

Financial Reporting Council

The Executive to the Financial Reporting Council

- and -

Hugh Bevan

Settlement Agreement

1. This Settlement Agreement ("**Agreement**") is made on the 10th day of June 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 Hugh Bevan ("Mr Bevan") of the second part. The Executive Counsel and Mr Bevan together are described as "**the Parties**".
2. The Agreement is evidenced by the signatures of the Executive Counsel on his own behalf and by Mr Bevan on his own behalf.
3. The Formal Complaint alleging Misconduct against Mr Bevan as a member of the ICAEW, was issued by the Executive Counsel under paragraph 7(11) of the FRC Accountancy Scheme ("**the Scheme**") on 9 December 2014. Subsequently, Executive Counsel applied to the Disciplinary Tribunal ("**the Tribunal**") to amend the Formal Complaint. The amended Formal Complaint (annexed to this Settlement Agreement) was approved by the Tribunal on 8th June 2015. The amended Formal Complaint relates to the conduct of Mr Bevan, as Finance Director of Aero Inventory Plc ("**Aero**"), in relation to the appropriateness of the accounting and disclosure in Aero's FY06 financial statements of the Garuda Transaction and in relation to the cost of sales and stock valuation in the financial statements for FY06 to FY08 inclusive.
4. Mr Bevan admits Allegations 1 and 2 against him 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 of Mr Bevan from the ICAEW for a period of 3 years.
 - b. A sum of £170,000 to be paid by Mr Bevan 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 nature, extent and importance of the standards breached;
- b. The Misconduct could undermine confidence in the standards of conduct in general of Members;
- c. The Misconduct in relation to the Garuda Transaction was reckless;
- d. Aero was an AIM listed company;
- e. Mr Bevan held a senior position and supervisory responsibilities;
- f. The Misconduct was not dishonest or deliberate.

Identification of Sanction

7. Having assessed the seriousness of the Misconduct, the Executive Counsel determined that Exclusion for a recommended period of 4 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 3 years.

Aggravating Factors

8. The Misconduct occurred over an extended period of time.

Mitigating Factors

9.
 - a. Mr Bevan cooperated fully during the investigation of the Misconduct by the FRC;
 - b. Mr Bevan has a good compliance history and disciplinary record;
 - c. Mr Bevan has demonstrated contrition and apologised for the Misconduct.

Deterrence

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

Other Considerations

11. The Executive Counsel has taken into account Mr Bevan's financial resources and Mr Bevan has confirmed that his contribution towards costs will be paid or indemnified by insurers.
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 Bevan 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.

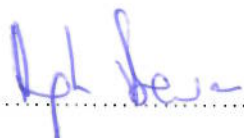


Gareth Rees QC

Executive Counsel



Date



Hugh Bevan



Date