

Financial Reporting Council

The Executive Counsel to the Financial Reporting Council

and

Timothy Whiston

Settlement Agreement

1. This Settlement Agreement ("**Agreement**") is made on the 2 day of December 2015 between Gareth Rees QC as the Executive Counsel of the Financial Reporting Council ("**FRC**"), of 8th Floor, 125 London Wall, London, EC2Y 5AS ("**the Executive Counsel**") of the first part, and Timothy Whiston of the second part. The Executive Counsel and Mr Whiston together are described as "**the Parties**".
2. The Agreement is evidenced by signatures of the Executive Counsel on his own behalf and by Mr Whiston on his own behalf.
3. The Formal Complaint alleging Misconduct against Mr Whiston as a member of the Institute of Chartered Accountants in England and Wales ("**ICAEW**"), was issued by the Executive Counsel under paragraph 7(11) of the FRC Accountancy Scheme ("**The Scheme**") on 21 May 2015. Subsequently, Executive Counsel applied to the Disciplinary Tribunal ("**the Tribunal**") to amend the Formal Complaint. The amended Formal Complaint (annexed to this Settlement Agreement) has been approved by the Tribunal. The amended Formal Complaint concerns the conduct of Mr Whiston, as Finance Director and latterly Chief Executive Officer of iSoft Group plc ("**iSoft**"), in relation to the inappropriate recognition of revenue and cash from an unsigned contract with the Irish South Eastern Health Board ("**the Irish Contract**") in iSoft's interim accounts at 31 October 2003 and 31 October 2004 and its Year End Financial Statements at 30 April 2004.
4. Mr Whiston admits allegations 1 to 5 in the amended Formal Complaint.
5. The Parties recognise that the determination to be made in this case is a matter for the Tribunal, in accordance with paragraph 8(5) of the Scheme. The parties have agreed the following terms of settlement:
 - a) Exclusion from the ICAEW for a recommended period of 8 years.
 - b) A sum of £50,000 to be paid by Mr Whiston as a contribution towards the Executive Counsel's costs of, and incidental to, the investigation and the Formal Complaint.

- c) The costs shall be paid not later than 28 days after the date when the Settlement Agreement takes effect.
6. In reaching this agreement, the Executive Counsel considered the following stages and took account of the following factors in accordance with the FRC's Sanctions Guidance:

Nature and Seriousness of the Misconduct

- a) The Misconduct was significant, given the value and importance of the Irish Contract;
- b) The Misconduct was reckless and involved a failure to act with integrity;
- c) The Misconduct involved a failure to comply with professional standards;
- d) iSoft was a FTSE 250 listed company;
- e) The Misconduct adversely affected, or potentially adversely affected, a significant number of people in the United Kingdom (including creditors, shareholders and potential investors);
- f) The Misconduct could undermine confidence in the standards of conduct in general of Members and/or in financial reporting and/or corporate governance in the United Kingdom and/or in the profession generally;
- g) Mr Whiston held a very senior position at iSoft;
- h) The Misconduct was not dishonest.

Identification of Sanction

7. Having assessed the seriousness of the Misconduct, the Executive Counsel determined that Exclusion for a recommended period of 10 years is an appropriate sanction. 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). Having considered the additional mitigating factors set out below, Executive Counsel has determined that an adjustment to sanction is appropriate by reducing the recommended period of exclusion to 8 years.

Aggravating Factors

8. The Misconduct was repeated and/or occurred over an extended period (three half-yearly accounting periods).

Mitigating Factors

- 9. i) The Misconduct took place over 10 years ago and is unlikely to be repeated.
- ii) The seven year criminal investigation and two lengthy trials (concluding with Mr Whiston's acquittal) has already had a significant adverse impact on Mr Whiston's ability to work and his career prospects.
- iii) Mr Whiston cooperated during the Executive Counsel's investigation.
- iv) Mr Whiston has a good compliance history and disciplinary record.

Deterrence

- 10. No adjustment for deterrence is required in this case.

Other considerations

- 11. The Executive Counsel has taken into account Mr Whiston's financial resources.
- 12. If the Tribunal's decision is to approve the Agreement, including the sanction and costs set out at paragraph 5 above, then the Agreement shall take effect from the next working day after the date on which the notice of the decision is given to Mr Whiston in accordance with paragraph 8(5) of the Scheme.
- 13. The Agreement and annex will remain confidential until publication in accordance with paragraph 8(6) of the Scheme.



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Gareth Rees QC
Executive Counsel

2nd December 2015
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Date



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Timothy Whiston

2/12/2015
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Date