

**THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL**

**-and-**

**(1) HILLIER HOPKINS LLP**

**(2) PHILLIP COLLINS**

---

**SETTLEMENT AGREEMENT**

---

1. This Settlement Agreement ("Agreement") is made on the <sup>5<sup>th</sup></sup> day of August 2016 between Gareth Rees QC as the Executive Counsel of the Financial Reporting Council ("FRC"), of 125 London Wall, London, EC2Y 5AS ("Executive Counsel") of the first part, and Hillier Hopkins LLP of Radius House, 51 Clarendon Road, Watford, Herts WD17 1HP ("Hillier Hopkins") of the second part, and Mr Phillip Collins ("Mr Collins") of the third part. Executive Counsel, Hillier Hopkins and Mr Collins are together described as "the Parties".
2. The Agreement is evidenced by the signatures of Executive Counsel on his own behalf, by Colin Howe on behalf of Hillier Hopkins and by Mr Collins on his own behalf.
3. The Particulars of Fact and Acts of Misconduct ("**the Particulars**") concerning Hillier Hopkins and Mr Collins, as a member firm and member respectively of the Institute of Chartered Accountants in England and Wales, were prepared by the Executive Counsel in accordance with the FRC Accountancy Scheme ("**the Accountancy Scheme**") and are annexed to this Agreement. The Particulars concern the conduct of Hillier Hopkins and Mr Collins, in relation to the audit of the financial statements of a UK registered charity (No. 1129044) known as the Cup Trust ("**the Charity**") for the years ended 31 March 2010 and 31 March 2011 (together, "**the Financial Statements**"). Between

January and November 2010 the Charity participated in a tax avoidance scheme utilising Gift Aid relief ("**the Scheme**").

4. Hillier Hopkins and Mr Collins admit Allegations 1 to 6 in the Particulars.
5. The Parties recognise that the determination to be made in this case is a matter for the Tribunal member in accordance with paragraph 8(4) (ii) of the Accountancy Scheme. The Parties have agreed the following terms of settlement:
  - a. A Reprimand for each of Hillier Hopkins and Mr Collins;
  - b. A Fine of £100,000 to be paid by Hillier Hopkins;
  - c. A Fine of £20,000 to be paid by Mr Collins;
  - d. A sum of £100,000 to be paid by Hillier Hopkins and £20,000 to be paid by Mr Collins, as a contribution towards the Executive Counsel's costs of, and incidental to, the investigation.
  - e. The sum of the costs and fine 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 involved the audit of a UK registered charity and accordingly there is a considerable public interest in ensuring that such audits are carried out in accordance with applicable auditing standards.
- b. The participation of the Charity in the Scheme was a matter that engaged the interests of the charitable sector as a whole and the wider public interest, and thus required a heightened level of care and diligence.
- c. The Misconduct was neither dishonest nor deliberate or reckless.

**Aggravating Factors**

The Misconduct occurred during two audit engagements.

**Mitigating Factors**

- a. Hillier Hopkins and Mr Collins cooperated fully during the investigation of the Misconduct by the FRC.
  - b. No loss was caused or threatened to any party by the misconduct.
  - c. Hillier Hopkins and Mr Collins have an excellent compliance history and disciplinary record with the FRC.
7. If the Tribunal member's decision is to approve the Agreement, including the sanctions and costs set out at paragraph 5 above, then the Agreement shall take effect from the next working day after the date on which notice of the decision is given to Hillier Hopkins and Mr Collins in accordance with paragraph 8(4)(iii) of the Scheme.
8. The Agreement and annex will remain confidential until publication in accordance with paragraph 8(6) of the Accountancy Scheme.



Executive Counsel

*S. J. O'Connell* FOR AND ON BEHALF OF

Hillier Hopkins LLP



Phillip Collins

5 August 2016

Date

5/8/15.

Date

4/8/15

Date