

The Taxation Disciplinary Board Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2015

The Taxation Disciplinary Board Ltd
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The Taxation Disciplinary Board Ltd
Company Information

Chairman	D Hudson LL B
Directors	J Dewhurst LL B, BCL, CTA (Fellow) F L Darby CTA (Fellow) ATT
Company secretary	P Douglas FCA
Registered office	Artillery House 11-19 Artillery Row London SW1P 1RT
Bankers	HSBC Bank Plc The Peak 333 Vauxhall Bridge Road Victoria London SW1V 1EJ
Auditors	Manningtons Chartered Accountants 8 High Street Heathfield East Sussex TN21 8LS

The Taxation Disciplinary Board Ltd

Directors' Report for the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors of the company

The directors who held office during the year were as follows:

D Hudson LL B - Chairman

J Dewhurst LL B, BCL, CTA (Fellow)

F L Darby CTA (Fellow) ATT

Objects of the Company and principal activities

The Taxation Disciplinary Board Limited (TDB) was incorporated on 2 May 2001 as a company limited by guarantee, with the primary objective of operating the Taxation Disciplinary Scheme (the Scheme) established by the participating bodies: the Chartered Institute of Taxation (the Institute) and the Association of Taxation Technicians (the Association). The Company's governing documents are its Memorandum and Articles of Association and there is provision within its statutes to act for other tax bodies that wish to adopt similar schemes. Each participating body agrees to contribute £1 in the event of the Company's insolvency. Currently the Institute and the Association are equal members of the Company.

The Scheme, which deals with complaints against members or students of the participating bodies, is administered by TDB on an independent and impartial basis. Its objectives are to conduct the investigative, disciplinary and appeals process in an efficient and effective manner and to ensure that the standards of professional conduct set by the participating bodies for their members are followed; that the reputation of those bodies and their members is maintained; and that the public may have confidence in the standard of service provided to them.

Following an extensive review of the original Scheme during 2007, a new Taxation Disciplinary Scheme was approved by the Councils of the Institute and the Association and came into effect on 9 January 2008. The new Scheme reflects advances in regulatory practice and recent court judgements, and gives the TDB greater independence from the participants. Amendments to the Scheme were approved by the participants during 2012 in order to enable the TDB to introduce new arrangements for interim orders (described more fully below).

Governance

The Scheme is administered by the Board of Directors, which has a wide range of experience in the legal, accountancy and tax professions. They are appointed by agreement between the participating bodies, following a process of advertising and open competition.

The Directors meet regularly to deal with executive business in accordance with the policies and priorities of the Company. The Directors have identified the principal risk areas, and the process of risk assessment is an integral part of the management function.

The Taxation Disciplinary Board Ltd
Directors' Report for the Year Ended 31 December 2015

The Disciplinary Process

Under the Scheme, all the procedural arrangements are set out in Regulations, which the Board has the power to amend on its own authority. The Regulations which were operative during 2015 were those made by the Board in 2012. The Scheme itself, which is confined to principles, jurisdiction and powers, can be amended only with the approval of the participant bodies. The TDB's jurisdiction covers inadequate professional service and conduct unbecoming a professional, in addition to breaches of the participants' Professional Rules and Practice Guidelines. In order to comply with current anti-money laundering regulations, the TDB is able to discipline firms, as well as individual members, students and associates of the participating bodies. Under the Scheme, an Investigation Panel and a Disciplinary Panel are appointed by the Board, with members selected as a result of advertising and open competition. To ensure a balanced, independent process, lay persons participate in all stages of the disciplinary process, together with members of the Institute and Association and individuals with a legal qualification. Lay members form a majority at meetings of the Investigation Committee, the Disciplinary and the Appeal Tribunals.

Under the Board's Regulations, all complaints are examined by a Reviewer (currently the Executive Director) to ensure that they come within the terms of the Scheme. The Reviewer may reject trivial, vexatious or out-of-time complaints, subject to a right of appeal to an independent Assessor. Minor complaints which do not appear to involve misconduct may be referred to the participants for conciliation. The Reviewer also has powers to impose a fixed penalty for a breach of the participants' administrative requirements, subject to a right of appeal to a Disciplinary Tribunal. In all other cases, the Reviewer will correspond with both the complainant and the member, with a view to submitting a report to the Investigation Committee (IC).

The IC, which meets at regular intervals, consists of five members selected from the Investigation Panel. Its role is to examine the case papers in order to determine whether or not there is a prima facie case of professional misconduct, conduct unbecoming or inadequate professional service against the member. If it so determines, the IC may decide that the complaint is too minor or that there is insufficient evidence to warrant referring the matter to a Disciplinary Tribunal. In such cases, the IC has the option of ordering the case to rest on file for three years, during which time it may be revisited if another complaint is made against the member. All other complaints in which the IC finds a prima facie case must be referred to a Disciplinary Tribunal. There is no power to offer the member a consent order; instead, all significant cases will go to a Disciplinary Tribunal. In cases where the IC decides that no further action is warranted, the complainant has a right of appeal to an Investigatory Assessor.

The Taxation Disciplinary Board Ltd
Directors' Report for the Year Ended 31 December 2015

Where a case is referred to a Disciplinary Tribunal, a presenter (usually a barrister) is appointed to prepare the charges against the member and to present the case on behalf of the TDB. The Disciplinary Tribunal consists of three members selected from the membership of the Disciplinary Panel. It is chaired by a legally qualified chairman, and includes another lay member and a member of one of the participating bodies. The Tribunal conducts a formal hearing, in the light of which it must make a finding and, in proven cases, impose an appropriate sanction, which can range from a warning or admonition through to exclusion from membership. In the event of a finding of misconduct, conduct unbecoming or inadequate professional service, costs are normally awarded against the member, and the Tribunal's findings are published. There is also power to award compensation for quantifiable losses incurred by the complainant in cases where inadequate professional service is proved. The TDB has issued and published on its website (www.tax-board.org.uk) guidance on a range of topics designed to assist panel members, including Indicative Sanctions Guidance.

Both the TDB and the member have a right of appeal against an order made by the Disciplinary Tribunal, but any application for an appeal hearing will first be examined by a Disciplinary Assessor in order to ensure that it meets the grounds specified in the Regulations. If the appeal is allowed to go ahead, it will be heard by an Appeal Tribunal consisting of three members drawn from the Disciplinary Panel who have had no previous involvement with the case.

Membership of the TDB Panels during the year was:

Investigation Panel

B Anstice
A Dean
G Fisher
A Gell
E Hinds
B Layton
W Nelson
M Obi
M Palmer
P Pharoah
P Reid
R Skells
L Stone
R Thomas
J Worthington

Disciplinary Panel

R Barlow (Retired May 2015)
N Bremner (Retired June 2015)
S Brown
P Cadman
V Charbit
J Dingwall
D Frost
P Griffith
M Kostick
L Lee
R Lucking
A Young

The Directors thank all the members of the Panels for their willingness to perform the roles assigned to them. They also wish to record their thanks to the Board's two part-time members of staff for their invaluable assistance during the year: Neville Nagler (Executive Director) and Peter Douglas (Secretary to the Disciplinary Tribunal). Neville Nagler retired from the TDB early in 2015, and was replaced by Peter Douglas, with Nigel Bremner being appointed Secretary to the Disciplinary Tribunal in July 2015.

The Taxation Disciplinary Board Ltd
Directors' Report for the Year Ended 31 December 2015

Review of the year

During the year 44 new complaints were received about members of the participating bodies (compared with 75 in the previous year). These included allegations of incompetence or lack of care, inadequate professional service, failure to respond promptly to correspondence and adverse findings at disciplinary hearings of other professional bodies. The participants also referred a number of members for failing to register their Anti-Money Laundering arrangements. A summary of case progress is set out below:

	Number of cases	Number of cases
	2015	2014
Complaints received by Reviewer		
Brought forward from previous year	19	12
New cases in year	<u>44</u>	<u>75</u>
	<u>63</u>	<u>87</u>
Cases withdrawn or not pursued by complainant	27	33
Cases rejected by Reviewer (trivial, vexatious or outside TDB jurisdiction)	12	15
Cases where fixed penalty imposed	1	8
Cases referred to Investigation Committee	14	12
Cases referred directly by Reviewer for presentation to Disciplinary Tribunal		
Cases carried forward to next year	<u>9</u>	<u>19</u>
	<u>63</u>	<u>87</u>
Investigation Committee		
No prima facie case	-	5
Prima facie case but no action taken	2	2
Case ordered to rest on file	1	1
Referred for presentation to the Disciplinary Tribunal	10	4
Cases adjourned pending receipt of more information	<u>1</u>	<u>-</u>
	<u>14</u>	<u>12</u>

The Taxation Disciplinary Board Ltd
Directors' Report for the Year Ended 31 December 2015

	2015	2014
Disciplinary Tribunal		
Cases awaiting hearing at end of previous year	2	3
New cases referred by the Investigation Committee	10	4
New cases referred directly by the Reviewer	<u>-</u>	<u>-</u>
	<u>12</u>	<u>7</u>
Case dismissed	1	-
Sanction imposed	4	5
Cases awaiting hearing at the year end	<u>7</u>	<u>2</u>
	<u>12</u>	<u>7</u>
Sanctions imposed by Disciplinary Tribunals		
Warning	-	1
Censure	2	1
Censure & fine	-	1
Order to pay compensation	-	-
Suspension	1	-
Expulsion	<u>1</u>	<u>2</u>
	<u>4</u>	<u>5</u>

Appeal Tribunal

No Appeal Tribunals were held in 2014 or 2015 but in 2015 one Appeal against a decision of the Special Admissions Panel of ATT was heard by the Board of the Taxation Disciplinary Board.

In accordance with the Board's policy, all those against whom the charges were found to be proved were ordered to pay the costs incurred by the TDB in pursuing the case. Whilst the Board recovered a significant amount in fines and costs during 2015, a number of defendants continue to ignore the orders made by the Disciplinary Tribunal, with the result that the Board had to spend time and resources in applying for court orders for the sums due. Whilst the Board will treat sympathetically genuine cases of ill-health or misfortune, it is a matter of concern that few defendants raise with the Disciplinary Tribunal their inability to pay the costs due. During 2014 the Board updated its guidance to defendants to encourage them to inform the Board as soon as possible of such matters to ensure that they are considered in determining the outcome of their case. Where the Board has applied for a court order for the resulting debt, this has invariably been granted by the courts. In a few cases where the member has failed to comply with the court order, the Board has obtained a charging order on the member's property, so that the debt becomes payable once the property is sold.

The Taxation Disciplinary Board Ltd

Directors' Report for the Year Ended 31 December 2015

Other developments

During 2012 the Councils of the participants approved amendments to the Scheme in order to permit the introduction of interim orders in cases where the public may be at risk, particularly where a case alleges improper behaviour, dishonesty or incompetence but the complexity of the case requires a full and lengthy investigation of all the issues. Under new Regulations which took effect from January 2013, once the Investigation Committee has found that there is a prima facie case and decided to refer this to a Disciplinary Tribunal, it may then consider whether it appears to be in the public interest or necessary for the protection of the public for the member to be referred to an Interim Orders Panel. If so, the panel will be convened as quickly as possible in order to decide whether to impose an interim order. Such an order will normally entail the suspension of the member pending the Disciplinary Tribunal hearing. Interim orders are unlikely to be made very often: no such cases arose in 2013, 2014 or 2015.

In January 2014 the Board introduced additional Regulations which provide for:

- (i) A simplified procedure for presenting cases to a Disciplinary Tribunal where the defendant has accepted all the charges, thereby reducing costs;
- (ii) A power to enable an Interim Orders Panel to make an interim costs order in cases which are likely to be complex and incur substantial costs; and
- (iii) New arrangements to allow the TDB to publish the full written decisions of Tribunals, redacting the names of complainants and other third parties.

Taxation

In a letter sent to the Board in May 2010, HMRC confirmed that Panel members would not need to be covered by PAYE arrangements in respect of their fees. HMRC also confirmed that, on the basis of its current financial arrangements, the TDB would not be liable for Corporation Tax.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant audit information that they know of and that they know the auditors are unaware of.

Reappointment of auditors

Consequent on the retirement of the auditors A-spire Business Partners Ltd in November 2015, a resolution for the appointment of Manningtons Chartered Accountants as auditors of the company was approved by the directors in December 2015 and a resolution for their re-appointment is to be proposed at the forthcoming Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The Taxation Disciplinary Board Ltd
Directors' Report for the Year Ended 31 December 2015

Approved by the Board on 16 June 2016. and signed on its behalf by:

P A Douglas

.....
P Douglas FCA
Company secretary

The Taxation Disciplinary Board Ltd
Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of The Taxation Disciplinary Board Ltd

We have audited the financial statements of The Taxation Disciplinary Board Ltd for the year ended 31 December 2015, set out on pages 12 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 9), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
The Taxation Disciplinary Board Ltd**

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime.

...A E J Staples BSC FCA CTA (Statutory Auditor)

For and on behalf of Manningtons Chartered Accountants, Statutory Auditor

8, High Street,
Heathfield,
East Sussex
TN21 8LS

Date: 16 June 2016

The Taxation Disciplinary Board Ltd
Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		184,126	170,320
Cost of sales		(14,040)	(22,267)
Gross profit		170,086	148,053
Administrative expenses		(107,278)	(122,913)
Operating profit/(loss)		62,808	25,140
Other interest receivable and similar income		191	171
Surplus/(Deficit) for the year		62,999	25,311
Transfer due to/(from) participating bodies		62,999	25,311

The Taxation Disciplinary Board Ltd
Balance Sheet at 31 December 2015

	Note	2015 £	2014 £
Current assets	5		
Debtors		-	-
Cash at bank and in hand		123,083	83,520
Creditors: Amounts falling due within one year	6	<u>123,083</u>	<u>(83,520)</u>
Net assets/(liabilities)		<u>-</u>	<u>-</u>
Shareholders' funds/(deficit)		<u>-</u>	<u>-</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008).

Approved and authorised for issue by the Board on 16 June 2016 and signed on its behalf by:

.....
D Hudson LL B
Chairman

.....
J Dewhurst LL B, BCL, CTA (Fellow)
Director

.....
F L Darby CTA (Fellow) ATT
Director

The Taxation Disciplinary Board Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

The Scheme is financed mainly by the Chartered Institute of Taxation and the Association of Taxation Technicians. The Investigation Committee and Disciplinary Tribunal costs are shared between the two bodies in proportion to the numbers of cases dealt with from each body. All other costs are shared equally.

The Disciplinary Tribunal is empowered to make orders for the payment of costs, fines and compensation to complainants. In addition, the Board is empowered to make orders for the payment of Fixed Penalty charges for breaches of the participants' administrative requirements. Credit is taken on receipt; sums outstanding are not included in the accounts.

Expenditure

Expenditure includes fees and expenses of Board and Panel members for meetings and hearings held in the year.

2 Net contributions to expenditure from participating bodies

Contributions by the participating bodies are calculated to cover the Scheme's total expenditure less fines and costs recovered in the year, so that there is neither a surplus nor a deficit.

	2015	2014
	£	£
The Chartered Institute of Taxation (CIOT)	98,262	90,081
The Association of Taxation Technicians (ATT)	58,309	60,687
	<u>156,571</u>	<u>150,768</u>
Allocation of (surplus).	(62,999)	(25,311)
	<u>93,572</u>	<u>125,457</u>

The Taxation Disciplinary Board Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

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3 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015	2014
	£	£
Remuneration	<u>19,133</u>	<u>15,750</u>

4 Movements on the accounts with the participating bodies

	CIOT	ATT
	£	£
Balance as at 1 January 2015	(75,723)	(4,309)
Contributions	<u>(98,262)</u>	<u>(58,309)</u>
	(173,985)	(54,000)
Repayment	-	-
Net cost allocations	<u>80,124</u>	<u>35,484</u>
Balance as at 31 December 2015	<u>(93,861)</u>	<u>(18,516)</u>

5 Debtors

	2015	2014
	£	£
Other debtors	<u>-</u>	<u>-</u>

6 Creditors: Amounts falling due within one year

	2015	2014
	£	£
The Association of Taxation Technicians	18,516	4,309
Chartered Institute of Taxation	93,861	75,723
Accruals	<u>10,706</u>	<u>3,488</u>
	<u>123,083</u>	<u>83,520</u>

The Taxation Disciplinary Board Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

..... continued

7 Allocation of Surplus/(Deficit) for the year

	2015	2014
	£	£
Surplus/(Deficit) for the year	62,999	25,311
Allocated to the participating bodies:		
The Chartered Institute of Taxation	(30,983)	(14,315)
The Association of Taxation Technicians	(32,016)	(10,996)
	<u>(62,999)</u>	<u>(25,311)</u>

8 Related Parties

The Chartered Institute of Taxation and the Association of Taxation Technicians are related parties by virtue of their ability to influence the conduct of the company's affairs.

The Taxation Disciplinary Board Ltd
Detailed Profit and Loss Account for the Year Ended 31 December 2015

	2015		2014	
	£	£	£	£
Income (analysed below)		184,126		170,320
Direct costs (analysed below)		(14,040)		(22,267)
Surplus		170,086		148,053
Administrative expenses				
Employment costs (analysed below)	(96,460)		(113,330)	
Establishment costs (analysed below)	(1,363)		(1,563)	
General administrative expenses (analysed below)	(9,425)		(7,986)	
Finance charges (analysed below)	(30)		(34)	
		(107,278)		(122,913)
Other interest receivable and similar income (analysed below)		191		171
Surplus/(deficit) for the year		62,999		25,311

The Taxation Disciplinary Board Ltd
Detailed Profit and Loss Account for the Year Ended 31 December 2015

	2015 £	2014 £
Turnover		
Contributions to expenditure from participating bodies	152,262	150,768
Fines, costs and fixed penalty awards recovered	31,864	19,552
Compensation ordered by tribunals	-	-
	<hr/>	<hr/>
	184,126	170,320
Cost of sales		
Compensation ordered by tribunals	445	706
Legal costs	12,439	20,426
Transcripts for tribunals	1,156	1,135
Additional tribunal expenses	-	-
	<hr/>	<hr/>
	14,040	22,267
Employment costs		
Wages and salaries	58,821	65,596
Staff NIC (Employers)	6,374	3,636
Directors NIC (Employers)	614	1,849
Directors fees and expenses	19,132	15,750
Training for panel members	1,303	6,739
Amounts payable to panel members	9,820	13,300
Recruitment	396	6,460
	<hr/>	<hr/>
	96,460	113,330
Establishment costs		
Light, heat and power	195	488
Insurance	1,168	1,075
	<hr/>	<hr/>
	1,363	1,563
General administrative expenses		
Telephone and fax	800	482
Computer software and maintenance costs	50	393
Printing, postage and stationery	1,300	1,031
Sundry expenses	287	60
Auditor's remuneration - Regulatory audit fee	1,920	1,920
Review of scheme and regulations	-	180
Travel and subsistence	5,067	3,920
	<hr/>	<hr/>
	9,424	7,986
Finance charges		
Bank charges	30	34
	<hr/>	<hr/>

This page does not form part of the statutory financial statements

The Taxation Disciplinary Board Ltd

Detailed Profit and Loss Account for the Year Ended 31 December 2015

..... continued

	2015 £	2014 £
Other interest receivable and similar income	<u>191</u>	<u>171</u>
Bank interest receivable	<u>191</u>	<u>171</u>