

# A new audit era: Big Four must account for themselves in CMA shakeup

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## Abstracts

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### SUMMARY

Accounting has been marred by a wave of failures, and in the wake of this the UK Competition and Markets Authority (CMA) has conducted a review of the market. A range of proposals have been put forward to combat challenges within the industry, in which the four largest auditors dominate and multiple barriers to entry prevent challenger firms from gaining a foothold. Concurrently, accounting as a discipline looks less and less effective at accurately reflecting modern businesses, and the field looks ready for reform.

### KEY HIGHLIGHTS

Provides an outline of a number of recent financial accounting scandals:  
Carillion, Capita, Mitie

Provides summary of recommendations from ongoing Competition and Markets Authority review

Outlines potential future four statutory audit market, given ongoing competitive review and changes in accounting practises.

### SCOPE

Provides analysis of recent accounting scandals

Provides summary of an ongoing Competition and Market Authority review into the statutory auditing market

Evaluates likely impact of Competition and Market Authority review into statutory audit market - what is the future of the Big Four?

## **REASONS TO BUY**

What is the future of the Big Four?

How will the statutory audit market change in the future?

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Catalyst

Summary

Accountancy's wave of scandal

Carillion: auditors fail to question rising accruals despite public skepticism

Capita: frequent exceptional write-downs and dubious estimates

Mitie: £50m material 'errors' arise in listed infrastructure consultancy

The Big Four Oligopolists: global and specialist

2018 CMA review suggests a range of proposals

Public body appointment of auditors - an unwelcome interference

Joint or shared auditing - expensive for auditor and auditee

Market Cap thresholds - the Big Four preference

Breaking up is hard to do

16thc double-entry bookkeeping: not designed for intangibles

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