

1) Caparo. Comment ill-informed.

Professional advisers of all kinds.

Overturn a). Predators could take risks

b). Apportionment of liability, encouragement of widespread litigation + bringing in others.

c). Rule of thumb apportionment (i.e. 75% auditor)

Prof firms concern over litigation, & over extending resps.

to pt. where cannot deliver.

Audit must depend on mgt. being honest.

Carry out function in reasonably econ. manner.

2) Extensions: -

- mgt. statement on internal control + auditor's opinion. OK.

Spectrum of int. controls. Different levels acceptable to different stores, costs vs. benefits

If resps. created must have criteria (eg banking) or require disc to describe efforts over int. control.

Bring ABB under FRC in order to get backing

Statutory MDA & A...?

- specific assurance, on 'going concern'
- Phrasing of assurance. cost/benefit.
- Qualifying like Confetti, to protect liability
- U.S. Dubs from audit rept.
- UK, GmbHs " " " " Dubs bal. sheet

Bankers prepared to stand for six months.

Take away emphasis from income statement to range of figs, balance sheet based.

Emphasis on all numbers as accurate as poss.

Segmentation draws attention to difficulties which aggregation conceals.

- illegal acts

Only pervasive laws - Regt Act,
 Relationship between regulators & auditors.
 Representatives from mgt. no fraud or disclosed.

- Interim results. Formalized exam'n of results, scope of exam'n. laid down.

- Audit Ctces.. listig req't. AC. formal helpful.. Growth in effectiveness.
 Internal control statements. Internal audit
 Scope of audit, which requires knowledge of systems hence fees.

ACs + auditors shld. reduce collages. Aids h. eds. ⁽³⁾
bringing them together. Agent for change.

External audit 'robust' audit
Can widen to include efficiency/customer etc.
(either internal or external)
Overhead cost cutting, chop controls in hard times.

Prospective fin. info.

Cash flow, Wkg. cap. ?
Care in being too rigid.
Extent to which mgt. believe can make
useful statements about future shld. do so.

Appt. of auditors.

Keen to see shldrs. apptg. self-apptd.
Consult shldrs.
Securing independence auditors from mgt.
& mgt. not synonymous with Bd.
Audit cttee. the more eff. effectiveness,
How do shldrs. make same judgement?
Right.