

Volume 2: Financial Failures & Scandals: From Enron to Carillion
By Krish Bhaskar and John Flower
Online companions volume
Current September 2019
Post Publication Comments: Wirecard case

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AssetCo Case

AssetCo was an AIM-listed company and was awarded £21m in a judgement against its former auditors GT. The total payout could increase as interest on the damages and costs of the litigation have yet to be added. At the moment the total cost is

In February [2019], Grant Thornton was ordered to pay £21m damages to AssetCo, a fire engine supplier, for negligence. It followed a £2.3m fine by the FRC in 2017¹.

GT and its retired partner Robert Napper admitted their failures during their audit work of the company in 2009 and 2010. This resulted from a lack of professional competence and due care in the performance of the audits. Economica reported²:

As a result, the firm was fined £3.5m by the Financial Reporting Council (FRC) in 2017, which was then reduced to £2.27m after a settlement discount, and served with a severe reprimand. It was also ordered to pay £200,000 in costs.

Napper was excluded from ICAEW for three years and fined £200,000, which was then reduced to £130,000 after a settlement discount.

In 2012, AssetCo was forced to make prior period adjustments for 2010 that wiped more than £235m off its balance sheet.

The company brought a negligence claim against Grant Thornton, claiming the firm was negligent in its audits for the years ended 30 September 2009 and 2010, for losses, interest and costs totalling approximately £42m

According to the FRC, GT failed to keep track of tasks and the need to resolve outstanding queries, which led to confusion and some key information and issues being overlooked. The regulator also found the firm to have demonstrated flawed judgements, deficiencies in understanding and insufficient appreciation of audit risks.

So we will report new events as they happen with an comments and evaluations.

¹ Emma Dunkley, Auditors pay the price for scandals as insurance costs skyrocket, Financial Times, 8 September 2019.

Available at:

<https://www.thetimes.co.uk/article/auditors-pay-the-price-for-scandals-as-insurance-costs-skyrocket-gd6wmsrjc>

Accessed September 2019

² Fina, J., Grant Thornton ordered to pay AssetCo £21m: Grant Thornton has been ordered to pay £21m in damages to AssetCo over a negligence claim, 1 February 2019.

Available at:

<https://economica.icaew.com/news/february-2019/grant-thornton-ordered-to-pay-assetco-21m>

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