

# Case Experience

PROFESSIONAL NEGLIGENCE

2016/17

## Film Scheme Case

June 2015

The individual took out a case against their accountant for advising him to enter a sale and lease-back Film Scheme. The task included determining if it was a low risk investment, whether it was the correct advice and the suitability of the advice.

The view of Hazlewoods expert witness was that the accountant had not acted with sufficient care as they had not given sufficient warning in respect of the risks involved.

## Audit

2014

In this case, it was alleged that audit financial statements contained a number of material errors arising from alleged deliberate mis-statements, perpetrated by the company's finance director.

The work carried out included in-depth analysis of the audit procedures, together with consideration of the correspondence and documents relevant to the performance of the audit. This was assessed against relevant auditing standards and the audit firm's own internal procedures. We produced a detailed report, with commentary and provided an assessment as to whether the relevant accounting and auditing requirements had been met.

The documentation examined was extensive and the reports went into considerable detail to assess each aspect of the allegations made against the auditors.

## Employee Benefit Trust

February 2013

A company created an Employee Benefit Trust (EBT) on the behalf of the directors prior to the company becoming insolvent. This involved tax advice for the EBT and directors duties in the business. In addition to this, a potential claim had been raised against the company at the same time. Hazlewoods expert witness concluded that the adviser should have clearly demonstrated the risks of the EBT planning.

## Audit

2013

In this matter, a company's financial controller perpetrated multiple material thefts from the company. It was alleged by the claimant that the auditor should have identified these thefts and reported on them accordingly. Hazlewoods expert witness considered in depth the procedures carried out by the auditors and provided detailed advice to the claimant and their legal advisers, including submission of a detailed report.

## Impaired Debt Transfer

July 2010

The case involved the tax consequences of transferring impaired debts between two companies, although the loan was transferred at market value, the loan relationship tax rules applied such that a tax liability of £1.3m arose. The accountants had advised that there would be no tax liability arising. Hazlewoods expert evidence was that the transaction could have been structured differently so as to eliminate this charge. The case was settled.