

Endnotes

¹ On 29 August 2014 Tesco had announced that profits for the six months to 24 August 2014 were expected to be about £1.1 billion. Three weeks later, on 22 September 2014, Tesco issued a correction, stating that the earlier announcement had overstated profits by about £250 million. The three-week delay in publicly admitting the misstatement, was to cost Tesco dearly, as is explained later in the text.

² FCA, 2017, FCA's Final Notice to Tesco plc, Financial Conduct Authority, 28 March 2017, paragraph 4.4.

Available at:

<https://www.fca.org.uk/publication/final-notices/tesco-2017.pdf>

Accessed July 2018.

³ An engineering group that went into administration and was later sold to the Gupta's Liberty Industries Group. For the precedent relying on this case see for example: ACCA Factsheet, 2009, 'Professional liability of accountants and auditors', ACCA Global, January 2009.

Available at:

https://www.accaglobal.com/content/dam/acca/global/PDF-members/2012/2012p/Prof_liability.pdf

Accessed July 2018.

⁴ Tesco plc Annual Report 2014, p. 34.

Available at:

https://www.tescopl.com/media/264147/annual_report_14.pdf

Accessed July 2018.

⁵ Staubus, G., 2005, Ethics failures in corporate financial reporting, *Journal of Business Ethics*, 57 (1), pp. 5-15

⁶ Flower, J., *The social function of accounts*, Routledge, Abingdon, 2017, pp. 206-8.

Available at:

https://books.google.co.uk/books/about/The_Social_Function_of_Accounts.html?id=DTYIDwAAQBAJ&redir_esc=y

Accessed July 2018.

⁷ The role of the FRC in conducting any investigation is to conclude whether there is a realistic prospect a tribunal would find the accountant guilty of misconduct. That is the sole purpose of the initial investigation under the disciplinary rules. Even if the audit were perfect in every respect (if such a possibility even exists given the degree of judgment involved) they would still say the same thing. This is a different regime to the one used by the FRC for annual inspection of a sample of audits. Here the audit is graded and anonymised results published for each firm i.e. required "significant improvements" or classed as "good or limited improvements required".

⁸ Chapman, B., 'Lloyds bank misses own deadline to pay compensation to victims of £1bn fraud', *The Independent*, 30 June 2017.

Available at:

<https://www.independent.co.uk/news/business/news/lloyds-bank-compensation-victims-1-billion-fraud-customers-deadline-miss-payments-a7816776.html>

Accessed July 2018.

⁹ See for example:

Hosking, P., 2018, 'Regulator in fight to halt release of KPMG files: Concern over links between FRC and auditors', *The Sunday Times*, 2 April 2018.

Available at:

<https://www.thetimes.co.uk/article/regulator-in-fight-to-halt-release-of-kpmg-files-2vhs9vd5r>

Accessed July 2018.

¹⁰ See for example:

Marriage, M., and Martin, K., 2017, 'Watchdog admits it was slow to investigate HBOS audit: FRC cleared KPMG of wrongdoing even though bank collapsed shortly after examination', *Financial Times*, 30 November 2018.

Available at:

<https://www.ft.com/content/484265bc-d5cb-11e7-8c9a-d9c0a5c8d5c9>

Accessed July 2018.

¹¹ Osborne, A., 'Regulator cannot afford whitewash', *The Sunday Times*, 30 January 2018.

Available at:

<https://www.thetimes.co.uk/article/regulator-cannot-afford-whitewash-7bln8906b>

Accessed July 2018.

¹² Ibid.

¹³ Dunkley, E., Marriage, M., Martin, K., 'KPMG cleared over audit of HBOS before collapse:

Regulator finds assessment of market conditions not 'unreasonable' at time', *Financial Times*, 19 September 2017.

Available at:

<https://www.ft.com/content/34fa0fdc-9d13-11e7-9a86-4d5a475ba4c5>

Accessed July 2018.

¹⁴ 'Autonomy has lost a battle, but will founder Mike Lynch lose the war? As the software company's former finance chief is convicted in the US, all eyes turn to its founder', *The Sunday Times*, 6 May 2018.

Available at:

<https://www.thetimes.co.uk/article/autonomy-has-lost-a-battle-but-will-founder-mike-lynch-lose-the-war-k32xtllcz>

Accessed July 2018.