

## **Auditor Liability to be Limited**

The argument over whether auditors can limit their liability by agreement with their audit clients is to be resolved in favour of the auditors. In a written statement to Parliament in late July, minister of state Alun Michael revealed that despite opposition from groups representing investors, the liability regime for auditors would be reformed to allow them to limit their liability.

Legislation will also confirm the 1990 House of Lords ruling in the 'Caparo' case, which stated that auditors do not owe a duty of care to the individual shareholders of the companies they audit.

Relying on an auditor's report to provide assurance that all is well with a company is insufficient, there are other, more effective ways of limiting financial risk. Contact us for further advice.