OF FACT AND ACTS OF MISCONDUCT**

The FRC has published the Settlement Agreement and Particulars of Fact and Acts of Misconduct agreed between the Executive Counsel to the FRC and ██████████ (“the Respondent”). The Settlement Agreement reflects the terms of settlement agreed between the Executive Counsel and the Respondent, and has been approved by an independent person.

Accordingly this Settlement Agreement and Particulars of Fact and Acts of Misconduct have not made, and should not be taken to have made, any finding against any individual or entity other than the Respondent (including Redcentric plc, any of its subsidiaries, any individual who was a director, member of management or employee at Redcentric plc or any of its subsidiaries, any pension scheme and any person who acted as a trustee of a pension scheme).

It would not be fair to treat any part of this Settlement Agreement and Particulars of Fact and Acts of Misconduct as constituting or evidencing findings against anyone other than the Respondent.

The published Settlement Agreement and Particulars of Fact and Acts of Misconduct anonymises several third parties, who are instead identified by ciphers. To assist readers with the intelligibility of these documents, and in order to understand the nature of the Misconduct found, the relationship between the cipher and the nature of the third party is set out below.

Cipher	Third Party
C1	A company previously acquired by Redcentric plc
C2	A company previously acquired by Redcentric plc

IN THE MATTER OF

THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL

-and-

[REDACTED]

SETTLEMENT AGREEMENT

1. This Settlement Agreement ("**Agreement**") is made on the 11th day of November 2021 between (1) Claudia Mortimore as the Deputy Executive Counsel ("**Executive Counsel**") of the Financial Reporting Council ("**FRC**"), of 8th Floor, 125 London Wall, London, EC2Y 5AS and (2) [REDACTED], Executive Counsel and [REDACTED] together are described as "**the Parties**". The Agreement is evidenced by the signatures of the Deputy Executive Counsel and by Ms Julie Norris, Partner of Kingsley Napley LLP and solicitor to [REDACTED], on behalf of [REDACTED].
2. The Particulars of Fact and Acts of Misconduct concerning the actions of [REDACTED] ("**the Particulars**") as a Member of The Association of Chartered Certified Accountants ("**ACCA**") that are annexed hereto were prepared by Executive Counsel in accordance with the FRC Accountancy Scheme dated 30 March 2021 ("**the Scheme**") and are agreed in their entirety by [REDACTED]. The Particulars relate to the conduct of [REDACTED] in the preparation and audit of the financial statements of Redcentric plc ("**Redcentric**") for the financial years ended 31 March 2015 ("**FY 2015**") and 31 March 2016 ("**FY 2016**").
3. Specifically, the conduct of [REDACTED] fell significantly short of the standards reasonably to be expected of her in that she (together the "**Acts of Misconduct**"):
 - (1) committed 4 Acts of false accounting contrary to Section 17(1)(a) of the Theft Act 1968;
 - (2) committed 2 Acts of making a false or misleading statement, contrary to Section 89(1) of the Financial Services Act 2012;
 - (3) committed 7 Acts of making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006; and
 - (4) failed to act with integrity in that she provided to Executive Counsel a materially incomplete and inaccurate account of her conduct in relation to the preparation and audit of the FY 2015 and FY2016 financial statements.
4. [REDACTED] agrees the Particulars and admits the Acts of Misconduct alleged against her.

5. The Parties recognise that it is for the Tribunal member (appointed under paragraph 8(4)(i) of the Scheme) to determine whether this Agreement should be entered into, in accordance with paragraph 8(4)(ii) of the Scheme.
6. Terms used in this Agreement shall have the same meaning as set out in the Scheme and the Scheme Sanctions Guidance (dated March 2021, the "Sanctions Guidance").

Sanctions

7. Executive Counsel and ██████ agree the following sanctions:
 - a. ██████ shall be excluded from membership of the ACCA for a period of 16 years. Any application for readmission after this period shall not necessarily be approved, but shall be considered by the ACCA on its merits.
8. In agreeing the appropriate sanctions at this level, Executive Counsel has adopted the approach set out in the Sanctions Guidance, recorded as follows:

Nature and Seriousness of the Misconduct

9. Executive Counsel considers that the factors relevant to assessing the nature and seriousness of the Misconduct are as follows:
 - a. ██████ has been convicted of criminal offences.
 - b. The Misconduct was dishonest, deliberate and criminal. It further involved a failure to act both with Integrity and in accordance with Professional Behaviour for the purposes of the fundamental principles of the ACCA Code of Ethics.
 - c. ██████'s lack of Integrity in dealing with Executive Counsel undermines the purpose or effectiveness of the disciplinary arrangements.
 - d. The Acts of Misconduct spanned two financial years (FY 2015 and FY 2016) and the failure to act with Integrity as regards dealings with Executive Counsel occurred in 2017. These were not one-off or isolated incidents.
 - e. ██████ derived a financial benefit from the Misconduct:
 - i. She was paid the sum of £116,296.95 in lieu of notice and contractual benefits upon the termination of her employment in June 2016. Had the Misconduct been discovered prior to the end of her employment, it is likely that some or all of this payment would not have been made.
 - ii. According to an Unapproved Share Option Contract dated 4 March 2014 between ██████ and Redcentric PLC, ██████ was granted the right to subscribe for a maximum of 450,000 shares at a price of 102p per share in Redcentric PLC. On 30 June 2016 ██████ exercised her share options, by subscribing for and then selling shares. After the deduction of commission, tax and national insurance contributions, ██████ obtained a benefit of £69,986.68.

- f. The Misconduct was concealed both from the shareholders and the statutory auditors. It was only revealed following a detailed forensic investigation.
- g. The Misconduct seriously undermines public confidence in the standards of conduct in general of Members and harms investor, market and public confidence in the truth and fairness of the financial statements.
- h. The Misconduct adversely affected or potentially adversely affected a significant number of people in the United Kingdom and caused or risked the loss of significant sums of money. Redcentric is publicly listed, quoted on AIM and (prior to the Misconduct described in the Particulars) attracted substantial investment¹. Redcentric's share price fell from 184p² to 63p³ after the announcement of restatements on 7 November 2016 (approximately a 65% drop in market capitalisation). The prior share price reflected, at least in part, financial statements containing an inflated balance sheet, which would not have been reported in the financial statements absent the Misconduct.
- i. Whilst ██████████ was not on the Redcentric Board, she was an experienced Group Finance Director at the time of the Misconduct and held supervisory responsibilities for a team of finance professionals.

Identification of Sanction

- 10. Executive Counsel considers that the Misconduct of ██████████, in its totality, is so damaging to the wider public and market confidence in the standards of conduct of Members and in the accountancy profession, and the quality of corporate reporting in the United Kingdom, that exclusion from her profession is the appropriate outcome in order to protect the public or otherwise safeguard the public interest.
- 11. Having assessed the seriousness of the Misconduct, the Executive Counsel has determined that an exclusion of 16 years from membership of the ACCA and a Severe Reprimand are the appropriate sanctions.
- 12. Executive Counsel has then taken into account any aggravating and mitigating factors, that exist to the extent that they have not already been taken into account in relation to the seriousness of the Misconduct, as well as any other relevant considerations.

Aggravating Factors

- 13. The fact that ██████████ misled the statutory auditors undermined their ability to fulfil their statutory duties under the Companies Act 2006.
- 14. The actions of ██████████ will have resulted in substantial additional financial uncertainty and costs for Redcentric in order to rectify and restate the correct financial position.

¹ The market capitalisation was £263.68m at 16 June 2016.

² On 16 June 2016, the date of publication of the FY2016 Financial Statements.

³ On 7 November 2016.

15. ██████ has failed properly to cooperate with Executive Counsel's investigation by providing an incomplete and misleading account of her conduct.

Mitigating Factors

16. ██████ was not solely responsible for the Misconduct and others senior to her were aware of her actions. ██████ was subject to pressure from persons senior to her regarding the manipulation of balance sheet figures, which ultimately resulted in her resigning her post.
17. ██████ considers that the Redcentric finance team was under-resourced and ██████ felt she was under considerable pressure as a result. In her view, there were not enough finance professionals in the team, resulting in her considering that she was undertaking the work of several individuals.
18. ██████ has admitted the Misconduct. However, limited weight attaches to this factor as her criminal convictions are conclusive evidence of Misconduct and the plea came some four years after Executive Counsel interviewed ██████
19. The Misconduct is unlikely to be repeated in light of ██████'s resignation from the ACCA, the exclusion proposed in this Settlement Agreement, and her sentence of imprisonment.
20. Having considered the aggravating and mitigating factors set out above, and the totality of the sanctions proposed, Executive Counsel has determined that no specific adjustment to the sanctions is necessary.

Deterrence

21. No adjustment for deterrence is required in this case in light of the sanctions imposed.

Discount for Admissions and Settlement

22. Whilst this settlement has been agreed at Stage (1) of the enforcement process (within the meaning of paragraph 73 of the Sanctions Guidance), in light of the circumstances giving rise to this settlement, Executive Counsel determines that no discount for settlement should be applied.

Other Considerations

23. In accordance with paragraph 42 of the Sanctions Guidance, in light of the 3 year term of imprisonment imposed on ██████ by the Crown Court at Southwark on 27 October 2021 and the confiscation order made in those proceedings, in the value of £120,346.70, Executive Counsel has determined that it would not be proportionate or necessary, in light of the Aims and Objectives of the Scheme, to impose a financial penalty in this case.

Costs

- 24. In accordance with paragraph 75 of the Sanctions Guidance, Executive Counsel has taken into account of [REDACTED]'s financial position and whether there are arrangements that would result in part or all of any award of costs being paid or indemnified by insurers.
- 25. In light of the above, Executive Counsel has determined that [REDACTED] should pay £7,000 towards Executive Counsel's costs of the investigation of this matter.

Other matters

- 26. If the decision of the Tribunal Member is to approve the terms of the Agreement, including the sanctions set out above, then the Agreement shall take effect from the next working day after the date on which the notice of the decision is sent to [REDACTED] in accordance with paragraph 8(4)(iv) of the Scheme.
- 27. The Agreement and annex will remain confidential until publication by the FRC in accordance with paragraph 8(6) of the Scheme.

[REDACTED]

Claudia Mortimore
Deputy Executive Counsel

11 November 2021
.....

Date

[REDACTED]

Julie Norris, Partner of Kingsley Napley LLP
Duly authorised signatory
on behalf of [REDACTED]

11 11 2021
.....

Date

IN THE MATTER OF:

THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL

- and -

(1) [REDACTED]

PARTICULARS OF FACT AND ACTS OF MISCONDUCT

The Settlement Agreement (which includes the Particulars of Fact and Acts of Misconduct) is a document agreed between [REDACTED] (the Respondent) and the Executive Counsel. It does not make findings against any persons other than the Respondent (including Redcentric plc, any of its subsidiaries, any individual who was a director, member of management or employee at Redcentric plc or any of its subsidiaries) and it would not be fair to treat any part of this document as constituting or evidencing findings against any other persons since they are not parties to the proceedings.

INTRODUCTION

1. The Financial Reporting Council (the "FRC") is the independent disciplinary body for the accountancy and actuarial professions in the UK. The FRC's rules and procedures relating to investigating and taking disciplinary action against accountants are set out the Accountancy Scheme (the "Scheme") and Accountancy Regulations of 30 March 2021.
2. On 18 July 2017, the Conduct Committee directed that, pursuant to the Scheme, an investigation be opened into the conduct of [REDACTED] in relation to 'the preparation and review of financial information relating to Redcentric plc for the financial years ended 31 March 2015 and 31 March 2016'.
3. This is Executive Counsel's Particulars of Fact and Acts of Misconduct (the "Agreed Particulars"), which have been agreed with the Respondent, in relation to her conduct in connection with the preparation and audit of the financial statements of Redcentric plc ("Redcentric") for the financial years ended 31 March 2015 and 31 March 2016 (the "2015 Financial Statements" and "2016 Financial Statements" respectively).
4. In these Agreed Particulars, the following definitions are used:

4.1. "FY2015" means the financial year ended 31 March 2015, and "FY2015 Audit" means the statutory audit of the FY2015 financial statements;

4.2. "FY2016" means the financial year ended 31 March 2016, and "FY2016 Audit" means the statutory audit of the FY2016 financial statements; and

THE TEST FOR MISCONDUCT AND APPLICABLE STANDARDS

5. By paragraph 2(1) of the Scheme, Misconduct is defined as:

"an act or omission or series of acts or omissions, by a Member or Member Firm in the course of his or its professional activities (including as a partner, member, director, consultant, agent, or employee in or of any organisation or as an individual) or otherwise, which falls significantly short of the standards reasonably to be expected of a Member or Member Firm or has brought, or is likely to bring, discredit to the Member or the Member Firm or to the accountancy profession."

6. The Association of Chartered Certified Accountants ("ACCA") is (and was at all material times) a Participant in the Scheme (as defined in paragraph 2(1) of the Scheme). At the time of the Misconduct to which these Agreed Particulars relate, the Respondent was a member of the ACCA, and as such was a "Member"¹ pursuant to the Scheme. Following the Respondent's resignation of her membership of the ACCA in the circumstances described in paragraph 33 below, the Respondent is now a Former Member² under the Scheme. The ACCA Code of Ethics and Conduct in force at the material time³ (the "Code") applied to the Respondent and she was a "Professional Accountant" within the meaning of the Code.

7. The fundamental principles of the Code applicable to the Respondent so far as relevant to the conduct described below are as follows:

7.1. The principle of Integrity – which pursuant to paragraphs 100.5 and 110 of the Code provides that:

"100.5 A professional accountant shall comply with the following fundamental principles:

(a) Integrity – to be straightforward and honest in all professional and business relationships.

¹ Paragraph 2(1) of the Scheme.

² Paragraph 2(1) of the Scheme.

³ Being respectively the 2015 Rule Book (effective 1/1/15 – 31/12/15); the 2016 Rulebook (effective 1/1/16 to 31/12/16); or the 2017 Rulebook (effective 1/1/17 to 31/12/17) as the case may be.

[...]

"110.1 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.

110.2 A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:

(a) Contains a materially false or misleading statement;

(b) Contains statement or information furnished recklessly; or

(c) Omits or obscures information required to be included where such omission or obscurity would be misleading"

7.2. The principle of Professional Behaviour – which pursuant to paragraphs 100.5 and 150.1 provides that:

"100.5

(e) Professional Behaviour – to comply with relevant laws and regulations and avoid any conduct that discredits the profession"

"150.1 The principle of professional behaviour imposes an obligation on all professional accountants to comply with relevant laws and regulations and avoid any conduct that the professional accountant knows or should know may discredit the profession. This includes conduct that a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at that time, would be likely to conclude adversely affects the good reputation of the profession".

THE RESPONDENT AND THE FACTUAL BACKGROUND

8. Redcentric was incorporated on 11 February 2013 as an IT services company.
9. On 8 April 2013, the managed services business of a separate business, Redstone plc was demerged into Redcentric. Redcentric listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 24 April 2013.
10. Redcentric made significant acquisitions in the period 2013 – 2016:
 - 10.1. In Technology Managed Services Limited ("IMS") on 6 December 2013, for £64m;

- 10.2. C1⁴ Limited on 10 April 2015, for £12m; and
- 10.3. C2 Limited⁵ on 28 January 2016, for £5m.
11. These businesses were integrated into Redcentric. At 31 March 2016, the only significant trading entity within the group was Redcentric Solutions Limited ("RSL", formerly IMS).
12. As originally issued, Redcentric's financial statements for FY2014, FY2015 and FY2016 set out the following:

	FY2014	FY2015	FY2016
	£'000	£'000	£'000
Revenue	58,323	94,321	109,526
Profit / (Loss) after tax	1,813	7,977	5,256
Cash and short term deposits	3,914	3,199	8,492
Net assets	87,605	94,737	97,458

13. The Respondent was "Divisional Director – Finance and MIS" at Redcentric from December 2013 to March 2014; Finance Director of Redcentric from April 2014 to June 2014; and Group Finance Director from July 2014 to June 2016. During FY 2015 and FY 2016, under the supervision of another, the Respondent was responsible for the preparation of certain financial information and the provision of the same to the statutory auditors⁶.
14. In addition to her usual remuneration and emoluments, the Respondent received the following benefits from the employments mentioned above:
- 14.1. She was paid⁷ the sum of £116,296.95 in lieu of notice and contractual benefits upon the termination of her employment in June 2016.
- 14.2. Pursuant to an option contract dated March 2014, she was granted the right to subscribe for a maximum of 450,000 shares at a price of 102p per share in Redcentric. On 30 June 2016, [REDACTED] exercised her share options, by subscribing for 225,000 of those shares and then selling 185,000 of them. The remaining 40,000 shares were retained by her. After the deduction of commission, tax and national insurance contributions, the net sum due to [REDACTED] in respect

⁴ Name anonymised

⁵ Name anonymised

⁶ The statutory auditors were partners from PricewaterhouseCoopers LLP ("PwC").

⁷ Gross, before deduction of tax and national insurance deductions.

of the shares which were sold was £69,986.68. Once the value of the retained shares had been taken into account however (£64,275.59), the actual cash sum paid to [REDACTED] was £5,711.01.

Restatement of Redcentric's financial statements

15. The FY2016 Redcentric consolidated financial statements were signed on 16 June 2016. The audits of its subsidiaries had been substantially performed by this time but were not finalised.
16. On 7 November 2016, Redcentric announced that the financial statements for previous years were likely to be restated.
17. The results for the six months ended 30 September 2016 were published on 23 December 2016 and contained restatements of amounts for the six months ended 30 September 2015 and twelve months ended 31 March 2016 together with a restated balance sheet as at 31 March 2016.
18. For FY2017, Redcentric appointed a different Statutory Auditor to audit the financial statements. The FY2017 financial statements were finalised on 27 July 2017. Redcentric's FY2017 annual report explained that:

"The misstatements arose due [to] a combination of wilful misstatement and poor application of basic accounting controls and processes. The investigation did not find any evidence of theft.

19. The aforementioned annual report explained that:

"In order to fully validate the 2016 Income statement it would have been necessary to re-audit the 2015 balance sheet.

The directors took the view that the timescales (four to five months) and the costs involved to do this were disproportionate and so the 2016 income statement received a qualified audit opinion and this is reflected in this year's accounts."

20. As a result, there was no independent audit opinion provided in respect of the impact on the FY2015 financial statements.
21. This was reflected in the statutory auditors' qualified audit opinion on the FY2017 financial statements which explained that:

"Certain key individuals no longer work for the Group and the Directors have assessed that further investigation into the above misstatements would

represent a disproportionate cost and effort to the business. As a result, the Directors have not been able to distinguish whether certain of the adjustments, which in aggregate resulted in a £9,451,000 reduction in profit and net assets, related to the year ended 31 March 2016 or to prior periods, and consequently the income statement effect of these adjustments has been recognised wholly within the income statement for the year ended 31 March 2016.

We were appointed as auditors subsequent to the 2016 year end and due to the above circumstances we were unable to obtain sufficient appropriate audit evidence in relation to these misstatements. Any adjustments would have a consequential effect on the Group's profit for the year ended 31 March 2016 and its net assets at 31 March 2015'.

22. The following table sets out the differences between the original figures in the FY 2016 balance sheet, against those figures as restated in the FY2017 financial statements. The restatements were substantial:

	FY2016	FY2016	Restatement
	£'000	restated	amount
		£'000	£'000
Cash and short term deposits	8,492	0	(8,492)
Total assets	165,208	152,215	(12,993)
Overdraft	0	3,970	(3,970)
Total liabilities	(67,750)	(70,528)	(2,778)
Net assets	97,458	81,687	(15,771)

23. As a result of the restatements, banking covenants relating to Redcentric's debt facility were breached. Redcentric secured waivers of those breaches from their banks.
24. The Respondent was involved in providing information to the statutory auditors and preparing information which was used in the preparation of the financial statements. She so acted under the supervision of another. It is not alleged by Executive Counsel that the aforementioned restatements were caused solely by the Respondents' conduct. However, her actions undoubtedly contributed to the restatements. The details of the specific Misconduct she committed, is set out at paragraph 39 below.

Executive Counsel's Investigations

25. Following the aforementioned restatements, on 14 February 2017, the Conduct Committee of the FRC directed Executive Counsel to open an investigation pursuant to the Audit Enforcement Procedure into the conduct of:
 - 25.1. Statutory Audit Firm, PwC, in respect the 2015 Audit and the 2016 Audit and the Audit Engagement Partners for both the 2015 and 2016 Audits.

(the "AEP Investigation").
26. The respondents to the AEP investigation admitted breaches of Relevant Requirements and accepted Executive Counsel's Decision Notice on 22 May 2019. The Decision Notice records that the Statutory Auditors and their audit team were, in the course of the 2015 and 2016 Audits, misled by third parties. The Respondent was one of those third parties.
27. During the course of the AEP investigation, information came to light suggesting that the Respondent may have committed Misconduct. Prior to any decision by the Conduct Committee to open an investigation in respect of ██████████, Executive Counsel invited ██████████ ██████████ to attend a voluntary interview to discuss her conduct.
28. On 28 June 2017, ██████████ voluntarily attended an interview with Executive Counsel. In the course of that interview, ██████████ made a number of admissions, including admissions as to the preparing of certain inaccurate financial information which was knowingly provided to the auditors. She did not however reveal the full extent of the Misconduct which has subsequently come to light in the course of the FCA's criminal prosecution described below, either in terms of the scope and scale of the inaccurate financial information that she had prepared in relation to FY2015 and FY2016, or in terms of her knowing participation in dishonest financial practices for both of those financial years. This forms the basis of Admitted Act of Misconduct 14 below.
29. As set out at paragraph 2 above, on 18 July 2017 the Conduct Committee directed that the present investigation be opened into the conduct of ██████████ pursuant to the Scheme.

The Financial Conduct Authority ("FCA") investigation

30. On 20 September 2017, the Executive Counsel was informed that the FCA had also opened an investigation into ██████████'s conduct. There is significant overlap between the subject matter of Executive Counsel's and the FCA's investigations.

█'s resignation from ACCA membership

31. During 2019, it became clear that the FCA intended to bring criminal charges against █
█
32. On 25 October 2019, in light of the decision by the FCA to bring criminal charges and in order to protect the public interest, whilst preventing any prejudice to the criminal proceedings, Executive Counsel agreed with █ that she would resign from her membership of the ACCA and undertake not to perform "Accountancy Work" related to financial reporting (as defined in the agreement, enclosed) for the "Agreed Period" which was defined as the earlier of (i) the closure of the FCA investigation or (ii) the conclusion of any criminal or civil proceedings brought by the FCA. In exchange for those undertakings, Executive Counsel agreed to a temporary stay of her investigation (the "Resignation Agreement").
33. The investigation has been stayed since that time.

Criminal charges and guilty pleas

34. The Respondent was summonsed to attend Westminster Magistrates Court on 23 September 2020 to be charged with criminal offences relating to false accounting and making false or misleading statements. On 17 August 2021, the Respondent pleaded guilty to 4 counts of false accounting and 9 counts of making a misleading statement, which reflect the Acts of Misconduct set out at paragraph 40 below.
35. On 27 October 2021 the Respondent was sentenced to an immediate custodial sentence of 3 years imprisonment. At the same time she was made subject to a confiscation order in the value of £120,346.70.
36. In light of the conclusion of the criminal proceedings against the Respondent, the "Agreed Period" (as defined in paragraph 1.3 of the Resignation Agreement) has expired and the deferral of Executive Counsel's investigation has ended. As acknowledged in paragraph 15 of the Resignation Agreement, notwithstanding the resignation of the Respondent's membership of the ACCA, she remains liable to further investigation and disciplinary proceedings, as a Former Member, pursuant to paragraphs 5 and 7 of the Scheme.
37. Under paragraph 16(1)(i) of the Scheme, the fact that a Member has, before a Court of competent jurisdiction in the United Kingdom, been convicted of a criminal offence, shall for the purposes of the Scheme be conclusive evidence of Misconduct by the Member.

38. The following acts of Misconduct are admitted by the Respondent and, in relation to Acts 1 – 13 (which reflect the terms of the indictment to which the Respondent pleaded guilty), have been conclusively evidenced by the Respondent's criminal convictions.

ACTS OF MISCONDUCT

39. The Respondent's conduct fell significantly short of the standards reasonably to be expected of a Member in that:

ACT 1: False accounting contrary to Section 17(1)(a) of the Theft Act 1968.

The Respondent, between 1 May 2015 and 30 June 2016, dishonestly and with a view to gain for herself or another, or with intent to cause loss to another, falsified documents required for an accounting purpose namely, the monthly Management Accounts for Redcentric for April 2015 to May 2016 inclusive, by making entries therein which were or may have been misleading, false or deceptive in a material particular, in that they (i) overstated Redcentric's cash position, and (ii) understated Redcentric's net debt position.

ACT 2: False accounting contrary to Section 17(1)(a) of the Theft Act 1968.

The Respondent, between 1 May 2015 and 30 June 2016, dishonestly and with a view to gain for herself or another, or with intent to cause loss to another, falsified documents required for an accounting purpose namely, the monthly Board Reports for Redcentric for April 2015 to May 2016 inclusive, by making entries therein which were or may have been misleading, false or deceptive in a material particular, in that they (i) overstated Redcentric's cash position, and (ii) understated Redcentric's net debt position.

ACT 3 False accounting contrary to Section 17(1)(a) of the Theft Act 1968.

The Respondent, between 1 and 30 October 2015, dishonestly and with a view to gain for herself or another, or with intent to cause loss to another, falsified a document required for an accounting purpose namely, Redcentric RSL accounting ledger for September 2015, by making entries therein which were or may have been misleading, false or deceptive in a material particular, in that a number of receipts were back-dated.

ACT 4: Making a false or misleading statement, contrary to Section 89(1) of the Financial Services Act 2012

The Respondent, on or about 9 November 2015, made statements, namely Redcentric's unaudited interim results for the six months ending 30 September 2015, which were false or misleading in a material respect, in that they: (i) overstated Redcentric's cash and short-term deposits, and (ii) understated Redcentric's net bank debt, knowing them to be false or misleading, with the intention of inducing, or being reckless as to whether making them may induce, another person to invest in, or maintain their investment in, Redcentric.

ACT 5: False accounting contrary to Section 17(1)(a) of the Theft Act 1968.

The Respondent, between 1 and 8 May 2016, dishonestly and with a view to gain for herself or another, or with intent to cause loss to another, falsified a document required for an accounting purpose namely, Redcentric's RSL accounting ledger for March 2016, by making entries therein which were or may have been misleading, false or deceptive in a material particular, in that (i) a number of receipts were back-dated, and (ii) a number of uncleared payments made by Redcentric prior to 31 March 2016 were omitted.

ACT 6: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent, on or about 10 May 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in that she provided to PwC Redcentric's bank reconciliations for the month of March 2016 in which (i) a number of receipts were back-dated, and (ii) a number of uncleared payments made by Redcentric prior to 31 March 2016 were omitted.

ACT 7: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent, on or about 12 May 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in

that she provided to PwC four .csv files⁸ that she represented were Redcentric's true bank statements for April 2016, but in which various credits had been back-dated.

ACT 8: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent, on or about 13 May 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in that she provided to PwC Redcentric's RSL accounting ledger for the year ending March 2016 in which (i) a number of receipts were back-dated, and (ii) a number of uncleared payments made by Redcentric plc prior to 31 March 2016 were omitted.

ACT 9: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent, on or about 17 May 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in that she provided to PwC Redcentric's accruals schedule for the year ending March 2016 which understated Redcentric's accrued payroll costs.

ACT 10: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent, on or about 19 May 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in that she provided to PwC a "Payroll Costs" schedule which understated Redcentric plc's payroll costs for March 2016 by incompletely listing the employees on the payroll.

⁸ A ".csv" or "comma separated value" file is a plain text file containing a list of data. It is commonly presented in a database application such as Microsoft Excel.

ACT 11: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent, on or about 3 June 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in that she provided to PwC a spreadsheet which purported to support the payment by Redcentric plc of £1,080,518.17 which listed invoices that were unrelated to the payment, contrary to section 501 of the Companies Act 2006.

ACT 12: Making a false or misleading statement to an auditor contrary to Section 501 of the Companies Act 2006.

The Respondent on or about 6 June 2016, knowingly or recklessly made to PwC, statutory auditor of Redcentric plc, a statement that conveyed or purported to convey information which PwC required, or was entitled to require, under section 499 Companies Act 2006, and was misleading, false or deceptive in a material particular, in that she provided to PwC a spreadsheet which purported to support the payment by Redcentric plc of £682,369.35 which listed salary and pension figures that were unrelated to the payment.

ACT 13: Making a false or misleading statement, contrary to Section 89(1) of the Financial Services Act 2012

The Respondent, on or about 16 June 2016, made statements, namely Redcentric's audited results for the year ended 31 March 2016, which were false or misleading in a material respect, in that they: (i) overstated Redcentric's cash and short-term deposits, and (ii) understated Redcentric's net bank debt, knowing them to be false or misleading, with the intention of inducing, or being reckless as to whether making them may induce, another person to invest in, or maintain their investment in, Redcentric.

ACT 14: Failing to be honest and straightforward to Executive Counsel

The Respondent failed to be honest and straightforward with Executive Counsel during the course of her investigation, in breach of the fundamental principle of Integrity contrary to paragraphs 100.5 and 110 of the Code, by providing a materially incomplete and inaccurate account of her conduct in relation to the preparation and audit of the FY

2015 and FY 2016 financial statements which did not reveal the full scope and scale of the Misconduct set out in Acts 1 – 13 above to which the Respondent subsequently pleaded guilty in criminal proceedings.

40. The Respondent admits that in committing the above acts of Misconduct, her conduct fell significantly short of the standards reasonably to be expected and breached both the fundamental principle of Integrity (under paragraphs 100.5 and 110 of the Code) and of Professional Behaviour (under paragraphs 100.5 and 150 of the Code).